

CITY OF CHASKA
STATE OF MINNESOTA

2018 COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

**CITY OF CHASKA
STATE OF MINNESOTA**

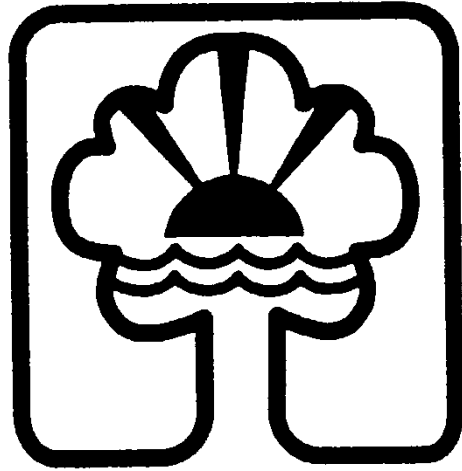
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

Prepared by:
Administrative Services Department

Noel J. Graczyk
Administrative Services Director,
Treasurer

Kelly L. Grinnell
Finance Manager



CHASKA

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Comprehensive Annual Financial Report

City of Chaska, Minnesota

For the Year Ending December 31, 2018

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City of Chaska

June 26, 2019

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

The comprehensive annual financial report of the City of Chaska, Minnesota, for the year ended December 31, 2018, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and meets the requirements of the Minnesota State Auditor's Office.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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'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 for the fiscal year ended December 31, 2018 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. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first item in 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 in the financial section of this report, immediately following the report of the independent auditors.

City Profile

The City of Chaska was founded in 1851 and incorporated on March 3, 1891. The City is located in eastern Carver County, with the Minnesota River bordering the City to the south.

Since 1975 the City has operated under a Statutory Plan A form of government. Policymaking and legislative authorities are vested in the City Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The City Council consists of a mayor and four council members. The mayor is elected for a two-year term of office and four council members serve four-year staggered terms, with two council members elected every two years. Non-partisan elections are held on the Tuesday after the first Monday in November, of each even-numbered year.

The City Administrator is appointed by the City Council and also serves as the City Clerk. The City Administrator is responsible for carrying out the policies and ordinances of the city council and overseeing daily operations of the City. A City Attorney is retained and appointed by the Chaska City Council. The Administrative Service Director serves as City Treasurer.

The City of Chaska provides a full range of services, including police and fire protection; building inspections; construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and general administrative services. The City also operates ten enterprises: electric, water, sewer, and storm water utilities, a community center, two golf courses, curling and event center, a turbine generator and fiber internet service. The fiber internet service will cease to be provided as an enterprise after 2018, as this service was merged into the General Fund.

The City is also financially accountable for the Chaska Economic Development Authority (EDA), which is included in this report as a blended component unit. The Chaska City Council serves as the board of the EDA.

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. 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 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 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.

The City maintains stable financial operations due to a history of conservative budgeting, maintenance of healthy reserves, and a lack of reliance on state aid.

Economic Condition and Outlook

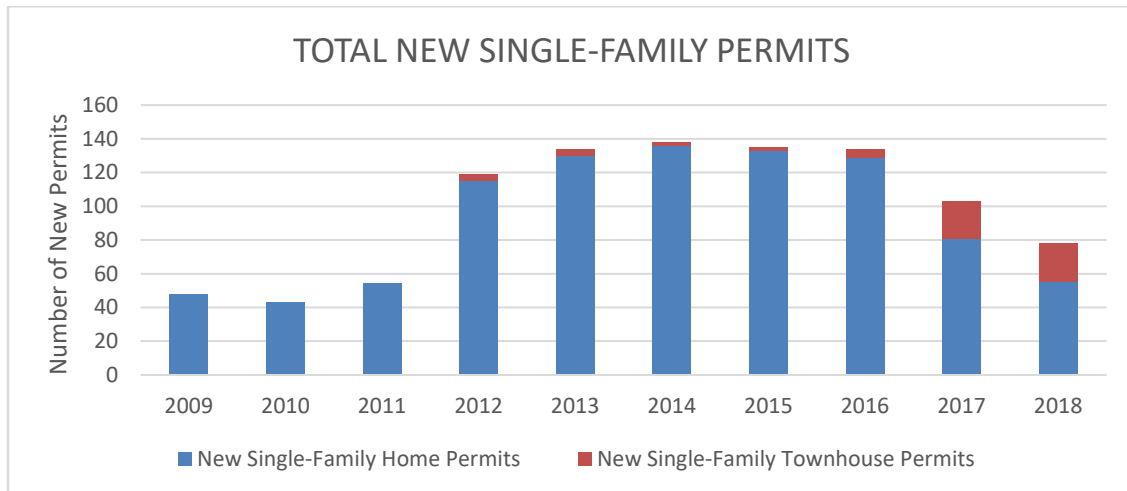
Since 2000, the City of Chaska has seen a significant amount of population growth and expects to continue growth through 2040.

<i>Year</i>	<i>Population</i>	<i>% Increase</i>
2000	17,500	
2010	23,770	35.8%
2018	27,622	16.2%
2030 Projected	32,000	15.8%
2040 Projected	36,600	14.4%

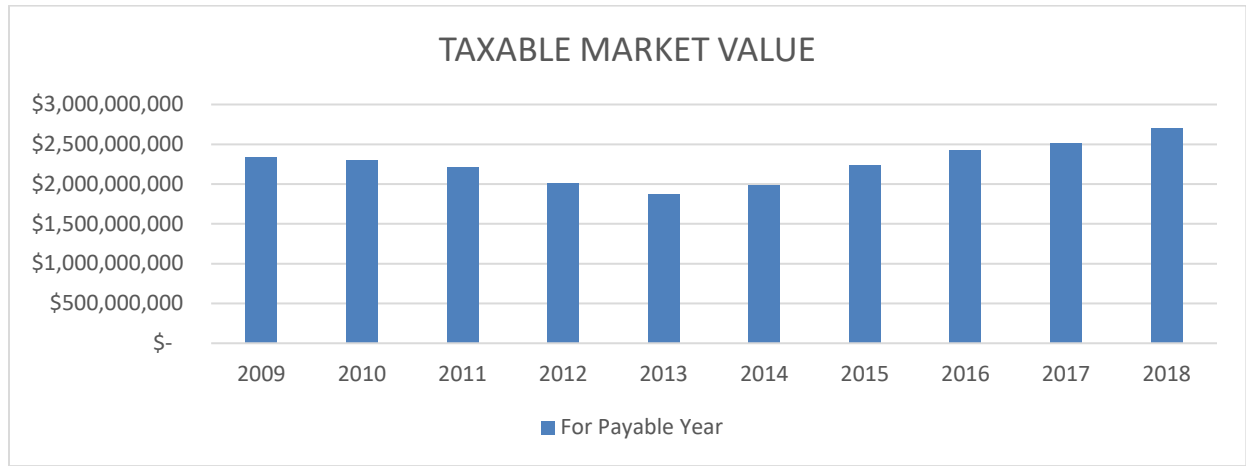
The rapid increase in population can be attributed to the addition of approximately 200 to 500 housing units (both single family and multifamily units) per year from 2002 through 2005, as well as the addition of a significant amount of commercial development in the community. This commercial development 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 1980s and early 1990s. Nearly 8,000 jobs were created, with over 13,000 jobs in total in the community. The industrial park was near full capacity in the 1990s, with the exception of 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 employment opportunities available in Chaska.

As with other communities across the country, the City saw a drop in new housing development beginning in 2007. The number of new single family permits rebounded beginning in 2012. The City had over 100 new single family permits each year from 2012 through 2017. The number of permits in 2018 was lower than expected, but permit activity for 2019 through May has been better than 2018 activity through May.



With the rebound in housing, market value in the City has also increased since 2014.



Other development opportunities within the City include the following:

Industrial Parks

There are two existing industrial parks located within Chaska with a combined capacity of 679 acres. Currently there are over one hundred 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 available within the industrial park.

Southwest Chaska Corporate and Industrial Development

The City has approximately 390 acres of corporate and industrial land that has started to develop 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 complete, 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 project in this new industrial area was United Health Group’s 250,000 square foot data center that began operations in 2012. The second project was Stream Data’s 115,000 square foot data center that completed construction in late 2014. The third project was the development of an approximately 100,000 square foot data center facility for US Bank National Association completed in 2017. The City continues to actively recruit other data centers to locate in the remaining 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 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 approval in late 2011 for the addition of an interchange off U.S. Highway 212 at Carver County Road 44. This will open up additional land for corporate/industrial development. In 2017, this \$21 million interchange project was approved for \$10 million in funding as part of the State Bonding Bill. The City of Chaska and Carver County will provide funding for the remaining \$11 million. Construction will begin in 2019.

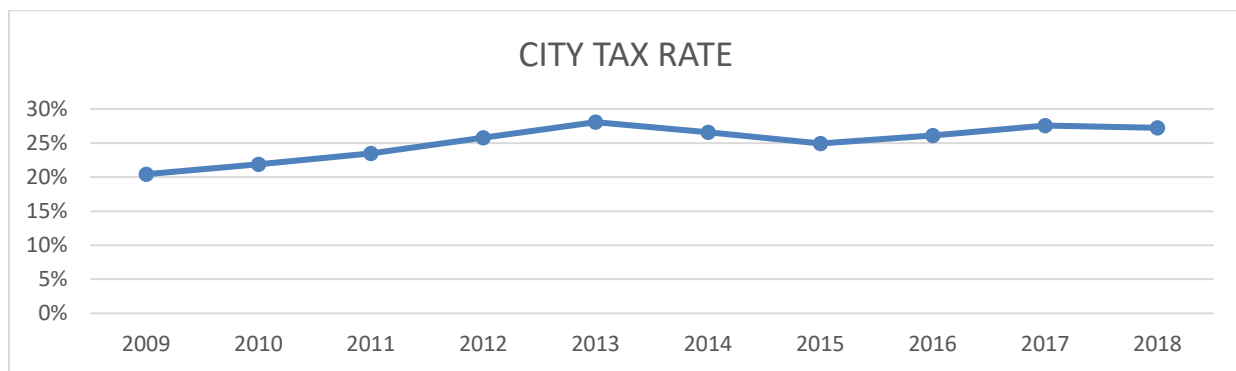
Long-Term Financial Planning

Each year the City develops a five-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. The forecast is also used to establish the City’s maximum tax levy. In preparing the five-year forecast, every attempt is made to accurately and conservatively estimate revenues and expenditures. The 2019 budget and five-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 2018 – 2022 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.

The City’s tax rate increased after the Great Recession in 2008 – 2009 due to declines in market values. As market values have slowly recovered and with the addition of an annual \$1,000,000 capital maintenance program, City property tax levels have remained relatively constant, with a tax rate of 27.23 percent in 2018.



In 2018, the City updated its Comprehensive Plan, which is a requirement from the Metropolitan Council to make local plans consistent with its updated Regional Development Framework. The 2040 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 the development and implementation of its Downtown Master Plan. Chaska has a historic downtown core, with several 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. The City continues its multi-year program to reconstruct streets in the historic downtown core. This reconstruction has reinvigorated the coordination and planning efforts for the transformation of another downtown block, which will be called City Square West. The City envisions a gathering space that attracts citizens to come downtown to enjoy new and readily accessible services. Construction is estimated to start in late 2019 or early 2020.

Another major initiative for the City is the continuing capital maintenance plan. Key to this is the annual \$1 million capital maintenance levy dedicated to the General fund to reinvest in parks, streets and trails.

Certificate of Achievement

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, 2017.

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.

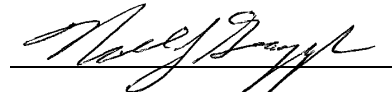
A Certificate of Achievement is valid for a period of one year only. The City of Chaska has received a Certificate of Achievement every year since 1989. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

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 goes to Lisa M. Nelson, Controller, whose contributions were essential 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,



Noel J. Graczyk
Administrative Services Director, Treasurer



Kelly L. Grinnell
Finance Manager



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, 2017

Christopher P. Morill

Executive Director/CEO

Organization and Administrative Structure

City of Chaska, Minnesota

For the Year December 31, 2018

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 [593 Employees (150-9-0-434)]

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

<p>Administration (6-1-0-1) (1-0-0-0) Assistant City Administrator, Economic Development Coordinator (1-0-0-0) Human Resources Manager (1-0-0-0) Human Resources Generalist (0-0-0-1) Seasonal Intern (1-0-0-0) Deputy Clerk (1-0-0-0) Communications Manager (1-0-0-0) Cable Communications Coordinator (0-1-0-0) Cable TV Camera Operator</p> <p>Administrative Services (20-3-0-0) (1-0-0-0) Administrative Services Director, Treasurer (1-0-0-0) Finance Manager (1-0-0-0) Controller (1-0-0-0) Payroll Coordinator (1-0-0-0) Senior Accounting Clerk (1-0-0-0) Administrative Services Clerk (1-0-0-0) Accounting Supervisor (1-0-0-0) Accounting Clerk (1-0-0-0) Accounts Payable 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 (2-2-0-0) 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>Community Development and Planning Services (7-0-0-0) (1-0-0-0) Community Development Director (1-0-0-0) City Planner (1-0-0-0) Building Official (3-0-0-0) Building Inspector (1-0-0-0) Community Development/Permit Technician</p> <p>Engineering Services (2-0-0-0) (1-0-0-0) City Engineer (1-0-0-0) Civil Engineer II</p> <p>Police Services (32-1-0-0) [26 licensed officers] (1-0-0-0) Chief of Police (1-0-0-0) Deputy Chief (2-0-0-0) Lieutenant (3-0-0-0) Sergeant (3-0-0-0) Detective (2-0-0-0) Youth Services/ School Resource Officer (13-0-0-0) Patrol Officer (1-0-0-0) Community Partnership Officer (1-0-0-0) Community Service Officer Manager (3-0-0-0) Community Service Officer (2-0-0-0) Secretary/Administrative Assistant (0-1-0-0) Evidence Clerk</p> <p>Public Works Services (23-0-0-21) (1-0-0-0) Public Works Director (1-0-0-0) Assistant Public Works Director (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 (8-0-0-0) Maintenance III (Street/Park) (4-0-0-0) Maintenance II (Street/Park) (0-0-0-21) Maintenance-Seasonal</p> <p>Fire Services (4-1-0-0) (1-0-0-0) Fire Chief (1-0-0-0) Fire Marshal/Assistant Chief (2-0-0-0) Firefighter Inspector (0-1-0-0) Firefighter Administrative Assistant</p> <p>Chaska Volunteer Fire Department - 45 Active Volunteers</p>	<p>Electric Utility Services (14-0-0-1) (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 (2-0-0-0) Apprentice Lineworker (0-0-0-1) Seasonal Laborer</p> <p>Water and Sewer Utility Services (9-0-0-0) (1-0-0-0) Water/Sewer Director (1-0-0-0) Foreman (Water/Sewer) (1-0-0-0) Leadworker (Water/Sewer) (4-0-0-0) Maintenance III (Water/Sewer) (2-0-0-0) Maintenance II (Water/Sewer)</p> <p>Parks Recreation and Arts (24-3-0-336) (Includes Community Center and Curling/Event Center) (1-0-0-0) Parks and Recreation Director</p> <p>Parks, Recreation and Arts (3-0-0-29) (1-0-0-0) Assistant to the Director (1-0-0-0) Recreation Manager (1-0-0-0) Recreation Coordinator (0-0-0-20) Rink Attendant, Outdoor (0-0-0-9) Concessions (Parks/Beach)</p> <p>Community Center (15-3-0-252) (1-0-0-0) Community Center Manager (1-0-0-0) Ice Arena Supervisor (1-0-0-0) Maintenance Supervisor (1-0-0-0) Facilities Supervisor (1-0-0-0) Aquatics Supervisor (1-0-0-0) Admin Assistant I (1-0-0-0) AOA Specialist (1-0-0-0) Member Services Supervisor (1-0-0-0) Fitness Supervisor (3-0-0-0) Recreation Coordinator/Programmer (0-0-0-20) Rink Attendant/Monitor/Referee (3-0-0-20) Custodian/Maintenance (0-0-0-78) Pool Staff and Instructors (0-0-0-22) Front Desk/Cashier (0-3-0-24) Day Care/Preschool instructors (0-0-0-23) Fitness Instructor (0-0-0-65) Activities Instructor/Assistant</p> <p>Curling and Event Center (5-0-0-55) (1-0-0-0) Curling Center Manager (1-0-0-0) Head Ice Maker - Curling (1-0-0-0) Event Center Supervisor (1-0-0-0) Software Systems Supervisor (1-0-0-5) Custodian/Maintenance (0-0-0-24) Curling Instructors (0-0-0-20) Curling Center Staff (0-0-0-6) Event Center Staff</p> <p>Golf Courses (8-0-0-75) (1-0-0-0) Golf Professional</p> <p>(2-0-0-0) Assistant Golf Professionals</p> <p>Chaska Town Course (4-0-0-64) (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>Chaska Par 30 (1-0-0-11) (1-0-0-0) Greenskeeper (0-0-0-7) Course Staff (0-0-0-4) Maintenance-Seasonal</p>
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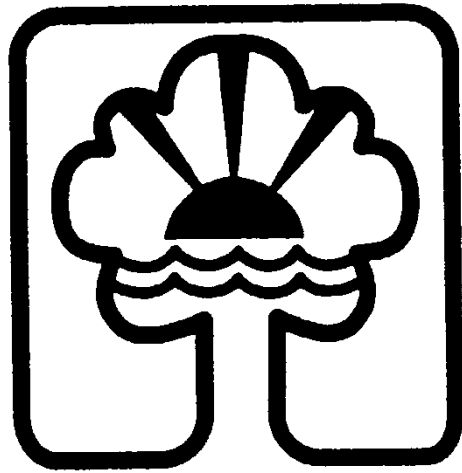
Key to Number of Employees:
 (Full-Time - Part-Time - Seasonal Full-Time - Seasonal Part-Time)

Elected Officials

MAYOR:	Term of Office	
	From	To
Mark Windschitl	January 01, 2017	December 31, 2018
COUNCIL MEMBERS:		
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	October 03, 2018
Michael Huang, Fourth Ward	November 19, 2018	December 31, 2020

Administrative Officials

	NAME
CITY STAFF:	
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 Director	Brian Jung
Director of Parks and Recreation	Marshall Grange
Electric Director	Toby Saxon
Interim Electric Director	Andrew Romine
Water and Sewer Director	Matt Haefner
Golf Professional	John Kellin
Executive Director of Chaska Economic Development Authority (EDA)	Matt Podhradsky
INDEPENDENT CONSULTANT:	
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
Jaclyn M. Huegel, CPA

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, 2018, 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, 2018, 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.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GASB, 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.

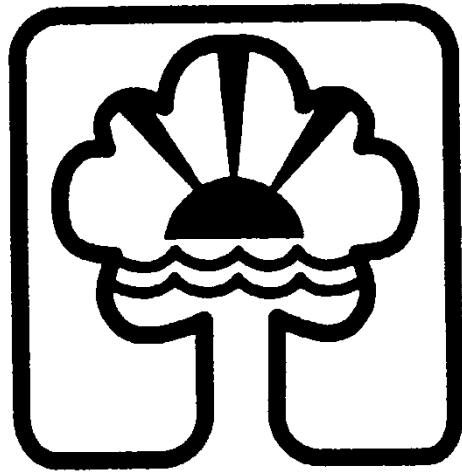
(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 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, 2019



CHASKA

As management for the City of Chaska (the City), we offer readers of the City's financial statements with this narrative overview and analysis to the financial activities of the City for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, located earlier in the report and the City's basic financial statements following 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 \$197,760,608 (*net position*). Of that amount, \$36,545,935 is restricted for specific purposes (*restricted net position*) and \$179,866,300 represents the net investment in capital assets.
- The City's governmental funds reported combined ending fund balances of \$8,381,210. This is a decrease of \$10,387,050 from the prior year.
- At the end of the current fiscal year, the General fund had a fund balance of \$2,088,954. While these funds are not legally restricted, the City has committed \$1,010,606 for compensated absences, leaving \$1,078,348 unassigned.
- Total bonds and premium payable decreased \$9,039,785 during the current year. At the end of the year, the City reported \$113,852,933 in bonds payable.
- The City recorded a change in accounting principle in the current year with the implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The change reflects standards established for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses as they relate to other post-employment benefit (OPEB) obligations. The implementation of this standard reduced beginning net position on the government-wide financial statements by \$373,908.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

These financial statements include not only the City itself (known as the primary government), but also the Chaska Economic Development Authority (EDA). The EDA has been presented as a blended component unit of the City's financial statements in accordance with accounting principles generally accepted in the United States of America.

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

The *Statement of Net Position* presents information on the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned, but unused employee leave benefits).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Public Works, Parks, Recreation and Arts, and Economic Development. The business-type activities of the City include Electric, Water, Sewer, and Storm Water utilities, along with the Community Center, Par 30 Golf Course, Chaska Town Course, Turbine Generator, Internet Service Provider (ended in 2018), and Curling Center operations.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Public Improvement Projects Fund, which are considered to be major funds. Data from the other 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 or schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Mount Pleasant Maintenance & Care Fund, Chaska EDA Fund, and Equipment Acquisition Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budget.

Proprietary Funds – The City maintains two different types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water, Sewer, and Storm Water utilities, along with the Community Center, Par 30 Golf, Chaska Town Course, Turbine Generator, Internet Service Provider, and Curling Center operations. Data from the non-major enterprise funds are combined into a single, aggregated presentation.
- *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City has one internal service fund that is used to account for the purchase of property, liability, and worker's compensation insurance. This internal service fund is included in the governmental activities in the government-wide financial statements. The internal service fund is presented in a single column in the proprietary funds financial statements.
- Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the Electric, Water, Community Center, Turbine Generator, and Curling Center operations, all of which are considered to be major funds of the City. Data from the non-major enterprise funds are combined into a single, aggregated presentation.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. All the City's fiduciary activities are reported in a separate statement of fiduciary net position.

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.

Management's Discussion and Analysis

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$197,760,608 at the close of 2018.

By far, the largest portion of the City's net position (91.0 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less outstanding debt used to acquire those assets. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

City of Chaska - Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 29,726,863	\$ 39,997,184	\$ 48,538,240	\$ 53,038,171	\$ 78,265,103	\$ 93,035,355
Capital Assets	188,231,207	179,899,176	69,705,234	69,468,609	257,936,441	249,367,785
Total Assets	\$ 217,958,070	\$ 219,896,360	\$ 118,243,474	\$ 122,506,780	\$ 336,201,544	\$ 342,403,140
Deferred Outflows of Resources						
Pension Plan Deferments	\$ 5,121,120	\$ 6,397,999	\$ 760,653	\$ 1,174,718	\$ 5,881,773	\$ 7,572,717
OPEB Plan Deferments	15,097	-	6,394	-	21,491	-
Total Deferred Outflows of Resources	\$ 5,136,217	\$ 6,397,999	\$ 767,047	\$ 1,174,718	\$ 5,903,264	\$ 7,572,717
Total Assets and Deferred Outflows	\$ 223,094,287	\$ 226,294,359	\$ 119,010,521	\$ 123,681,498	\$ 342,104,808	\$ 349,975,857
Liabilities						
Other Liabilities	\$ 4,540,271	\$ 3,758,505	\$ 5,007,643	\$ 4,855,039	\$ 9,547,914	\$ 8,613,544
Noncurrent Liabilities	56,601,970	60,649,578	70,422,540	76,490,959	127,024,510	137,140,537
Total Liabilities	\$ 61,142,241	\$ 64,408,083	\$ 75,430,183	\$ 81,345,998	\$ 136,572,424	\$ 145,754,081
Deferred Inflows of Resources						
Debt Refunding Deferments	\$ -	\$ -	\$ 444,312	\$ 481,338	\$ 444,312	\$ 481,338
Pension Plan Deferments	6,361,652	7,016,880	965,812	777,568	7,327,464	7,794,448
Total Deferred Inflows of Resources	\$ 6,361,652	\$ 7,016,880	\$ 1,410,124	\$ 1,258,906	\$ 7,771,776	\$ 8,275,786
Net Position						
Net Investment in Capital Assets	\$ 146,659,763	\$ 137,122,192	\$ 33,206,537	\$ 30,523,279	\$ 179,866,300	\$ 167,645,471
Restricted	20,434,329	19,807,677	16,111,606	17,986,742	36,545,935	37,794,419
Unrestricted	(11,503,698)	(2,060,473)	(7,147,929)	(7,433,427)	(18,651,627)	(9,493,900)
Total Net Position	\$ 155,590,394	\$ 154,869,396	\$ 42,170,214	\$ 41,076,594	\$ 197,760,608	\$ 195,945,990
Total Liabilities, Deferred Inflows, and Net Position	\$ 223,094,287	\$ 226,294,359	\$ 119,010,521	\$ 123,681,498	\$ 342,104,808	\$ 349,975,857

Management's Discussion and Analysis

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 \$36,545,935. After restrictions, the City is reporting an unrestricted net position deficit of \$18,651,627 a decrease of \$9,157,727 from the prior year.

Governmental activities – Total net position of the governmental activities increased \$720,998. The change in net position was largely due to a \$9,537,571 increase in net investment in capital assets related to construction in progress and developer donated infrastructure, coupled with unrestricted net position decreasing \$9,443,225 due to construction in progress, which had not received funding sources as of year-end.

Business-type activities – Total net position of the business-type activities increased \$1,093,620 to \$42,170,214. Net investment in capital assets increased \$2,683,258 due to construction in progress for a new electric substation and community center project. Restricted net position decreased \$1,875,136 due to payment of debt using restricted escrow funds.

City of Chaska - Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 7,255,529	\$ 6,120,772	\$ 57,683,986	\$ 53,532,768	\$ 64,939,515	\$ 59,653,540
Operating Grants & Contributions	777,833	1,477,224	99,052	1,626	876,885	1,478,850
Capital Grants & Contributions	7,951,347	14,086,637	198,433	704,759	8,149,780	14,791,396
General Revenues:						
Property Taxes	10,129,998	9,089,057	-	-	10,129,998	9,089,057
Franchise Taxes	4,576,985	4,300,526	-	-	4,576,985	4,300,526
Grants & Contributions Not Restricted	26,334	310,188	211	41,184	26,545	351,372
Other General Revenues	767,516	670,220	444,968	319,934	1,212,484	990,154
Total Revenues	<u>31,485,542</u>	<u>36,054,624</u>	<u>58,426,650</u>	<u>54,600,271</u>	<u>89,912,192</u>	<u>90,654,895</u>
Expenses						
General Government	6,025,119	6,603,240	-	-	6,025,119	6,603,240
Economic Development	4,352,049	2,005,808	-	-	4,352,049	2,005,808
Public Safety	6,189,888	6,063,781	-	-	6,189,888	6,063,781
Public Works	10,088,913	9,042,167	-	-	10,088,913	9,042,167
Parks, Recreation & Arts	1,526,003	1,286,155	-	-	1,526,003	1,286,155
Interest on Long-term Debt	1,550,437	1,264,604	-	-	1,550,437	1,264,604
Electric	-	-	38,896,423	35,744,098	38,896,423	35,744,098
Water	-	-	3,015,694	2,883,350	3,015,694	2,883,350
Sewer	-	-	3,801,595	3,494,259	3,801,595	3,494,259
Community Center	-	-	4,752,021	4,536,723	4,752,021	4,536,723
Par 30 Golf Course	-	-	189,814	193,856	189,814	193,856
Chaska Town Course	-	-	2,452,056	2,512,410	2,452,056	2,512,410
Turbine Generator	-	-	1,016,539	1,019,671	1,016,539	1,019,671
Internet Service Provider	-	-	159,357	184,840	159,357	184,840
Storm Water	-	-	1,072,424	980,334	1,072,424	980,334
Chaska Curling Center	-	-	2,635,334	2,330,918	2,635,334	2,330,918
Total Expenses	<u>29,732,409</u>	<u>26,265,755</u>	<u>57,991,257</u>	<u>53,880,459</u>	<u>87,723,666</u>	<u>80,146,214</u>
Excess Before Transfers	1,753,133	9,788,869	435,393	719,812	2,188,526	10,508,681
Transfers	<u>(769,471)</u>	<u>(1,007,167)</u>	<u>769,471</u>	<u>1,007,167</u>	<u>-</u>	<u>-</u>
Change in Net Position	983,662	8,781,702	1,204,864	1,726,979	2,188,526	10,508,681
Net Position - Beginning, as						
Previously Reported	154,869,396	146,087,694	41,076,594	39,349,615	195,945,990	185,437,309
Change in Accounting Principle	<u>(262,664)</u>	<u>-</u>	<u>(111,244)</u>	<u>-</u>	<u>(373,908)</u>	<u>-</u>
Net Position - Beginning, Restated	<u>154,606,732</u>	<u>146,087,694</u>	<u>40,965,350</u>	<u>39,349,615</u>	<u>195,572,082</u>	<u>185,437,309</u>
Net Position - Ending	<u>\$ 155,590,394</u>	<u>\$ 154,869,396</u>	<u>\$ 42,170,214</u>	<u>\$ 41,076,594</u>	<u>\$ 197,760,608</u>	<u>\$ 195,945,990</u>

As a whole, the City had total revenues of \$89,912,192 for the year ended December 31, 2018. This is a decrease of \$742,703 from the prior year.

The total cost of all programs and services was \$87,723,666, an increase of \$7,577,452 from the prior year. The City's expenses are predominantly related to providing services such as police, fire, building inspections, street maintenance, and snow removal, purchasing power for electric service and other utility operations for the citizens of Chaska. Other expenses include economic development, public project construction and interest on long-term debt.

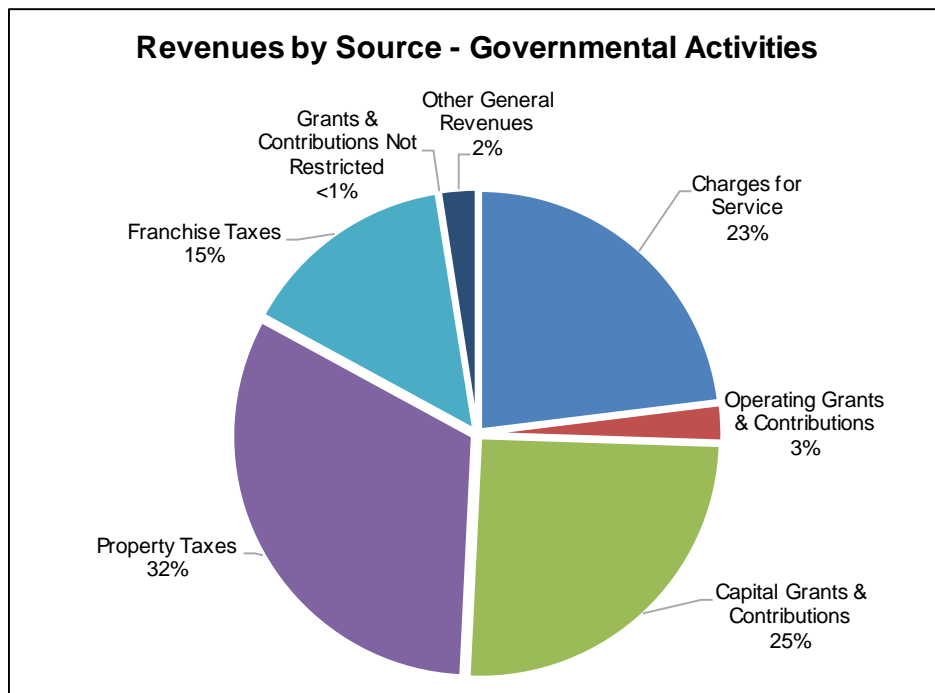
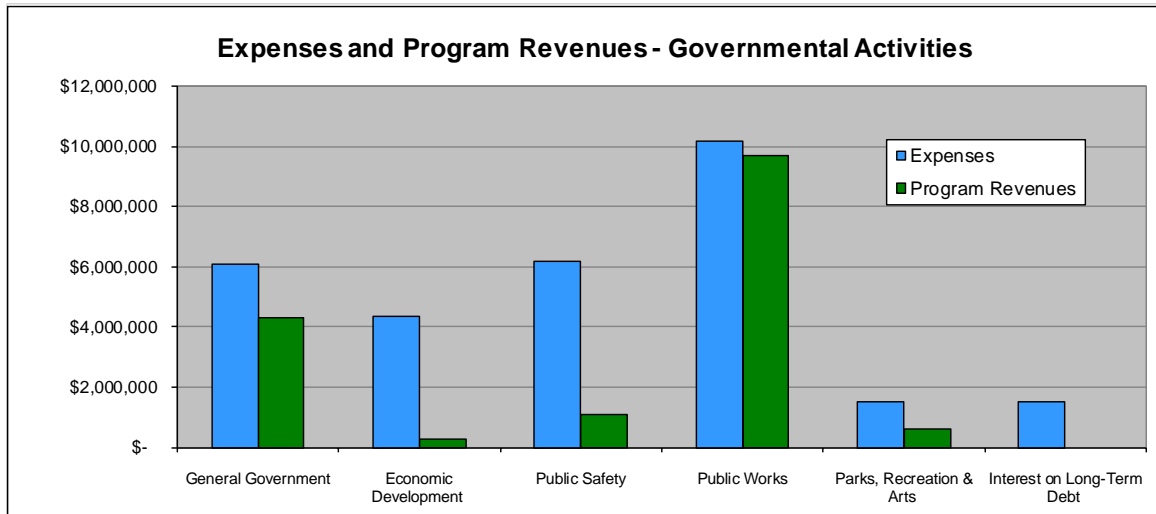
Governmental activities – Governmental Activities revenue decreased \$4,569,082 from the prior year and expenses increased \$3,466,654. Significant components of revenue and expenses include:

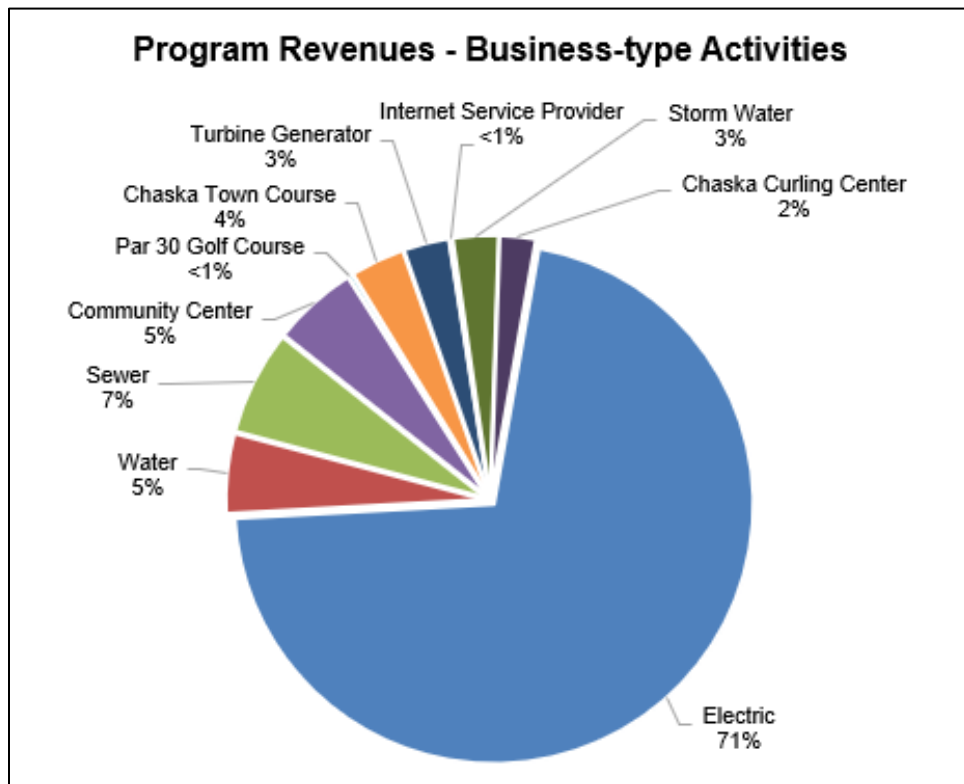
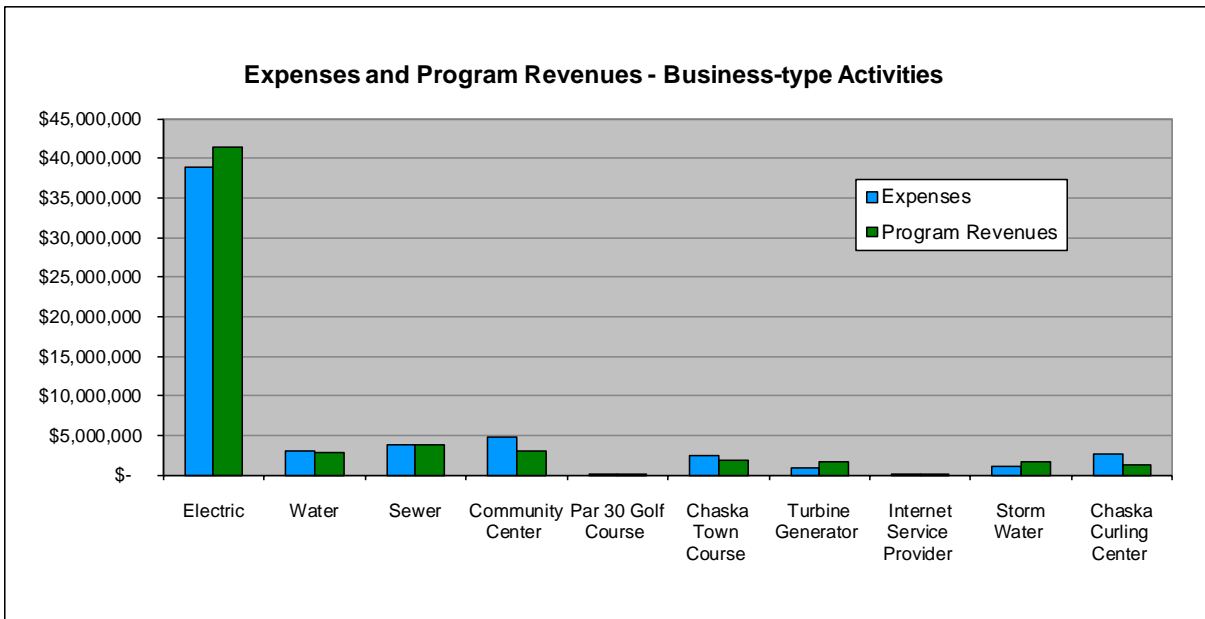
- The City's largest source of revenue was property taxes at \$10,129,998 or 32.2 percent.
- Capital Grants and Contributions were the next major source of revenues at 25.3 percent. This revenue is related to special assessments, state aids for street reconstruction, and developer donated infrastructure improvements.
- While Capital Grants and Contributions were a major source of revenue, this revenue decreased \$6,135,290 compared to the prior year. 2018 assessment levies returned to an average level, following a high year of levied assessments in 2017.
- Charges for Services made up 23.0 percent of total revenue and increased \$1,134,757 from the prior year, partly due to higher budgeted administration fees.
- The total costs of all programs and services were \$29,732,409. The cost of providing street maintenance/construction makes up 33.9 percent of this total and public safety accounts for 20.8 percent of this total.
- Economic Development expenses were \$2,346,241 higher than the prior year related to redevelopment projects located in new and expanding Tax Increment Districts.
- Additional comparisons can be found in the accompanying graphs.

Business-type activities – Business-type Activities revenue increased \$3,826,379 from the prior year and expenses increased \$4,110,798. Significant components of revenue and expenses include:

- Charges for services for business-type activities includes charges for Electric, Water, Sewer and Storm Water utilities. Also included in charges for services are Community Center, Par 30 golf course, Chaska Town Course golf course, Turbine Generator, Internet Service Provider, and Chaska Curling Center operations.
- The Electric fund comprises about 71 percent of all business-type revenue and 67 percent of all business-type expenses.
- Charges for services increased \$4,151,218 or 7.8 percent from the prior year. The majority of this increase was in the Electric fund, which increased \$3,650,817. Both residential and industrial service revenues significantly increased.
- Capital Grants and Contributions decreased \$506,326. There were fewer construction projects in 2018 as compared to 2017.
- Electric fund expenses increased \$3,152,325 due to higher purchased power costs, administration costs, and depreciation.

- The Internet Service Provider operations to outside customers ended in 2018. At year-end, the City transferred assets valued at \$435,590 (net of depreciation) to governmental activities.
- The Chaska Curling Center expenses increased \$304,416 due to the popularity of the facility and expansion of events at the arena, such as Curling Night in America.
- Additional comparisons can be found in the accompanying graphs.





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'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.

At the end of the current fiscal year, the City's governmental funds reported a combined fund balance of \$8,381,210. Revenues for the City's governmental funds were \$27,197,021, while total expenditures were \$36,662,986. Property taxes, charges for services and franchise taxes were the most significant sources of revenue (77.0 percent) while capital outlay was the most significant expenditure (22.6 percent) followed by Public Works (21.0 percent) and Public Safety (16.9 percent).

The **General fund** is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,078,348. Total fund balance increased \$77,039 to \$2,088,954, as of December 31, 2018.

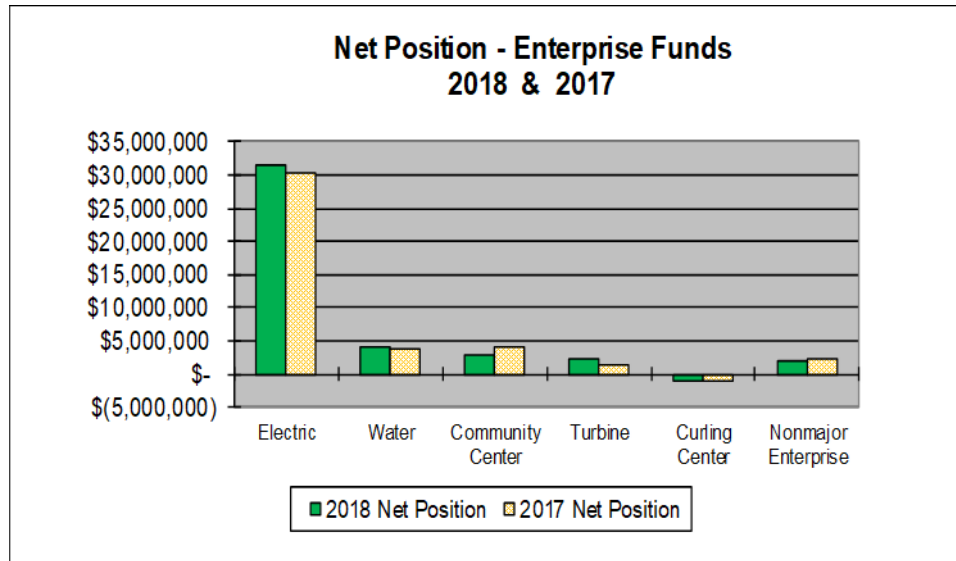
- For the year, total revenues and other financing sources were \$16,034,408 and total expenditures and other financing uses were \$15,957,369, resulting in a \$77,039 increase in fund balance. Total revenues were \$44,961 less than total expenditures, due to lower than expected permit revenue. This decrease was offset by transfers to the General fund, from the Internal Service fund, resulting in the increase in fund balance.
- The City has committed \$1,010,606 in the general fund for compensated absences.

The **Public Improvement Projects fund** is a capital project fund used to account for the revenues and expenditures for public improvement costs. Fund balance decreased \$6,692,688 in 2018 due to capital outlay and other project costs that had not received funding sources as of year-end.

Proprietary Funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The combined net position of all current year enterprise funds operations increased \$1,062,705 (including the change in accounting principle) to \$41,920,831. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

The following table shows net position changes in individual major enterprise funds and combined non-major enterprise funds between 2017 and 2018.



General Fund Budgetary Highlights

The final amended budget for the General fund includes the original adopted budget plus any additional supplemental appropriations that were approved by the City Council during the year. In 2018, the original budget was amended, increasing revenues \$13,000, decreasing other financing sources \$8,000, decreasing expenditures \$200,564, and increasing other financing uses \$128,000.

The City’s final budget for the General fund anticipated that revenues and other financing sources would be \$77,564 more than expenditures and other financing uses. At year-end, the increase was \$77,039, \$525 less than the final budget.

Budgetary variances – Revenues

- Total General Fund property taxes were \$5,422,403, slightly more than the final budget of \$5,411,040.
- General Fund revenue from electric franchise taxes was \$151,670 more than final budget due to increased electric sales.
- Licenses and Permit revenue was \$515,546 under budget due a decrease in total building permits issued.
- Intergovernmental revenue surpassed the final budget by \$74,202. State aid and state training aid for Police and Fire comprised \$47,171 of the variance.
- Investment earnings were \$19,607 more than final budget due to better returns.

Budgetary variances - Expenditures

- General Government expenditures were \$324,983 under budget. Professional services and maintenance costs related to upgrades to improve safety in City Hall common areas and services related to the City's initiative to re-invest in employees were over budget, however these items were offset by budgeted contingency of \$795,000, resulting in the positive change.
- Public Safety expenditures were \$326,459 more than the final budget. Overages include overtime costs in both police and fire. Staffing expansions in the police and fire departments resulted in higher costs for equipping and training new employees. The increase compared to budget also includes employee wages related to billable services, which are not budgeted.
- Public Works was \$242,644 over budget related to higher than expected snow removal costs and utility costs.
- Parks, Recreation and Arts were under budget by \$226,667 due to vacant full-time positions as Parks, Recreation and Arts re-organizes its staffing structure.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in capital asset table below, at the end of 2018, the City had \$257.9 million (net of depreciation) invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads and highways, and utility infrastructure. 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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 51,583,265	\$ 51,768,931	\$ 1,231,421	\$ 1,231,421	\$ 52,814,686	\$ 53,000,352
Works of Art/Historical Treasures	105,027	105,027	-	-	105,027	105,027
Buildings	2,416,629	2,598,135	36,160,012	38,300,505	38,576,641	40,898,640
Other Improvements	11,966,322	12,599,631	1,081,052	1,135,327	13,047,374	13,734,958
Furniture & Equipment	4,080,492	3,550,613	5,088,132	4,709,249	9,168,624	8,259,862
Infrastructure	95,779,033	97,355,548	20,376,465	21,095,485	116,155,498	118,451,033
Construction in Progress	<u>22,300,439</u>	<u>11,921,291</u>	<u>5,768,152</u>	<u>2,996,622</u>	<u>28,068,591</u>	<u>14,917,913</u>
Total Capital Assets, Net of Depreciation	<u>\$ 188,231,207</u>	<u>\$ 179,899,176</u>	<u>\$ 69,705,234</u>	<u>\$ 69,468,609</u>	<u>\$ 257,936,441</u>	<u>\$ 249,367,785</u>

In 2018, a significant increase to Construction in Progress is reported in both governmental activities and business-type activities.

- Governmental activities construction in progress is related to ongoing and extensive development of the southwest Chaska area.

Management's Discussion and Analysis

City of Chaska, Minnesota

For the Year Ended December 31, 2018

- Business-type activities construction in progress includes a substation and expansion of the electric distribution system, and an arena locker room project at the Chaska Community Center.

Long-Term Debt

At year-end, the City had \$108.2 million in bonds, notes, and capital leases 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.

City of Chaska's Outstanding Debt						
<small>(Does Not Include Premiums, Compensated Absences, Other Post-Employment Benefit or Net Pension Liabilities)</small>						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Equipment Certificates	\$ 2,505,000	\$ 2,605,000	\$ -	\$ -	\$ 2,505,000	\$ 2,605,000
General Obligation Bonds	1,435,000	1,635,000	15,100,000	15,820,000	16,535,000	17,455,000
General Obligation Tax Increment Bonds	1,125,000	1,220,000	-	-	1,125,000	1,220,000
General Obligation Abatement Bonds	2,420,000	2,430,000	-	-	2,420,000	2,430,000
General Obligation Improvement Bonds	28,780,000	30,995,000	-	-	28,780,000	30,995,000
Revenue Bonds	-	-	27,905,000	29,440,000	27,905,000	29,440,000
EDA Lease Revenue Bonds	9,545,000	9,815,000	19,145,000	22,575,000	28,690,000	32,390,000
Promissory Note Payable	96,139	107,998	-	-	96,139	107,998
Capital Lease Payable	-	-	145,571	-	145,571	-
Total	<u>\$ 45,906,139</u>	<u>\$ 48,807,998</u>	<u>\$ 62,295,571</u>	<u>\$ 67,835,000</u>	<u>\$ 108,201,710</u>	<u>\$ 116,642,998</u>

- During 2018, the City made principal payments of \$8,575,000 on outstanding bonds and \$11,859 in notes payable.
- During the year, the City entered into a capital lease agreement for fitness equipment at the Community Center. As of year-end, the balance outstanding is \$145,571.

The City of Chaska's General Obligation bonds carry an AA rating by Standard and Poor's, the City of Chaska Electric Revenue Bonds are rated A1 by Moody's and the Chaska EDA Lease Revenue Bonds carry an AA- rating by Standard and Poor's, 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, 2018, the City's legal debt margin was \$80,030,573. The statutes provide that debt issues supported by tax increment, special assessment revenues or available dedicated reserves are excluded from the total limited debt.

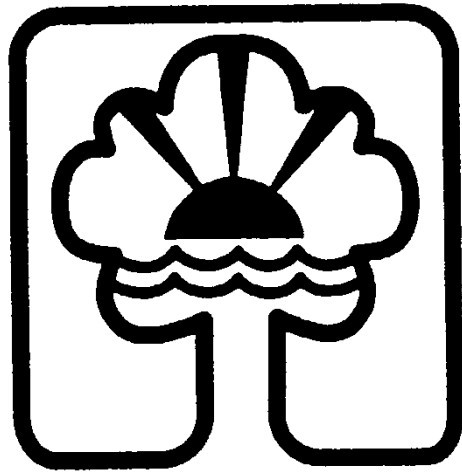
ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2019 budget. Specifically, six major economic issues were considered:

1. Market values across the community increased by an average of 5.72 percent. This will increase our overall property values in the community to just under \$3 billion, the highest level in our City's history. 1.7 percent of this change came from new construction, existing property value increased about 4 percent.
2. Based on State formulas, the City receives minimal Local Government Aid to help reduce our tax levy need. In setting taxes payable 2018, the City did recapture half of the \$250,000 lost annually from LGA reductions.
3. Both residential and commercial building permit activity is expected to be stable in 2019.
4. The City is once again seeing an increase in population with an estimated 2018 population of more than 27,000 residents.
5. Electric revenue has continued to increase with continued economic development activity occurring in the last five 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 the General fund.
6. The City continues to see a good mix of commercial, industrial and residential growth in the community.

Requests for Information

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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, City of Chaska, One City Hall Plaza, Chaska, MN 55318.



CHASKA

Government-Wide Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash And Investments	\$ 11,626,617	\$ 4,962,102	\$ 16,588,719
Receivables:			
Taxes	119,625	-	119,625
Special Assessments	13,804,201	41,688	13,845,889
Accounts, Net Of Allowance	217,717	7,102,934	7,320,651
Interest	18,163	153,691	171,854
Leases	99,383	18,901,549	19,000,932
Notes	26,595	-	26,595
Internal Balances	1,088,408	(1,088,408)	-
Due From Other Governments	129,128	57,778	186,906
Inventories	-	2,079,403	2,079,403
Net Pension Asset	242,430	-	242,430
Restricted Assets:			
Cash And Investments For Operating And Maintenance	-	10,432,000	10,432,000
Cash With Escrow Agent - Debt Service	2,354,596	5,895,503	8,250,099
Capital Assets:			
Not Depreciated	73,988,731	6,999,573	80,988,304
Net Of Depreciation	114,242,476	62,705,661	176,948,137
TOTAL ASSETS	217,958,070	118,243,474	336,201,544
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan Deferments	5,121,120	760,653	5,881,773
OPEB Plan Deferments	15,097	6,394	21,491
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,136,217	767,047	5,903,264
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 223,094,287	\$ 119,010,521	\$ 342,104,808
LIABILITIES			
Accounts Payable	\$ 1,299,076	\$ 528,420	\$ 1,827,496
Salaries Payable	403,471	243,970	647,441
Deposits Payable	312,443	379,202	691,645
Accrued Interest Payable	676,389	618,989	1,295,378
Due To Other Governments	21,035	2,524,126	2,545,161
Unearned Revenue	1,827,857	712,936	2,540,793
Non-Current Liabilities:			
Due Within One Year	5,267,646	4,110,548	9,378,194
Due In More Than One Year	51,334,324	66,311,992	117,646,316
TOTAL LIABILITIES	61,142,241	75,430,183	136,572,424
DEFERRED INFLOWS OF RESOURCES			
Debt Refunding Deferments	-	444,312	444,312
Pension Plan Deferments	6,361,652	965,812	7,327,464
TOTAL DEFERRED INFLOWS OF RESOURCES	6,361,652	1,410,124	7,771,776
NET POSITION			
Net Investment in Capital Assets	146,659,763	33,206,537	179,866,300
Restricted for:			
Special Purposes	58,718	-	58,718
Capital Projects	4,445,171	-	4,445,171
Debt Service	13,984,852	16,111,606	30,096,458
Economic Development	1,329,325	-	1,329,325
Fire Relief Pensions	616,263	-	616,263
Unrestricted	(11,503,698)	(7,147,929)	(18,651,627)
TOTAL NET POSITION	155,590,394	42,170,214	197,760,608
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 223,094,287	\$ 119,010,521	\$ 342,104,808

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

CITY OF CHASKA, MINNESOTA

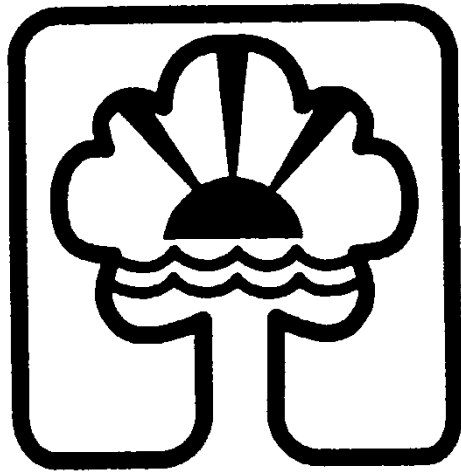
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 6,025,119	\$ 4,235,869	\$ 71,029	\$ -	\$ (1,718,221)	\$ -	\$ (1,718,221)
Economic Development	4,352,049	80,000	71,248	111,912	(4,088,889)	-	(4,088,889)
Public Safety	6,189,888	331,251	572,685	186,437	(5,099,515)	-	(5,099,515)
Public Works	10,088,913	2,178,832	57,634	7,466,457	(385,990)	-	(385,990)
Parks, Recreation And Arts	1,526,003	429,577	5,237	186,541	(904,648)	-	(904,648)
Interest On Long-Term Debt	1,550,437	-	-	-	(1,550,437)	-	(1,550,437)
Total Governmental Activities	29,732,409	7,255,529	777,833	7,951,347	(13,747,700)	-	(13,747,700)
Business-type Activities:							
Electric	38,896,423	41,193,202	8,431	169,322	-	2,474,532	2,474,532
Water	3,015,694	2,861,416	2,810	29,111	-	(122,357)	(122,357)
Sewer	3,801,595	3,789,275	2,810	-	-	(9,510)	(9,510)
Community Center	4,752,021	3,085,972	7,869	-	-	(1,658,180)	(1,658,180)
Par 30 Golf Course	189,814	154,621	562	-	-	(34,631)	(34,631)
Chaska Town Course	2,452,056	1,966,812	3,935	-	-	(481,309)	(481,309)
Turbine Generator	1,016,539	1,650,846	-	-	-	634,307	634,307
Internet Service Provider	159,357	100,033	-	-	-	(59,324)	(59,324)
Storm Water	1,072,424	1,581,812	70,387	-	-	579,775	579,775
Chaska Curling Center	2,635,334	1,299,997	2,248	-	-	(1,333,089)	(1,333,089)
Total Business-type Activities	57,991,257	57,683,986	99,052	198,433	-	(9,786)	(9,786)
TOTAL	\$ 87,723,666	\$ 64,939,515	\$ 876,885	\$ 8,149,780	(13,747,700)	(9,786)	(13,757,486)

General Revenues:

Property Taxes	10,129,998	-	10,129,998
Franchise Taxes	4,576,985	-	4,576,985
Grants & Contributions Not Restricted to Specific Functions	26,334	211	26,545
Investment Earnings	400,814	362,111	762,925
Other	366,702	82,857	449,559
Transfers	(769,471)	769,471	-
Total General Revenues & Transfers	14,731,362	1,214,650	15,946,012
Change in Net Position	983,662	1,204,864	2,188,526
Net Position - Beginning, As Previously Reported	154,869,396	41,076,594	195,945,990
Change in Accounting Principle	(262,664)	(111,244)	(373,908)
Net Position - Beginning, Restated	154,606,732	40,965,350	195,572,082
Net Position - Ending	\$ 155,590,394	\$ 42,170,214	\$ 197,760,608

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, 2018

CITY OF CHASKA, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash And Investments	\$ 2,236,237	\$ 228,793	\$ 8,962,103	\$ 11,427,133
Cash With Escrow Agent	-	-	2,354,596	2,354,596
Receivables:				
Taxes	87,300	-	32,325	119,625
Special Assessments	-	2,554,345	11,249,856	13,804,201
Accounts, Net of Allowance	199,998	-	17,719	217,717
Interest	2,735	-	9,405	12,140
Lease	-	-	99,383	99,383
Notes	-	-	26,595	26,595
Due From Other Funds	-	-	4,920,000	4,920,000
Due From Other Governments	129,128	-	-	129,128
Interfund Receivable	-	-	2,328,540	2,328,540
Advance To Other Funds	-	-	1,119,940	1,119,940
TOTAL ASSETS	\$ 2,655,398	\$ 2,783,138	\$ 31,120,462	\$ 36,558,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 107,483	\$ 815,592	\$ 376,001	\$ 1,299,076
Salaries Payable	403,471	-	-	403,471
Deposits Payable	174	35,069	277,200	312,443
Due To Other Funds	-	6,340,000	1,450,348	7,790,348
Due To Other Governments	21,035	-	-	21,035
Interfund Payable	-	-	2,169,131	2,169,131
Advance From Other Funds	-	-	2,201,210	2,201,210
Unearned Revenue	-	65,292	1,762,565	1,827,857
TOTAL LIABILITIES	532,163	7,255,953	8,236,455	16,024,571
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Taxes	34,281	-	21,064	55,345
Unavailable Revenue - Special Assessments	-	2,489,053	9,482,841	11,971,894
Unavailable Revenue - Notes Receivable	-	-	26,595	26,595
Unavailable Revenue - Lease Receivable	-	-	99,383	99,383
TOTAL DEFERRED INFLOWS OF RESOURCES	34,281	2,489,053	9,629,883	12,153,217
FUND BALANCES:				
Restricted	-	208,021	10,504,624	10,712,645
Committed	1,010,606	-	3,746,951	4,757,557
Assigned	-	-	8,011,826	8,011,826
Unassigned	1,078,348	(7,169,889)	(9,009,277)	(15,100,818)
TOTAL FUND BALANCES	2,088,954	(6,961,868)	13,254,124	8,381,210
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,655,398	\$ 2,783,138	\$ 31,120,462	\$ 36,558,998

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, 2018**

Total fund balances - governmental funds \$ 8,381,210

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	278,052,733
Less: Accumulated Depreciation	(89,821,526)

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

Delinquent Taxes	55,345
Special Assessments	11,971,894
Notes Receivable	26,595
Leases Receivable	99,383

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

Deferred Outflows - Pension Plan Deferments	5,121,120
Deferred Inflows - Pension Plan Deferments	(6,361,652)
Deferred Outflows - OPEB Plan Deferments	15,097

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.

5,335,507

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

(249,383)

Governmental funds do not report net pension assets.

242,430

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.

(676,389)

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	(5,267,646)
Due in more than one year	(51,334,324)

Net position of governmental activities

\$ 155,590,394

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, 2018

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property	\$ 5,422,403	\$ -	\$ 4,710,395	\$ 10,132,798
Franchise	4,576,985	-	-	4,576,985
Licenses And Permits	928,825	-	-	928,825
Intergovernmental	687,796	-	1,038,706	1,726,502
Charges For Services	3,912,324	-	2,307,972	6,220,296
Fines And Forfeitures	109,319	-	-	109,319
Special Assessments	143	65,829	2,284,377	2,350,349
Investment Earnings (Charges)	41,607	(39,497)	307,115	309,225
Other Revenue	105,006	4,500	733,216	842,722
TOTAL REVENUES	15,784,408	30,832	11,381,781	27,197,021
EXPENDITURES				
CURRENT:				
General Government	5,536,453	22,754	137,241	5,696,448
Economic Development	-	-	3,183,480	3,183,480
Public Safety	5,989,659	-	203,390	6,193,049
Public Works	3,506,060	3,386,280	807,341	7,699,681
Parks, Recreation And Arts	797,197	-	265,372	1,062,569
DEBT SERVICE:				
Principal	-	-	2,901,859	2,901,859
Interest	-	-	1,618,919	1,618,919
Issuance Costs And Fiscal Agent Fees	-	-	11,850	11,850
CAPITAL OUTLAY	-	3,379,797	4,915,334	8,295,131
TOTAL EXPENDITURES	15,829,369	6,788,831	14,044,786	36,662,986
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(44,961)	(6,757,999)	(2,663,005)	(9,465,965)
OTHER FINANCING SOURCES (USES)				
Transfers In	250,000	65,311	3,981,833	4,297,144
Transfers Out	(128,000)	-	(5,124,205)	(5,252,205)
Sale Of Capital Assets	-	-	33,976	33,976
TOTAL OTHER FINANCING SOURCES AND (USES)	122,000	65,311	(1,108,396)	(921,085)
NET CHANGE IN FUND BALANCES	77,039	(6,692,688)	(3,771,401)	(10,387,050)
FUND BALANCES, JANUARY 1	2,011,915	(269,180)	17,025,525	18,768,260
FUND BALANCES, DECEMBER 31	\$ 2,088,954	\$ (6,961,868)	\$ 13,254,124	\$ 8,381,210

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, 2018

Total net change in fund balances - governmental funds \$ (10,387,050)

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 and capital contribution from business-type activities.)

Capital Outlay	16,582,006
Less: Depreciation Expense	(7,032,123)
Net Book Value of assets sold or disposed	(1,653,442)
Capital Outlay transfer from business-type activities	435,590

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	(2,800)
Special Assessments	(215,102)
Notes Receivable	(7,666)
Leases Receivable	(29,520)

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)	(1,651,876)
Reductions to long-term liabilities (decreases governmental fund balances)	5,991,241

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

Net Pension Asset	(312,733)
Deferred Outflows - Pension Plan Deferments	(1,276,879)
Deferred Inflows - Pension Plan Deferments	655,228
Deferred Outflows - OPEB Deferments	(13,996)

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. (129,530)

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. 63,229

Internal service fund profit allocated to business-type activities. (30,915)

Change in net position - governmental activities \$ 983,662

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, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property	\$ 5,411,040	\$ 5,411,040	\$ 5,422,403	\$ 11,363
Franchise	4,434,054	4,439,054	4,576,985	137,931
Licenses And Permits	1,444,371	1,444,371	928,825	(515,546)
Intergovernmental	613,594	613,594	687,796	74,202
Charges For Services	3,888,262	3,888,262	3,912,324	24,062
Fines And Forfeitures	119,454	119,454	109,319	(10,135)
Special Assessments	-	-	143	143
Investment Earnings	14,000	22,000	41,607	19,607
Other Revenue	79,705	79,705	105,006	25,301
TOTAL REVENUES	16,004,480	16,017,480	15,784,408	(233,072)
EXPENDITURES:				
Current:				
General Government	5,761,436	5,861,436	5,536,453	324,983
Public Safety	5,758,200	5,663,200	5,989,659	(326,459)
Public Works	3,468,980	3,263,416	3,506,060	(242,644)
Parks, Recreation And Arts	1,023,864	1,023,864	797,197	226,667
TOTAL EXPENDITURES	16,012,480	15,811,916	15,829,369	(17,453)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,000)	205,564	(44,961)	(250,525)
OTHER FINANCING SOURCES (USES):				
Transfers In	8,000	-	250,000	250,000
Transfers Out	-	(128,000)	(128,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	8,000	(128,000)	122,000	250,000
NET CHANGE IN FUND BALANCES	-	77,564	77,039	(525)
FUND BALANCES, January 1	2,011,915	2,011,915	2,011,915	-
FUND BALANCES, December 31	\$ 2,011,915	\$ 2,089,479	\$ 2,088,954	\$ (525)

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, 2018

CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS							GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	TOTALS	
ASSETS								
Current Assets:								
Cash And Investments	\$ 2,268,855	\$ 1,157,309	\$ 5,797	\$ 265,310	\$ 6,037	\$ 1,258,794	\$ 4,962,102	\$ 199,484
Restricted Assets:								
Cash And Investments For Operating And Maintenance	10,432,000	-	-	-	-	-	10,432,000	-
Cash And Investments For Debt Service	182,537	-	500	1,195,900	13	-	1,378,950	-
Receivables:								
Special Assessments	-	-	-	-	-	41,688	41,688	-
Accounts:								
Current	3,642,293	197,295	145,994	-	43,782	490,471	4,519,835	-
Unbilled	2,339,995	111,080	-	-	-	197,896	2,648,971	-
Allowance For Uncollectible Accounts	(54,634)	(2,959)	(269)	-	(657)	(7,353)	(65,872)	-
Interest	9,081	2,591	-	140,836	-	1,183	153,691	6,023
Due From Other Funds	850,000	2,050,000	-	515,000	-	1,360,348	4,775,348	5,130,000
Due From Other Governments	27,429	2,473	-	-	-	27,876	57,778	-
Interfund Receivable	-	-	-	51,560	-	-	51,560	-
Lease Receivable	-	-	-	903,266	-	-	903,266	-
Inventories	1,849,135	169,082	-	-	-	61,186	2,079,403	-
Total Current Assets	21,546,691	3,686,871	152,022	3,071,872	49,175	3,432,089	31,938,720	5,335,507
Noncurrent Assets:								
Restricted Cash And Investments	737,578	-	271,813	2,083,000	1,424,162	-	4,516,553	-
Lease Receivable	-	-	-	17,998,283	-	-	17,998,283	-
Advance To Other Funds	2,201,210	-	-	820,271	-	-	3,021,481	-
Capital Assets:								
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	546,340	-	-	387,171	2,205,375	-
Furniture And Equipment	1,986,020	751,611	2,519,021	-	1,866,701	3,731,339	10,854,692	-
Infrastructure	27,106,739	5,154,468	-	-	-	4,025,938	36,287,145	-
Construction In Progress	5,047,007	3,197	619,527	-	-	98,421	5,768,152	-
Less: Accumulated Depreciation	(17,309,488)	(12,761,176)	(17,501,130)	-	(1,382,376)	(10,409,516)	(59,363,686)	-
Total Net Capital Assets	22,383,433	11,897,312	11,545,954	-	17,524,767	6,353,768	69,705,234	-
Total Noncurrent Assets	25,322,221	11,897,312	11,817,767	20,901,554	18,948,929	6,353,768	95,241,551	-
TOTAL ASSETS	46,868,912	15,584,183	11,969,789	23,973,426	18,998,104	9,785,857	127,180,271	5,335,507
DEFERRED OUTFLOWS OF RESOURCES								
Pension Plan Deferments	215,279	71,760	200,927	-	57,408	215,279	760,653	-
OPEB Plan Deferments	2,798	511	986	-	169	1,930	6,394	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	218,077	72,271	201,913	-	57,577	217,209	767,047	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 47,086,989	\$ 15,656,454	\$ 12,171,702	\$ 23,973,426	\$ 19,055,681	\$ 10,003,066	\$ 127,947,318	\$ 5,335,507
LIABILITIES								
Current Liabilities:								
Accounts Payable	\$ 303,953	\$ 30,344	\$ 154,381	\$ -	\$ 6,632	\$ 33,110	\$ 528,420	\$ -
Salaries Payable	60,918	21,927	78,041	-	25,886	57,198	243,970	-
Deposits Payable	142,754	5,000	109,045	-	16,000	106,403	379,202	-
Compensated Absences	150,013	34,440	61,191	-	13,649	91,005	350,298	-
Accrued Interest Payable	77,287	40,928	13,400	221,538	210,776	55,060	618,989	-
Due To Other Funds	-	-	2,215,000	4,720,000	100,000	100,000	7,035,000	-
Due To Other Governments	2,410,318	4,899	11,927	90,557	1,578	4,847	2,524,126	-
Interfund Payable	51,560	11,630	-	-	-	147,779	210,969	-
Revenue Bonds Payable	420,000	594,000	330,000	1,195,000	980,000	201,000	3,720,000	-
Capital Lease Payable	-	-	40,250	-	-	-	40,250	-
Unearned Revenue	-	-	281,170	-	236,724	195,042	712,936	-
Total Current Liabilities	3,616,803	743,168	3,294,405	1,507,095	6,211,245	991,444	16,364,160	-
Noncurrent Liabilities:								
Compensated Absences	64,241	7,950	58,314	-	20,481	60,756	211,742	-
Advance From Other Funds	820,271	131,370	-	-	-	988,570	1,940,211	-
Revenue Bonds Payable	9,415,094	10,177,274	4,546,926	19,807,852	13,380,000	4,408,746	61,735,892	-
Capital Lease Payable	-	-	105,321	-	-	-	105,321	-
Other Post Employment Benefits	154,197	30,501	58,520	-	4,308	115,715	363,241	-
Net Pension Liability	1,102,584	367,528	1,029,078	-	294,022	1,102,584	3,895,796	-
Total Noncurrent Liabilities	11,556,387	10,714,623	5,798,159	19,807,852	13,698,811	6,676,371	68,252,203	-
TOTAL LIABILITIES	15,173,190	11,457,791	9,092,564	21,314,947	19,910,056	7,667,815	84,616,363	-
DEFERRED INFLOWS OF RESOURCES								
Debt Refunding Deferments	-	-	-	444,312	-	-	444,312	-
Pension Plan Deferments	273,343	91,114	255,120	-	72,892	273,343	965,812	-
TOTAL DEFERRED INFLOWS OF RESOURCES	273,343	91,114	255,120	444,312	72,892	273,343	1,410,124	-
NET POSITION								
Net Investment In Capital Assets	15,873,395	2,135,950	6,669,028	-	3,164,767	5,363,397	33,206,537	-
Restricted For Debt Service	11,352,115	-	272,313	3,063,003	1,424,175	-	16,111,606	-
Unrestricted	4,414,946	1,971,599	(4,117,323)	(848,836)	(5,516,209)	(3,301,489)	(7,397,312)	5,335,507
TOTAL NET POSITION	31,640,456	4,107,549	2,824,018	2,214,167	(927,267)	2,061,908	41,920,831	5,335,507
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION								
	\$ 47,086,989	\$ 15,656,454	\$ 12,171,702	\$ 23,973,426	\$ 19,055,681	\$ 10,003,066	127,947,318	\$ 5,335,507
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	249,383
							Net Position of business-type activities	<u>\$ 42,170,214</u>

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

CITY OF CHASKA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE		
OPERATING REVENUES:								
Sales	\$ 41,193,202	\$ 2,861,416	\$ 3,085,972	\$ 1,650,846	\$ 1,299,997	\$ 7,592,553	\$ 57,683,986	\$ 823,899
OPERATING EXPENSES:								
Production	28,654,423	515,557	-	-	-	2,451,571	31,621,551	-
Distribution / Collections	2,225,361	713,927	-	-	-	1,125,983	4,065,271	-
Administration	2,712,763	631,464	3,834,757	342,286	1,497,227	3,168,129	12,186,626	749,710
Franchise Fees	3,820,670	-	-	-	-	-	3,820,670	-
Depreciation	1,131,126	791,340	729,338	-	628,587	778,005	4,058,396	-
TOTAL OPERATING EXPENSES	38,544,343	2,652,288	4,564,095	342,286	2,125,814	7,523,688	55,752,514	749,710
OPERATING INCOME (LOSS)	2,648,859	209,128	(1,478,123)	1,308,560	(825,817)	68,865	1,931,472	74,189
NON-OPERATING REVENUES:								
Investment Earnings (Charges)	320,467	46,652	(16,262)	61,735	(76,340)	25,859	362,111	91,589
Intergovernmental	8,534	2,826	7,869	-	2,248	77,786	99,263	-
Payments	-	-	-	55,595	-	-	55,595	-
Gain On Sale Of Capital Assets	25,854	-	1,408	-	-	-	27,262	-
Miscellaneous Refunds	-	-	-	-	-	-	-	147,451
TOTAL NON-OPERATING REVENUES	354,855	49,478	(6,985)	117,330	(74,092)	103,645	544,231	239,040
NON-OPERATING EXPENSES:								
Interest	360,981	365,159	182,641	669,753	507,283	161,489	2,247,306	-
Issuance Costs And Fiscal Agent Fees	450	-	12,100	4,500	3,200	-	20,250	-
Loss On Sale Of Capital Assets	-	-	2,102	-	-	-	2,102	-
Contribution to Governmental Activities	-	-	-	-	-	435,590	435,590	-
TOTAL NON-OPERATING EXPENSES	361,431	365,159	196,843	674,253	510,483	597,079	2,705,248	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,642,283	(106,553)	(1,681,951)	751,637	(1,410,392)	(424,569)	(229,545)	313,229
CAPITAL CONTRIBUTIONS	169,322	29,111	-	-	-	-	198,433	-
TRANSFERS IN (OUT):								
Transfers In	-	466,964	432,000	-	1,594,230	481,076	2,974,270	-
Transfers Out	(1,375,809)	(66,500)	-	-	-	(326,900)	(1,769,209)	(250,000)
TOTAL TRANSFERS IN (OUT)	(1,375,809)	400,464	432,000	-	1,594,230	154,176	1,205,061	(250,000)
CHANGE IN NET POSITION	1,435,796	323,022	(1,249,951)	751,637	183,838	(270,393)	1,173,949	63,229
NET POSITION, JANUARY 1, As Previously Reported	30,253,348	3,793,413	4,091,118	1,462,530	(1,108,162)	2,365,879	40,858,126	5,272,278
Change in Accounting Principle	(48,688)	(8,886)	(17,149)	-	(2,943)	(33,578)	(111,244)	-
NET POSITION, JANUARY 1, Restated	30,204,660	3,784,527	4,073,969	1,462,530	(1,111,105)	2,332,301	40,746,882	5,272,278
NET POSITION, DECEMBER 31	\$ 31,640,456	\$ 4,107,549	\$ 2,824,018	\$ 2,214,167	\$ (927,267)	\$ 2,061,908	41,920,831	\$ 5,335,507
							Change in net position - total Enterprise Funds	\$ 1,173,949
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	30,915
							Change in net position - Business-type Activities	\$ 1,204,864

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, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						GOVERNMENTAL	
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE	TOTALS	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts From Customers And Users	\$ 40,378,291	\$ 2,823,515	\$ 3,331,868	\$ 1,650,846	\$ 1,284,504	\$ 7,537,187	\$ 57,006,211	\$ 823,899
Payments To Suppliers	(35,971,060)	(1,460,971)	(1,645,573)	(314,787)	(716,258)	(4,778,363)	(44,887,012)	(749,710)
Payments To Employees	(1,610,079)	(615,691)	(2,053,261)	-	(577,500)	(2,035,869)	(6,892,400)	147,451
Net Cash Provided (Used) By Operating Activities	2,797,152	746,853	(366,966)	1,336,059	(9,254)	722,955	5,226,799	221,640
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfers From Other Funds	-	466,964	432,000	-	1,594,230	481,076	2,974,270	-
Transfers To Other Funds	(1,375,809)	(66,500)	-	-	-	(326,900)	(1,769,209)	(250,000)
Due From Other Funds	(850,000)	(2,050,000)	-	(515,000)	-	(1,221,088)	(4,636,088)	(361,717)
Due To Other Funds	-	-	955,707	-	(48,283)	(39,260)	868,164	-
Interfund Loans To Other Funds	(42,923)	-	-	48,624	-	-	5,701	-
Interest Payments On Interfund Loans	-	-	-	55,595	-	-	55,595	-
Intergovernmental	8,534	2,826	7,869	-	2,248	77,786	99,263	-
Net Cash Provided (Used) By Non-Capital Financing Activities	(2,260,198)	(1,646,710)	1,395,576	(410,781)	1,548,195	(1,028,386)	(2,402,304)	(611,717)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Proceeds From Capital Leases	-	-	183,475	-	-	-	183,475	-
Capital Contributions	169,322	29,111	-	-	-	-	198,433	-
Principal Paid On Bonds	(395,000)	(529,000)	(2,465,000)	(1,140,000)	(965,000)	(191,000)	(5,685,000)	-
Principal Paid on Capital Leases	-	-	(37,904)	-	-	-	(37,904)	-
Interest And Fiscal Charges	(336,610)	(372,799)	(207,957)	(936,250)	(517,589)	(130,284)	(2,501,489)	-
Proceeds From Sale Of Capital Assets	25,854	-	1,408	-	-	-	27,262	-
Construction And Acquisition of Capital Assets	(3,369,685)	(311,742)	(658,447)	-	-	(392,839)	(4,732,713)	-
Lease Payments Received	-	-	-	834,960	-	-	834,960	-
Interfund Loans From Other Funds	(48,624)	143,000	-	-	-	39,334	133,710	-
Interest Payments On Interfund Loans	(55,595)	(4,806)	-	-	-	(33,792)	(94,193)	-
Net Cash Provided (Used) By Capital And Related Financing Activities	(4,010,338)	(1,046,236)	(3,184,425)	(1,241,290)	(1,482,589)	(708,581)	(11,673,459)	-
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest (Charges) On Investments	319,281	45,703	(16,262)	56,094	(76,340)	25,594	354,070	90,074
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS								
	(3,154,103)	(1,900,390)	(2,172,077)	(259,918)	(19,988)	(988,418)	(8,494,894)	(300,003)
CASH AND CASH EQUIVALENTS, January 1	16,775,073	3,057,699	2,450,187	3,804,128	1,450,200	2,247,212	29,784,499	499,487
CASH AND CASH EQUIVALENTS, December 31	\$ 13,620,970	\$ 1,157,309	\$ 278,110	\$ 3,544,210	\$ 1,430,212	\$ 1,258,794	\$ 21,289,605	\$ 199,484
CASH AND CASH EQUIVALENTS:								
Cash And Investments	\$ 2,268,855	\$ 1,157,309	\$ 5,797	\$ 265,310	\$ 6,037	\$ 1,258,794	\$ 4,962,102	\$ 199,484
Restricted Assets-Revenue Bonds:								
Cash And Investments	11,352,115	-	272,313	3,278,900	1,424,175	-	16,327,503	-
Total Cash And Cash Equivalents	\$ 13,620,970	\$ 1,157,309	\$ 278,110	\$ 3,544,210	\$ 1,430,212	\$ 1,258,794	\$ 21,289,605	\$ 199,484
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ 2,648,859	\$ 209,128	\$ (1,478,123)	\$ 1,308,560	\$ (825,817)	\$ 68,865	\$ 1,931,472	\$ 74,189
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:								
Depreciation Expense	1,131,126	791,340	729,338	-	628,587	778,005	4,058,396	-
Miscellaneous Receipts	-	-	-	-	-	-	-	147,451
(Increase) Decrease In Assets And Deferred Outflows:								
Special Assessments	352	66	-	-	-	9,155	9,573	-
Accounts Receivable	(828,022)	(36,311)	56,701	-	24,850	(84,359)	(867,141)	-
Allowance For Uncollectible Accounts	1,758	9	(1,061)	-	(372)	609	943	-
Due From Other Governments	4,038	(49)	60,634	-	-	9,479	74,102	-
Inventory	(340,990)	(45,382)	-	-	-	6,441	(379,931)	-
Deferred Outflows	184,390	51,501	104,675	-	(57,251)	136,676	419,991	-
Increase (Decrease) In Liabilities And Deferred Inflows:								
Accounts Payable	106,341	(106,572)	98,445	-	(79,860)	(66,167)	(47,813)	-
Salaries Payable	453	3,188	10,826	-	5,579	9,533	29,579	-
Deposits Payable	7,315	(1,550)	23,935	-	(6,350)	(26,939)	(3,589)	-
Compensated Absences Payable	36,578	3,705	(4,759)	-	8,197	21,835	65,556	-
Net Pension Liability	(285,120)	(119,491)	(133,106)	-	293,353	(228,390)	(472,754)	-
Due To Other Governments	85,955	(16,586)	(2,911)	27,499	(116)	(3,424)	90,417	-
Unearned Revenue	(352)	(66)	105,687	-	(33,621)	36,689	108,337	-
Other Post Employment Benefits	9,373	1,711	3,302	-	566	6,465	21,417	-
Deferred Inflows - Pensions	35,098	12,212	59,451	-	33,001	48,482	188,244	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,797,152	\$ 746,853	\$ (366,966)	\$ 1,336,059	\$ (9,254)	\$ 722,955	\$ 5,226,799	\$ 221,640
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:								
Amortization Of Bond Premiums	\$ 19,829	\$ 16,574	\$ 11,977	\$ 213,571	\$ -	\$ 4,822	\$ 266,773	\$ -
Amortization Of Gain On Refunding	\$ -	\$ -	\$ -	\$ 37,026	\$ -	\$ -	\$ 37,026	\$ -
Capital Contributions to Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,590	\$ 435,590	\$ -
Net Book Value of Capital Asset Disposals	\$ -	\$ -	\$ 2,102	\$ -	\$ -	\$ -	\$ 2,102	\$ -

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

CITY OF CHASKA, MINNESOTA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2018**

	AGENCY FUNDS
<u>ASSETS</u>	
Cash And Cash Equivalents	\$ 342,420
Accounts Receivable	4,672
Due From Other Governments	2,220
Due From Other Funds	<u>5,149</u>
TOTAL ASSETS	<u>\$ 354,461</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,743
Due To Other Funds	5,149
Deposits Payable	317,749
Due To Other Governments	<u>29,820</u>
TOTAL LIABILITIES	<u>\$ 354,461</u>

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 form of government pursuant to applicable Minnesota laws and statutes. The Plan A form of government prescribes an Administrator-Council form of organization. The Council consists of an elected mayor and four 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 golf courses, a gas turbine generator and a curling and event center. Internet services operated by the City were discontinued during the year.

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 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 because the Chaska EDA Board is 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. 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 in three different 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 aggregately in one column in the fund financial statements.

Major Funds

The City reports the following major governmental funds:

- **General Fund** – This fund is the City’s primary operating fund 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 accounts for the financing and construction of public improvements projects.

The City reports the following major proprietary funds:

- **Electric Fund** – This fund accounts for revenues and expenses of the City’s Electric Utility operations.
- **Water Fund** – This fund accounts for revenues and expenses of the City’s Water Utility operations.
- **Community Center Fund** – This fund accounts for revenues and expenses of the Chaska Community Center operations.

- **Turbine Generator Fund** – This fund accounts for the operations of the City’s Turbine Generator Utility operations.
- **Curling Center Fund** – This fund accounts for the operations of the City’s Curling and Event Center operations.

Additionally, the City 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 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 City reports the following Fiduciary funds:
 - **Builders’ Deposit Fund** – This fund accounts 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 accounts 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 accounts 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 accounts 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*. The economic resources measurement focus aims to report 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 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.

D) Budgetary Accounting

Budgets for the General fund, two Special Revenue funds and one 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 based on 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 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 business days after December 20th. 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 January 1 and are recorded as receivables by the City on that date. Property taxes are due from taxpayers in two equal installments, on May 15 and October 15. The County provides tax settlements to cities and other local governments three times a year: in July, December, and January 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 inflow of resources because it is not known when they will be available to finance current expenditures. Delinquent special assessment receivable at December 31, 2018 totaled \$27,780.

- **Trade Receivables**

Utility and miscellaneous accounts receivable are shown net of an allowance for uncollectible accounts on the Statement of Net Position. On December 31, 2018, the allowance for uncollectible accounts is \$68,918.

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

City operations include activity 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 are classified as “interfund receivables/payables”. The long-term portions of interfund receivables are reported as “advances to other funds”.

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 property, buildings, improvements, equipment and infrastructure (e.g. roads, bridges, streets, sidewalks, drainage systems and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Such assets are capitalized at historical cost, or estimated historical cost, for assets where actual historical cost is not available. Donated 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:

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 these assets 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, vacation, sick and compensatory time benefits. Employees are compensated upon termination for unused personal, vacation and compensatory time. Sick leave is accrued as used or when it becomes likely that it will be paid as termination pay, while personal, vacation, and compensatory time 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 and liabilities, statements of financial position will sometimes report separate sections for deferred outflows or inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources (revenue) until then.

The City reports deferred outflows and inflows of resources related to pensions and other post-employment benefits (OPEB) in the government-wide and enterprise funds Statement of Net Position. These deferred outflows and inflows result from the difference between expected and actual economic experience, changes in actuarial assumptions, difference between projected and actual investment earnings, changes in proportion, and 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 and OPEB standards.

The City also reports deferred inflows of resources related to debt refunding 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.

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 for 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.

M) Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

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. Issuance costs are reported as expenditures.

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 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, inventory, and other long-term assets.
- **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 related to internally imposed constraints that are established by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purposes unless the 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 resources 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 position is displayed in three components:

- **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.
- **Restricted Net Position** - consists of net position restricted by limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulation of other governments.
- **Unrestricted Net Position** – all other elements of net position that do not meet the definition of “restricted” or “net investment in capital assets” are reported as unrestricted.

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

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 governmental and business-type activities.

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) Pension Plans

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 payroll 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, 2018. Investments are reported at fair value.

S) Change in Accounting Principle

During the year ended December 31, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement established standards for employer recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expense for OPEB. Certain amounts necessary to fully restate fiscal year 2017 financial information are not determinable; therefore, prior year comparative amounts have not been restated. The implementation of this statement in the current year resulted in the restatement of net position as of December 31, 2017. The details of the restatement are as follows:

	Governmental Activities	Business-Type Activities	Enterprise Funds
Net Position - Beginning as Previously Reported	\$ 154,869,396	\$ 41,076,594	\$ 40,858,126
Change in Accounting Principle			
Net OPEB Obligation, Under Previous Reporting Standards	512,711	218,260	218,260
Total OPEB Liability, Under Current Reporting Standards	(804,468)	(341,824)	(341,824)
Deferred Outflows of Resources, Under Current Reporting Standards	29,093	12,320	12,320
Total Change in Accounting Principle	<u>(262,664)</u>	<u>(111,244)</u>	<u>(111,244)</u>
Net Position - Beginning, Restated	<u>\$ 154,606,732</u>	<u>\$ 40,965,350</u>	<u>\$ 40,746,882</u>

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

The City follows these procedures in establishing and monitoring the annual budget:

1. City Administrative Services Director prepares history of actual revenues and expenditures for the prior two 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 years. Department heads submit their five-year budgets to the City Administrative Services Director.
3. Department budgets are reviewed and combined into a five-year budget by the City Administrator and City Administrative Services Director.
4. The City Administrator recommends the five-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. The legal level of budgetary control is at the fund level. Budgetary control is maintained by department heads for all assigned divisions. Department heads may reallocate budget appropriations between divisions within the same fund, but not reallocate between funds or functions. The City Administrator may reallocate budget appropriations between functions within the same fund.
10. During the year, expenditures in various categories (i.e., personal services, operating supplies, other services and charges, capital outlay and other financing uses) may exceed the level of appropriation if additional revenues or reduced expenditures in another account are identified and available to offset the additional expenditures.
11. Unused budgeted expenditure appropriations lapse at year-end.

B) Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the General fund by \$17,453, and the Chaska EDA Special Revenue fund by \$303,668. Variances in the General fund were offset by a transfer into the fund, and difference in the Chaska EDA 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, 2018:

Special Revenue Fund	
Chaska EDA	\$ 1,083,766
Capital Project Funds	
Fire Protection Systems	\$ 36,061
2014 Flood Event	312,740
TIF Dist #14 - Downtown Redevelopment	1,954,631
TIF Dist #17 - Chaska Preserve	190,920
TIF Dist #18 - Chaska Building Center	1,493,366
TIF Dist #20 - Brewery Project	261,511
TIF Dist #21 - Hot Spot Project	680,813
Enterprise Funds	
Par 30 Golf	\$ 191,220

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 deficit in the Par 30 Golf is from ongoing operations. Revenue from future operations is expected to eliminate this deficit.

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	\$16,588,719
Restricted Cash and Investments	18,682,099
	<u>35,270,818</u>
Statement of Net Position - Fiduciary Funds	
Cash and Cash Equivalents	342,420
Total Cash and Investments	<u><u>\$35,613,238</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 fair 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.

At year-end, the carrying amount of the City’s deposits was \$2,403,084, while the balance on the bank records was \$4,318,073. At December 31, 2018, 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 Measurements Using	Interest Risk - Maturity Duration in Years			Total
	Rating	Agency		Less Than 1	1 to 5	More than 5	
U.S. Treasury Securities	N/R	N/R	Level 1	\$ 944,374	\$ -	\$ -	\$ 944,374
U.S. Treasury Securities	N/R	N/R	Level 2	794,464	-	-	794,464
U.S. Government Agencies	AAA	Moody	Level 2	423,665	-	-	423,665
U.S. Government Agencies	AA	S&P	Level 2	2,741,704	7,925,245	-	10,666,949
State and Local Bonds	AA	S&P	Level 2	-	495,745	-	495,745
Commercial Paper	A-1	S&P	Level 2	2,681,925	-	-	2,681,925
Investments in Mutual Funds & Money Markets							
First American Treasury Obligations	AAAm	S&P	Level 2	N/A	N/A	N/A	521
100% Treasury MM Fund	AAAm	S&P	Level 1	N/A	N/A	N/A	3,278,900
Minnesota Municipal MM Fund	N/R	N/R	N/A	N/A	N/A	N/A	13,918,711
Total Investments:				<u>\$ 7,586,132</u>	<u>\$ 8,420,990</u>	<u>\$ -</u>	<u>33,205,254</u>
						Total Deposits	2,403,084
						Petty Cash and Change Funds	4,900
						Total Deposits and Investments	<u>\$ 35,613,238</u>

N/A - Not Applicable

N/R - Not Rated

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. For this investment pool, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice required for the Liquid Class; the redemption notice period is 14 days for the Plus Class.

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

Custodial Credit Risk – For investments, this 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 – This 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 of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen 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 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 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 5.0 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.

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

At year-end, the City had more than 5.0 percent of its investments in the following:

<u>Issuer</u>	<u>Percent</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation	12.8%	\$ 4,253,775
Federal Home Loan Banks	11.1%	\$ 3,671,470
Federal National Mortgage Association	9.5%	\$ 3,165,369
U.S. Bank Commercial Paper	8.1%	\$ 2,681,925

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.

Note 4 Capital Assets

Capital asset activity for Governmental and Business-Type activities for the year ended December 31, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass & Transfers</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 51,768,931	\$ 962,832	\$ (1,148,498)	\$ -	\$ 51,583,265
Works of Art/Treasures	105,027	-	-	-	105,027
Construction In Progress	11,921,291	11,586,080	(504,944)	(701,988)	22,300,439
Total capital assets, not being depreciated:	<u>63,795,249</u>	<u>12,548,912</u>	<u>(1,653,442)</u>	<u>(701,988)</u>	<u>73,988,731</u>
Capital assets, being depreciated:					
Buildings	9,865,909	135,029	-	-	10,000,938
Other Improvements	20,724,509	25,995	-	-	20,750,504
Furniture & Equipment	10,175,544	466,693	(399,831)	934,261	11,176,667
Infrastructure	158,073,874	3,405,377	-	656,642	162,135,893
Total capital assets being depreciated:	<u>198,839,836</u>	<u>4,033,094</u>	<u>(399,831)</u>	<u>1,590,903</u>	<u>204,064,002</u>
Less accumulated depreciation for:					
Buildings	(7,267,774)	(316,535)	-	-	(7,584,309)
Other Improvements	(8,124,878)	(659,304)	-	-	(8,784,182)
Furniture & Equipment	(6,624,931)	(638,802)	399,831	(232,273)	(7,096,175)
Infrastructure	(60,718,326)	(5,417,482)	-	(221,052)	(66,356,860)
Total accumulated depreciation:	<u>(82,735,909)</u>	<u>(7,032,123)</u>	<u>399,831</u>	<u>(453,325)</u>	<u>(89,821,526)</u>
Total capital assets, being depreciated, net:	<u>116,103,927</u>	<u>(2,999,029)</u>	<u>-</u>	<u>1,137,578</u>	<u>114,242,476</u>
Governmental activities capital assets, net:	<u>\$ 179,899,176</u>	<u>\$ 9,549,883</u>	<u>\$ (1,653,442)</u>	<u>\$ 435,590</u>	<u>\$ 188,231,207</u>

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass & Transfers</u>	<u>Ending Balance</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,231,421	\$ -	\$ -	\$ -	\$ 1,231,421
Construction In Progress	2,996,622	3,386,295	-	(614,765)	5,768,152
Total capital assets, not being depreciated:	4,228,043	3,386,295	-	(614,765)	6,999,573
Capital assets, being depreciated:					
Buildings	72,722,135	-	-	-	72,722,135
Other Improvements	2,133,359	78,186	(6,170)	-	2,205,375
Furniture & Equipment	10,318,560	846,124	(182,771)	(127,221)	10,854,692
Infrastructure	36,011,966	422,108	-	(146,929)	36,287,145
Total capital assets, being depreciated:	121,186,020	1,346,418	(188,941)	(274,150)	122,069,347
Less accumulated depreciation for:					
Buildings	(34,421,630)	(2,140,493)	-	-	(36,562,123)
Other Improvements	(998,032)	(132,461)	6,170	-	(1,124,323)
Furniture & Equipment	(5,609,311)	(570,191)	180,669	232,273	(5,766,560)
Infrastructure	(14,916,481)	(1,215,251)	-	221,052	(15,910,680)
Total accumulated depreciation:	(55,945,454)	(4,058,396)	186,839	453,325	(59,363,686)
Total capital assets, being depreciated, net:	65,240,566	(2,711,978)	(2,102)	179,175	62,705,661
Business-type activities capital assets, net:	\$ 69,468,609	\$ 674,317	\$ (2,102)	\$ (435,590)	\$ 69,705,234

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

<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
General Government	\$ 329,462	Electric	\$ 1,131,126
Economic Development	7,970	Water	791,340
Public Safety	339,931	Community Center	729,338
Public Works	5,737,860	Chaska Curling Center	628,587
Parks, Recreation and Arts	616,900	Sewer	112,330
Total Depreciation Expense -		Chaska Par 30	3,940
Governmental Activities:	<u>\$ 7,032,123</u>	Chaska Town Course	453,363
		Internet Service Provider	35,505
		Storm Water	172,867
		Total Depreciation Expense -	
		Business-Type Activities:	<u>\$ 4,058,396</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 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-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 parties gives MMPA the annual option to continue this agreement for an additional twenty-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 additional years by giving the City ninety days written notice in advance of May 1st 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
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	1,270,501	1,215,683
2024-2028	8,264,539	4,166,381
2029-2031	5,241,664	559,432
Total:	<u>\$ 18,901,549</u>	<u>\$ 11,761,387</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 months commencing May 1, 2017.

Annual lease payments through 2022 are as follows:

Year Ending December 31,	Lease Receivable
	Principal
2019	\$ 27,859
2020	31,241
2021	32,179
2022	8,104
Total:	<u>\$ 99,383</u>

Note 6 Long-Term Liabilities

Long-term liabilities for the year ended December 31, 2018 are as follows:

	Beginning Balance	Change in Accounting Principle *	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities						
Bonds Payable:						
General Obligation Bonds:						
Equipment Certificates	\$ 2,605,000	\$ -	\$ -	\$ (100,000)	\$ 2,505,000	\$ 265,000
General Obligation Bonds	1,635,000	-	-	(200,000)	1,435,000	205,000
Tax Increment Bonds	1,220,000	-	-	(95,000)	1,125,000	515,000
Abatement Bonds	2,430,000	-	-	(10,000)	2,420,000	130,000
Improvement Bonds	30,995,000	-	-	(2,215,000)	28,780,000	3,175,000
EDA Lease Revenue Bonds	9,815,000	-	-	(270,000)	9,545,000	275,000
Plus: Premium	2,785,053	-	-	(198,012)	2,587,041	-
Total Bonds Payable:	<u>51,485,053</u>	<u>-</u>	<u>-</u>	<u>(3,088,012)</u>	<u>48,397,041</u>	<u>4,565,000</u>
Notes Payable:						
Promissory Note Payable	107,998	-	-	(11,859)	96,139	12,443
Compensated Absences	908,494	-	807,293	(705,181)	1,010,606	690,203
Total OPEB Liability	512,711	291,757	79,660	(29,092)	855,036	-
Net Pension Liability	<u>7,635,322</u>	<u>-</u>	<u>764,923</u>	<u>(2,157,097)</u>	<u>6,243,148</u>	<u>-</u>
Governmental Activity Long-term Liabilities:	<u>\$ 60,649,578</u>	<u>\$ 291,757</u>	<u>\$ 1,651,876</u>	<u>\$ (5,991,241)</u>	<u>\$ 56,601,970</u>	<u>\$ 5,267,646</u>
Business-type Activities						
Bonds Payable:						
General Obligation Revenue Bonds	\$ 15,820,000	\$ -	\$ -	\$ (720,000)	\$ 15,100,000	\$ 795,000
Revenue Bonds	29,440,000	-	-	(1,535,000)	27,905,000	1,615,000
EDA Lease Revenue Bonds	22,575,000	-	-	(3,430,000)	19,145,000	1,310,000
Plus: Premium	<u>3,572,665</u>	<u>-</u>	<u>-</u>	<u>(266,773)</u>	<u>3,305,892</u>	<u>-</u>
Total Bonds Payable:	<u>71,407,665</u>	<u>-</u>	<u>-</u>	<u>(5,951,773)</u>	<u>65,455,892</u>	<u>3,720,000</u>
Leases Payable:						
Capital Lease Payable	-	-	183,475	(37,904)	145,571	40,250
Compensated absences	496,484	-	398,767	(333,211)	562,040	350,298
Total OPEB Liability	218,260	123,564	33,738	(12,321)	363,241	-
Net Pension Liability	<u>4,368,550</u>	<u>-</u>	<u>368,047</u>	<u>(840,801)</u>	<u>3,895,796</u>	<u>-</u>
Business-type Activity Long-term Liabilities:	<u>\$ 76,490,959</u>	<u>\$ 123,564</u>	<u>\$ 984,027</u>	<u>\$ (7,176,010)</u>	<u>\$ 70,422,540</u>	<u>\$ 4,110,548</u>

* The amounts in this column reflect only a portion of the change in accounting principle described earlier in these notes.

For the Governmental Activities, compensated absences, 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, 2018

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, 2018 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 12/31/2018</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	\$ 545,000
G.O. Equipment Certificates, Series 2017B	11/29/17	02/01/27	5.00%	1,960,000	1,960,000
Total Equipment Certificates				<u>2,875,000</u>	<u>2,505,000</u>
General Obligation Bonds					
G.O. Bonds, Series 2011B	09/15/11	02/01/27	2.00-3.25%	3,455,000	1,435,000
Tax Increment Bonds					
G.O. Taxable TI Bonds, Series 2008E	11/15/08	02/01/19	6.25-7.50%	565,000	440,000
G.O. Taxable TI Cross-over Refunding Bonds, Series 2013B	08/15/13	12/01/21	2.00-2.75%	580,000	225,000
G.O. Taxable Cross-over Refunding Bonds, Series 2017D	12/27/17	02/01/31	3.00-3.50%	460,000	460,000
Total Tax Increment Bonds				<u>1,605,000</u>	<u>1,125,000</u>
Taxable Abatement Bonds					
G.O. Taxable Abatement Bonds, Series 2010D	09/15/10	02/01/33	4.00-5.25%	405,000	385,000
G.O. Taxable Bonds, Series 2017C	11/29/17	02/01/39	1.70-3.45%	2,035,000	2,035,000
Total Taxable Abatement Bonds				<u>2,440,000</u>	<u>2,420,000</u>
Improvement Bonds					
G.O. Improvement Bonds, Series 2008C	11/15/08	02/01/19	3.00-5.13%	3,645,000	1,190,000
G.O. Improvement Bonds, Series 2010A	07/01/10	02/01/31	2.00-4.00%	3,220,000	1,430,000
G.O. Improvement Bonds, Series 2010C	09/15/10	02/01/33	2.00-3.75%	2,180,000	1,570,000
G.O. Improvement Bonds, Series 2012A	08/15/12	02/01/28	2.00-2.40%	2,430,000	1,655,000
G.O. Improvement Bonds, Series 2013A	08/15/13	02/01/35	2.00-4.00%	3,330,000	2,760,000
G.O. Improvement Bonds, Series 2014A	12/30/14	02/01/30	0.70-3.00%	5,785,000	4,420,000
G.O. Improvement Bonds, Series 2015B	08/15/15	02/01/31	3.00-5.00%	5,940,000	5,445,000
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	215,000
G.O. Cross-over Refunding, Series 2012B	08/15/12	02/01/27	2.00-2.30%	4,675,000	2,225,000
G.O. Cross-over Refunding, Series 2017E	12/27/17	02/01/29	2.01-2.87%	995,000	995,000
Total Improvement Bonds				<u>41,070,000</u>	<u>28,780,000</u>
EDA Lease Revenue Bonds					
Lease Revenue Bonds, Series 2015B	04/15/15	02/01/35	2.00-4.00%	9,000,000	8,660,000
Lease Revenue Bonds, Series 2015D	12/30/15	02/01/26	2.00-4.00%	1,085,000	885,000
Total EDA Lease Revenue Bonds				<u>10,085,000</u>	<u>9,545,000</u>
Premium					
				3,201,141	2,587,041
Total Bonds Payable - Governmental Activities				<u>\$64,731,141</u>	<u>\$48,397,041</u>

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

Business-type Activities	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Outstanding 12/31/2018
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	\$ 555,000
G.O. Water Revenue Refunding Bonds, Series 2011A	09/15/11	12/01/32	2.00-4.00%	11,435,000	9,055,000
G.O. Utility Revenue Bonds, Series 2015C	12/30/15	02/01/36	2.00-4.00%	5,170,000	4,755,000
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>15,100,000</u>
Revenue Bonds					
Electric Utility Revenue Bonds, Series 2011D	12/22/11	10/01/31	2.00-3.65%	3,535,000	2,480,000
Electric Revenue Refunding Bonds, Series 2015A	10/01/15	10/01/30	2.00-5.00%	21,760,000	18,440,000
Electric Utility Revenue Bonds, Series 2017A	09/06/17	10/01/37	2.25-4.00%	7,220,000	6,985,000
Total Revenue Bonds				<u>32,515,000</u>	<u>27,905,000</u>
EDA Lease Revenue Bonds					
Lease Revenue and Limited Tax Bonds, Series 2013A	07/18/13	12/01/33	2.00-4.00%	3,850,000	3,070,000
Taxable Lease Revenue Bonds, Series 2015A	04/15/15	02/01/35	1.22-4.40%	12,855,000	11,315,000
Taxable Lease Revenue Bonds, Series 2015C	12/30/15	02/01/31	1.53-4.57%	3,410,000	3,045,000
Lease Revenue Refunding Bonds, Series 2017A	12/27/17	12/01/27	2.00-4.00%	1,880,000	1,715,000
Total EDA Lease Revenue Bonds				<u>24,895,000</u>	<u>19,145,000</u>
Premium					
Total Bonds Payable - Business-type Activities				<u>4,134,703</u>	<u>3,305,892</u>
				<u>\$ 80,379,703</u>	<u>\$ 65,455,892</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 programs.
- Improvement bonds provide financing for construction projects such as streets, infrastructure and utilities.

Annual debt service requirements to maturity are as follows:

Year Ending December 31	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
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	335,000	56,782	110,000	16,813	35,000	11,350	165,000	57,179	1,970,000	642,192
2024 - 2028	990,000	102,000	475,000	31,469	190,000	39,163	900,000	213,725	10,690,000	2,079,161
2029 - 2033	-	-	-	-	130,000	6,825	680,000	70,459	6,395,000	522,250
2034 - 2038	-	-	-	-	-	-	75,000	9,056	500,000	35,956
2039	-	-	-	-	-	-	15,000	259	-	-
Total:	<u>\$ 2,505,000</u>	<u>\$ 516,276</u>	<u>\$ 1,435,000</u>	<u>\$ 173,069</u>	<u>\$ 1,125,000</u>	<u>\$ 140,563</u>	<u>\$ 2,420,000</u>	<u>\$ 613,698</u>	<u>\$ 28,780,000</u>	<u>\$ 6,531,808</u>

City of Chaska, MinnesotaFor the Year Ended December 31, 2018General 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
2019	\$ 795,000	\$ 492,413
2020	830,000	470,137
2021	890,000	446,938
2022	935,000	416,537
2023	815,000	389,763
2024 - 2028	4,690,000	1,535,163
2029 - 2033	4,930,000	641,444
2034 - 2038	1,215,000	66,106
Total:	<u>\$ 15,100,000</u>	<u>\$ 4,458,501</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
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	1,885,000	920,265
2024 - 2028	10,850,000	3,201,095
2029 - 2033	6,540,000	800,783
2034 - 2037	1,840,000	139,950
Total:	<u>\$ 27,905,000</u>	<u>\$ 9,501,063</u>

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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
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	305,000	326,925	1,455,000	504,309
2024 - 2028	2,670,000	1,391,000	6,245,000	1,820,973
2029 - 2033	3,720,000	724,800	4,755,000	781,373
2034 - 2035	1,705,000	68,900	1,255,000	55,770
Total:	\$ 9,545,000	\$ 3,905,725	\$ 19,145,000	\$ 5,583,418

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 and Interest Paid	Pledged Revenue Received
<u>GO Water Revenue Bonds:</u>	<u>Water Treatment Plant and Water Systems</u>						\$ 2,861,416
Series 2009A Refunding Bonds	Partial Refund 2003 Bonds	Utility Charges	100%	2009 - 2022	\$ 600,150	\$ 140,975	
Series 2011A Refunding Bonds	Refund 2003 Bonds	Utility Charges	100%	2011 - 2032	11,761,419	710,038	
<u>GO Utility Revenue Bonds:</u>	<u>Water, Sanitary Sewer and Storm Water</u>						8,232,503
Series 2015C	Utility System Improvements	Utility Charges	100%	2015 - 2036	6,170,488	353,038	
Series 2017B	Utility System Improvements	Utility Charges	100%	2017 - 2038	1,026,444	19,032	
<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	24,915,150	2,071,750	1,650,846
Electric Utility Revenue Bonds							41,193,202
Series 2011D	Electric System Improvements	Utility Charges	100%	2011 - 2031	3,084,213	237,970	
Series 2017A	Electric System Improvements	Utility Charges	100%	2017 - 2037	9,406,700	493,191	
<u>EDA Lease Revenue Bonds:</u>	<u>Community Center Additions and Improvements</u>						3,085,972
Series 2013A	Ice Arena & Pool Improvements	Lease Revenue	100%	2013 - 2033	4,043,517	266,995	
Series 2017A Refunding Bonds	Refund 2007A Bonds	Lease Revenue	100%	2017 - 2027	2,008,700	220,945	
Taxable Lease Revenue Bonds 2015	<u>Curling Center, Event Center and Restaurant</u>						1,299,997
Series 2015A	Building Construction	Lease Revenue	100%	2015 - 2035	14,739,403	1,171,467	
Series 2015C	Furniture, Fixtures & Equipment	Lease Revenue	100%	2015 - 2031	3,936,798	307,922	
Lease Revenue Bonds 2015	<u>Firemen's Park Improvements</u>						637,113
Series 2015B	Park Construction	Lease Revenue	100%	2015 - 2035	12,427,000	503,300	
Series 2015D	Fixtures and Equipment	Lease Revenue	100%	2015 - 2026	1,023,725	131,250	

Arbitrage Rebate:

The Tax Reform Act of 1986 requires governmental entities to pay the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. In the option of management, any obligation would be immaterial.

Notes Payable:

The Chaska Economic Development Authority (EDA) is liable for a promissory note 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, 2018 is as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2018</u>
<u>Governmental Activities:</u>					
Promissory Note Payable	11/21/16	11/15/21	4.75%	<u>\$ 120,319</u>	<u>\$ 96,139</u>

Promissory note requirements to maturity are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 12,443	\$ 4,357
2020	13,044	3,756
2021	70,652	2,872
Total:	<u>\$ 96,139</u>	<u>\$ 10,985</u>

Capital Leases Payable:

The City entered into a new lease for the acquisition of fitness equipment for the Chaska Community Center. The lease agreement qualifies as a capital lease and has been recorded at the present value of the minimum lease payments. The equipment was not capitalized by the City as the equipment was below the City's capitalization threshold.

Capital Lease outstanding for the year ended December 31, 2018 is as follows:

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 12/31/2018</u>
<u>Business-type Activities:</u>					
Capital Lease Payable	03/15/18	02/15/22	6.57%	<u>\$ 183,475</u>	<u>\$ 145,571</u>

The future minimum lease obligation and the net present value of these minimum lease payments are as follows:

Year Ending, December 31	Business-type Activities
2019	\$ 47,927
2020	52,284
2021	52,284
2022	8,714
Total Minimum Lease Payments	161,210
Less: Amount Representing Interest	(15,639)
Present Value of Minimum Lease Payments	<u>\$ 145,571</u>

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 times a new developer’s total property taxes. The City has seven agreements that could be considered tax abatements under GASB #77 as of December 31, 2018.

- 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. The expansion creates employment opportunities, increases resident access to vital services, and increases the tax base of the City. The City assistance helped cover reimbursable costs, including soil correction, architectural enhancement, and fire safety. The maximum assistance is \$777,926. The City’s obligation is terminated after the earlier of 20 years of payments or once the Developer has been paid \$777,926 in tax abatement payments. The City has rebated a total of \$91,136, including \$31,357 in 2018.
- In 2013, the City entered into a development agreement with IP Stream Minneapolis, LLC to aid with the construction of a data center. This new construction developed an underutilized site, creates employment opportunities, and increases the tax base of the City. The City assistance helped cover reimbursable costs, including site acquisition and site improvements. The maximum assistance is \$1,228,500. The City’s obligation is terminated after the earlier of 20 years of payments or once the Developer has been paid \$1,228,500 in tax abatement payments. The City has rebated a total of \$50,499, including \$20,936 in 2018.
- In 2014, the City entered into a development agreement with Lucrum Properties, LLC to aid with the expansion of an existing manufacturing facility. The expansion of this high-quality business creates employment opportunities and increases 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. The

maximum assistance is \$144,699. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$144,699 in tax abatement payments. The City has rebated a total of \$18,086, including \$13,055 in 2018.

- In 2015, the City entered into a development agreement with Lifecore Biomedical, LLC to aid with the expansion of their existing facilities. The expansion of this high-quality business maximized the use of an underutilized site and increases the tax base of the City. The City assistance will help cover reimbursable costs, including site preparation and grading. The maximum assistance is \$144,623. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$144,623 in tax abatement payments. The City has rebated a total of \$4,104, all 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. This new construction developed an underutilized site, creates employment opportunities, and increases the tax base, generating substantial revenue for the City. The City assistance will help cover reimbursable costs, including a portion of the construction costs. The maximum assistance is \$548,000. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$548,000 in tax abatement payments. The first tax abatement payment is scheduled for payment in 2019.
- 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. This new construction increases the City's tax base, creates employment opportunities, and encourages economic development in its vicinity. The City agreed to reimburse the Developer for eligible construction costs from the proceeds of an interfund loan to the Developer in an amount not to exceed \$280,000 with interest at 3.5 percent per annum. Tax abatement on the property will be used to repay the loan. The loan will terminate the earlier of December 31, 2039 or when the City has received tax abatements in excess of an amount sufficient to repay the principal amount of the loan plus accrued interest. The City advanced \$280,000 to MSP/Chaska Medical, LLC in 2018. Loan repayments will commence in 2019.
- In 2018, the City of Chaska entered into a development agreement with 3919 Bavaria Road, LLC to aid with construction of a facility for weddings, events, and recreational activities. This new construction increases the City's tax base, creates employment opportunities, and encourages economic development. The City agreed to reimburse the Developer for eligible construction costs. The City assistance will help cover reimbursable costs, including a portion of the construction costs. The maximum assistance is \$630,000. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$630,000 in tax abatement payments. The first tax abatement payment is scheduled for payment 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, 2018, the Chaska Economic Development Authority has five 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 2024. The City rebated \$210,473 in 2018. The outstanding balance as of December 31, 2018 is \$1,268,026.
- 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 \$143,741 in 2018. The outstanding balance as of December 31, 2018 is \$4,056,624.
- 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 2018. The outstanding balance as of December 31, 2018 is \$147,026.
- 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 rebated \$101,589 in 2018. The outstanding balance as of December 31, 2018 is \$3,074,638.
- 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 rebated \$3,504 in 2018. The outstanding balance as of December 31, 2018 is \$257,648.

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, 2018, there were six series of IRBs outstanding. The aggregate principal amount payable for the three series issued after July 1, 1995, was \$4,946,201. The aggregate principal amount payable for the three series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$9,625,000.

As of December 31, 2018, there were five series of HRBs outstanding. The aggregate principal amounts payable for the three series issued after July 1, 1995 was \$7,985,000. The aggregate principal amount payable for the two 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 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, 2018 are as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
Nonmajor Governmental	Nonmajor Governmental	\$ 1,140,000
Nonmajor Governmental	Public Improvement Projects	3,780,000
Internal Service Fund	Public Improvement Projects	410,000
Internal Service Fund	Curling Center	4,720,000
Electric	Public Improvement Projects	850,000
Water	Public Improvement Projects	650,000
Water	Community Center	1,400,000
Turbine Generator	Public Improvement Projects	300,000
Turbine Generator	Community Center	215,000
Nonmajor Enterprise	Community Center	600,000
Nonmajor Enterprise	Public Improvement Projects	350,000
Nonmajor Enterprise	Nonmajor Enterprise	100,000
Nonmajor Enterprise	Nonmajor Governmental	310,348
Fiduciary	Fiduciary	5,149
Total:		<u>\$14,830,497</u>

The \$14,830,497 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, 2018

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

Receivable Fund	Payable Fund	Interfund Receivables/ Payables	Advances To/From	Total	Purpose
Electric	Nonmajor Governmental	\$ -	\$ 1,966,747	\$ 1,966,747	1
Electric	Nonmajor Governmental	-	234,463	234,463	2
Turbine Generator	Electric	51,560	820,271	871,831	3
Nonmajor Governmental	Nonmajor Governmental	2,169,131	-	2,169,131	4
Nonmajor Governmental	Water	11,630	131,370	143,000	5
Nonmajor Governmental	Nonmajor Enterprise	147,779	988,570	1,136,349	6
Total:		<u>\$ 2,380,100</u>	<u>\$ 4,141,421</u>	<u>\$ 6,521,521</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 \$1,966,747 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 \$234,463 will be made from tax increment generated by the district as it becomes available.
- (3) This interfund loan between the Electric fund and the Turbine Generator fund was made in 2001 to finance a substation. Of the \$871,831 due at year end, \$51,560 is due in one year.
- (4) These loans eliminate what would have been negative cash in TIF District funds. Repayment of the outstanding balance of \$2,169,131 will be made from tax increment generated by the districts as it becomes available.
- (5) This interfund loan from the Equipment Acquisition fund to the Water fund is for a shared water/sewer equipment purchase. Of the \$143,000 due at year end, \$11,630 is due in one year.
- (6) These interfund loans are from the Equipment Acquisition fund to the following funds:
 - Sewer fund - \$143,000 loan balance for shared water/sewer equipment purchases with \$11,630 due in one year.
 - Town Course fund - \$649,348 loan balance for golf equipment purchases with \$83,816 due in one year.
 - Storm Water - \$344,001 for equipment purchases with \$52,333 due in one year.

	Transfers In							Total
	Governmental Funds			Enterprise Funds				
	General Fund	Public Improvement Projects	Nonmajor	Water	Community Center	Curling Center	Nonmajor	
Transfers Out								
General Fund	\$ -	\$ -	\$ 128,000	\$ -	\$ -	\$ -	\$ -	\$ 128,000
Nonmajor Governmental	-	64,911	2,570,633	466,964	-	1,594,230	427,467	5,124,205
Electric	-	-	911,600	-	432,000	-	32,209	1,375,809
Water	-	-	55,800	-	-	-	10,700	66,500
Nonmajor Enterprise	-	400	315,800	-	-	-	10,700	326,900
Internal Service Fund	250,000	-	-	-	-	-	-	250,000
Total:	<u>\$ 250,000</u>	<u>\$ 65,311</u>	<u>\$ 3,981,833</u>	<u>\$ 466,964</u>	<u>\$ 432,000</u>	<u>\$ 1,594,230</u>	<u>\$ 481,076</u>	<u>\$ 7,271,414</u>

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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, 2018 are as follows:

	<u>General</u>	<u>Public Improvement Projects</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
<u>Restricted for:</u>				
Mt. Pleasant Cemetery Care	\$ -	\$ -	\$ 1,308	\$ 1,308
Housing Loan Program	-	-	13,183	13,183
Job Creation	-	-	1,765	1,765
Debt Requirements	-	-	9,086,250	9,086,250
Economic Development	-	-	1,329,325	1,329,325
Unspent Bond Proceeds	-	208,021	72,793	280,814
Total Restricted Fund Balances	<u>-</u>	<u>208,021</u>	<u>10,504,624</u>	<u>10,712,645</u>
<u>Committed to:</u>				
Compensated Absences	1,010,606	-	-	1,010,606
Mt. Pleasant Cemetery Care	-	-	244,420	244,420
Economic Development	-	-	77,347	77,347
Concerts in the Park	-	-	362	362
Capital Equipment	-	-	287,338	287,338
Street Improvement Program	-	-	3,137,484	3,137,484
Total Committed Fund Balances	<u>1,010,606</u>	<u>-</u>	<u>3,746,951</u>	<u>4,757,557</u>
<u>Assigned to:</u>				
Mt. Pleasant Cemetery Care	-	-	11,975	11,975
Concerts in the Park	-	-	249	249
Capital Equipment	-	-	1,619,172	1,619,172
Park Improvements	-	-	537,071	537,071
Community Fund Projects	-	-	356,432	356,432
Southwest Chaska Improvements	-	-	731,899	731,899
Housing Improvement	-	-	414,414	414,414
Abatement Programs	-	-	7,662	7,662
Capital Improvements	-	-	4,332,952	4,332,952
Total Assigned Fund Balances	<u>-</u>	<u>-</u>	<u>8,011,826</u>	<u>8,011,826</u>
<u>Unassigned</u>	<u>1,078,348</u>	<u>(7,169,889)</u>	<u>(9,009,277)</u>	<u>(15,100,818)</u>
Total Fund Balances:	<u>\$ 2,088,954</u>	<u>\$ (6,961,868)</u>	<u>\$ 13,254,124</u>	<u>\$ 8,381,210</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 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, 2018, the City had commitments for eleven uncompleted construction contracts with a remaining balance of \$715,311.

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.

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 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, 2018 was \$28,654,423. MMPA issues an annual financial report that may be obtained by writing MMPA, 220 S. 6th 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 defined benefit pension plans. Two 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	\$ -	\$ -		
Deferred Outflows	1,435,190	4,063,237	5,498,427	383,346	5,881,773
Net Pension Liability	7,350,557	2,788,387	10,138,944	-	10,138,944
Deferred Inflows	1,822,288	5,495,663	7,317,951	9,513	7,327,464
Pension Revenue	56,208	23,544	79,752	157,177	236,929
Pension Expense	860,110	340,964	1,201,074	465,022	1,666,096

Note 14 Defined Benefit Pension Plans – State-wide

A) Plan Description

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

1. General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

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

B) 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. 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 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

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 years up to 100 percent after ten 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 years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for

members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. The annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C) 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 6.50 percent of their annual covered salary in fiscal year 2018 and the City of Chaska was required to contribute 7.50 percent for Coordinated Plan members. The City of Chaska's contributions to the General Employees fund for the year ended December 31, 2018 were \$684,782. 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 10.80 percent of their annual covered salary and the City of Chaska was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City of Chaska's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$471,427. The City of Chaska's contributions were equal to the required contributions as set by state statute.

D) Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2018, the City reported a liability of \$7,350,557 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 totaled \$241,206. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's

proportionate share was .1325 percent which was an increase of .0003 percent from its proportionate share measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$803,902 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$56,208 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2018, the City 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	\$ 194,136	\$ 208,074
Changes in actuarial assumptions	681,497	824,634
Differences between projected and actual investment earnings	-	780,134
Changes in proportion	210,127	9,446
Contributions paid to PERA subsequent to the measurement date	349,430	-
Total:	<u>\$ 1,435,190</u>	<u>\$ 1,822,288</u>

\$349,430 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows 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>
2019	\$ 337,620
2020	(329,895)
2021	(590,834)
2022	(153,419)
Total:	<u>\$ (736,528)</u>

2. Police and Fire Pension Costs

At December 31, 2018, the City reported a liability of \$2,788,387 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was .2616 percent which was a decrease of .0024 percent from its proportionate share measured as of June 30, 2017. The City also recognized \$23,544 for the year ended December 31, 2018 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 required the State of Minnesota to begin contributing \$9 million to the Police and Fire fund each year, starting in fiscal year 2014, until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

For the year ended December 31, 2018, the City recognized pension expense of \$317,420 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2018, the City 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	\$ 112,985	\$ 656,273
Changes in actuarial assumptions	3,299,686	4,141,672
Differences between projected and actual investment earnings	-	623,746
Changes in proportion	401,316	73,972
Contributions paid to PERA subsequent to the measurement date	249,250	-
Total:	<u>\$ 4,063,237</u>	<u>\$ 5,495,663</u>

\$249,250 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	\$ (64,301)
2020	(191,002)
2021	(381,877)
2022	(1,029,900)
2023	(14,596)
Total:	<u>\$ (1,681,676)</u>

E) Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 percent per year
Active Member Payroll Growth	3.25 percent per year
Investment Rate of Return	7.50 percent

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

1. General Employees Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2. Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by State Statutes, the assumed post-retirement benefit increase was changed from 1.00 percent per year through 2064, and 2.50 percent per year thereafter, to 1.00 percent for all years with no trigger.

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	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	0.75%
Alternative Assets (Private Cash)	25%	5.90%
Cash	2%	0.00%
Total:	100%	

F) Discount Rate

The discount rate used to measure the total pension liability in 2018 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 were 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.

G) Pension Liability Sensitivity

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

	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$ 11,945,596	6.50%	\$ 5,978,476
Current Discount Rate	7.50%	\$ 7,350,557	7.50%	\$ 2,788,387
1% Higher	8.50%	\$ 3,557,483	8.50%	\$ 150,315

H) 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.

Note 15 Defined Contribution Plan

Four council members of the City 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 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 or more of the

seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member’s account annually.

Total contributions made by the City during fiscal year 2018 were:

Amount		Percentage of Covered Payroll		Required
Employees	Employer	Employees	Employer	Rates
\$1,481	\$1,481	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. (Note – On October 15, 2018, the Chaska City Council modified benefit provisions to increase the monthly benefit from \$2.185 to \$2.4525 per month of service effective as of January 1, 2019.)
- 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. (Note – On October 15, 2018, the Chaska City Council modified benefit provisions to increase the lump sum benefits from \$6,486 to \$7,100 per year of service effective as of January 1, 2019.)
- Deferred Service Pensions: with termination prior to age 50 and at least ten years of service, a deferred pension is payable at age 50 and reduced four 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, 2018, pension plan membership consisted of the following as used to determine Net Pension Liability (Asset) as of December 31, 2018:

Inactive Members Currently Receiving Benefits	42
Inactive Members Currently Receiving Disability Benefits	2
Beneficiaries Currently Receiving Benefits	11
Inactive Members Entitled to But Not Yet Receiving Benefits	6
Active Members	<u>45</u>
Total members	<u><u>106</u></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 \$157,177 in fire state aid to the CFDRAPP on behalf of the CFD for the year ended December 31, 2018, 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, 2018 totaling \$307,845. 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 (Asset)

The CFDRAPP's net pension liability (asset) was measured as of December 31, 2018 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, 2018 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	Not applicable as plan members are paid on call volunteers
Investment Rate of Return	6.25% net of pension plan investment expense, including inflation
20-Year Municipal Bond Yield	3.71%

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, 2018 valuation were based on the same assumptions used in the June 30, 2018 PERA Police and Fire actuarial valuation, except that the fire relief uses a separate retirement rate assumption based on a review completed in May 2016. 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:

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 (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance - January 1, 2018	\$ 5,254,917	\$ 5,810,080	\$ (555,163)
Changes For The Year:			
Service Cost	97,600	-	97,600
Interest	323,454	-	323,454
Contribution - Employer	-	465,022	(465,022)
Net Investment Income	-	(342,294)	342,294
Benefit Payments, Including Member Contribution Refunds	(354,522)	(354,522)	-
Administrative Costs	-	(14,407)	14,407
Total Net Changes	66,532	(246,201)	312,733
Ending Balance - December 31, 2018	\$ 5,321,449	\$ 5,563,879	\$ (242,430)

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 liability (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:

	<u>Net Pension Liability (Asset)</u>
1% Decrease in Discount Rate (5.25%)	\$ 300,493
Current Discount Rate (6.25%)	(242,430)
1% Increase in Discount Rate (7.25%)	(699,600)

Pension Plan Fiduciary Net Position - Detailed information about the CFDRAPP'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, 2018, the CFDRAPP recognized pension expense of \$202,133. At December 31, 2018, 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	\$ 15,687	\$ 9,513
Change of assumptions	45,930	-
Net differences between projected and actual investment earnings	321,729	-
Total:	<u>\$ 383,346</u>	<u>\$ 9,513</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>
2019	\$ 130,342
2020	31,308
2021	55,470
2022	156,560
2023	153
Total:	<u>\$ 373,833</u>

Note 17 Other Post-Employment Benefits (OPEB) Plan**A) Plan Description**

The City's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible employees. The plan offers group health insurance benefits. Medical coverage is administered by Blue Cross Blue Shield. It is the City's policy to periodically review its group health insurance plans and to obtain requests for proposals in order to provide the most favorable benefits and premiums for the City's employees and retirees. No assets are accumulated in a trust.

B) Benefits Provided

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.

Retiree are 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) Contributions

The required contributions are based on projected pay-as-you-go financing requirements. For the current year, the City's required pay-as-you go finance benefits totaled \$21,491.

D) Members

Membership in the plan consisted of the following as of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	134
Total	<u>137</u>

E) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the entry age method and the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
20-year Municipal Bond Yield	3.30%
Salary Increases	3.00%
Inflation Rate	2.50%
Medical Trend Rate	6.50% grading to 5.00% over 6 years
Mortality Assumption	RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvements Scale (with Blue Collar adjustment for Police and Fire Personnel)

F) Changes in the Total OPEB Liability

The City's total OPEB liability of \$1,218,277 was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Beginning Balance - January 1, 2018	\$ 1,146,292
Changes for the Year	
Service Cost	73,812
Interest	39,586
Benefit Payments	<u>(41,413)</u>
Net Changes	<u>71,985</u>
Ending Balance - December 31, 2018	<u><u>\$ 1,218,277</u></u>

Assumption changes since the prior measurement date include the following:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50 percent to 3.30 percent.

Method changes since the prior measurement date include the following:

- The actuarial cost method was changed from project unit credit to entry age as prescribed by GASB 75.

G) OPEB Liability Sensitivity

The following presents the total OPEB Liability of the City as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower and 1 percent higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB Discount Rate	2.30%	3.30%	4.30%
Total OPEB Liability	\$ 1,326,690	\$ 1,218,277	\$ 1,116,970

The following presents the total OPEB liability of the City as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percent lower or 1 percent higher than current healthcare cost trend rates:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
OPEB Healthcare Trend Rate	5.5% decreasing to 4.00% over 6 years	6.5% decreasing to 5.00% over 6 years	7.5% decreasing to 6.00% over 6 years
Total OPEB Liability	\$ 1,072,948	\$ 1,218,277	\$ 1,390,301

H) OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of \$113,398. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	<u>\$ 21,491</u>	<u>\$ -</u>

A total of \$21,491 reported as deferred outflows of resources related to OPEB resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019.

Note 18 Subsequent Event

In March of 2019 the City issued \$20,000,000 General Obligation Temporary State Aid Street Bonds, Series 2019A in the form of a draw down line of credit. The temporary bonds will be used to pay for the costs of constructing the Highway 212 and CSAH 44 interchange and CSAH 44 improvements project. The total project cost is approximately \$21,000,000; however, the State of Minnesota is paying \$10,500,000 towards the project and Carver County is contributing approximately \$5,700,000 towards the project. The expected City portion of the project is \$4,800,000. The construction is expected to last for two years. The City will issue permanent bonds when the City portion of the cost is finalized.

Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 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	0.13%	\$ 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%
12/31/2018	06/30/2018	0.13%	7,350,557	241,206	7,591,763	8,829,904	83.25%	79.50%

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%
12/31/2018	684,782	684,782	-	9,130,403	7.50%

Schedule is intended to present information for 10 years. Additional years will be displayed as they become available

Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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%
12/31/2018	06/30/2018	0.26%	2,788,387	2,761,686	100.97%	88.80%

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%
12/31/2018	471,427	471,427	-	2,910,044	16.20%

Schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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

	2018	2017	2016	2015	2014
<u>Total Pension Liability</u>					
Service Cost	\$ 97,600	\$ 76,833	\$ 74,777	\$ 76,662	\$ 74,610
Interest	323,454	307,707	318,368	323,774	324,731
Changes of Benefits Terms	-	229,268	-	-	248,676
Differences Between Expected & Actual Experience	-	23,511	-	(42,040)	-
Changes of Assumptions	-	68,838	-	-	-
Benefit Payments, Including Refunds of Member Contributions	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
Net Change in Total Pension Liability	<u>66,532</u>	<u>110,714</u>	<u>(57,974)</u>	<u>(158,969)</u>	<u>329,466</u>
Total Pension Liability – Beginning	<u>5,254,917</u>	<u>5,144,203</u>	<u>5,202,177</u>	<u>5,361,146</u>	<u>5,031,680</u> ¹
Total Pension Liability - Ending (a)	<u><u>\$ 5,321,449</u></u>	<u><u>\$ 5,254,917</u></u>	<u><u>\$ 5,144,203</u></u>	<u><u>\$ 5,202,177</u></u>	<u><u>\$ 5,361,146</u></u>
<u>Plan Fiduciary Net Position</u>					
Contributions - Employer	\$ 465,022	\$ 443,793	\$ 427,285	\$ 401,321	\$ 361,296
Net Investment Income	(342,294)	819,964	408,073	(220,343)	232,061
Benefit payments, Including Refunds of Member Contributions	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
Administrative Expense	(14,407)	(10,295)	(11,561)	(4,226)	(9,463)
Net Change in Plan Fiduciary Net Position	<u>(246,201)</u>	<u>658,019</u>	<u>372,678</u>	<u>(340,613)</u>	<u>265,343</u>
Plan Fiduciary Net Position - Beginning	<u>5,810,080</u>	<u>5,152,061</u>	<u>4,779,383</u>	<u>5,119,996</u>	<u>4,854,653</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 5,563,879</u></u>	<u><u>\$ 5,810,080</u></u>	<u><u>\$ 5,152,061</u></u>	<u><u>\$ 4,779,383</u></u>	<u><u>\$ 5,119,996</u></u>
City’s Net Pension Liability (Asset) - Ending (a) - (b)	\$ (242,430)	\$ (555,163)	\$ (7,858)	\$ 422,794	\$ 241,150
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	104.56%	110.56%	100.15%	91.87%	95.50%

Notes to the Schedule:

1. The 2013 results are shown for transitional purposes only. They do not reflect what was actually recognized on the 2013 Financial Statements. Information for 2013 and prior years not available
2. Schedule is intended to present information for 10 years. Additional years will be displayed as they become available.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially Determined Contribution(ADC) ¹	\$ 165,134	\$ 265,347	\$ 265,347	\$ 267,302	\$ 267,302	\$ 293,799	\$ 293,799	\$ 246,000	\$ 246,000	\$ 221,350
Contributions in Relation to the ADC	465,022	436,793	427,285	401,321	361,296	364,512	298,250	299,930	271,345	266,139
Contribution Deficiency (Excess)	<u>\$ (299,888)</u>	<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>

Valuation Date:

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal actuarial level dollar cost method
Amortization Method	Actuarial Losses - Amortize loss over 10 years per Minnesota Statutes 69.773, Subd 4. (d)(3)(i). Plan Changes - Amortize over 20 years per Minnesota Statutes 69.773, Subd 4. (d)(3)(v).
Remaining Amortization Period	13 years as of December 31, 2018
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.

On November 4, 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.

On May 5, 2014, benefit terms were modified to increase the monthly benefit from \$1.975 to \$2.085 per month of service and to increase the lump sum benefit from \$6,000 to \$6,255 per year of service effective as of June 1, 2014.

On November 7, 2016, benefit terms were modified to increase the monthly benefit from \$2.085 to \$2.185 per month of service and to increase the lump sum benefit from \$6,255 to \$6,486 per year of service as of January 1, 2017.

On October 15, 2018, benefit terms were modified to increase the monthly benefit from \$2.185 to \$2.4525 per month of service and to increase the lump sum benefit from \$6,486 to \$7,100 per year of service effective January 1, 2019

Notes to Schedule¹ ADC amounts are equal to statutory requirements under Minnesota Statutes 424A.092 and 69.773.

Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2018

Schedule of Changes in Total OPEB Liability and Related Ratios

	2018
Total OPEB Liability	
Service Cost	\$ 73,812
Interest	39,586
Benefit Payments	(41,413)
Net Change in Total OPEB Liability	71,985
Total OPEB Liability - Beginning of Year	1,146,292
Total OPEB Liability - End of Year	\$ 1,218,277
 Covered Payroll	 \$ 10,383,422
 Total OPEB Liability as a Percentage of Covered Payroll	 11.7%

Note: The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be reported as they become available.

PERA – GENERAL EMPLOYEES RETIREMENT FUND**2018 Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044, and 2.50 percent per year thereafter, to 1.25 percent per year.

2017 Changes in Plan Provisions:

- The state's special funding contribution increased from \$6 million to \$16 million.

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years, to 1.00 percent per year through 2044, and 2.50 percent per year thereafter.

2016 Changes in Actuarial Assumptions:

- 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 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.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. 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.

2015 Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement Fund, 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.

2015 Changes in Actuarial Assumptions:

- 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.

PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND**2018 Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by state statutes, the assumed post-retirement benefit increase was changed from 1.00 percent per year through 2064, and 2.50 percent per year thereafter, to 1.00 percent for all years with no trigger.

2017 Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in 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.

Notes to Required Supplementary Information

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two 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 2.50 percent thereafter.
- The single discount rate changed from 5.60 percent to 7.50 percent.

2016 Changes in Actuarial Assumptions:

- 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 changed from 7.90 percent to 5.60 percent for inflation.
- 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.

2015 Changes in Plan Provisions:

- 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.

2015 Changes in Actuarial Assumptions:

- 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 2037, and 2.50 percent per year thereafter.

OTHER POST-EMPLOYMENT BENEFITS PLAN

2018 Changes in Actuarial Assumptions:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from RP-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for all employees were updated.
- The discount rate was changed from 3.50 percent to 3.30 percent.
- The actuarial cost method was changed from project unit credit to entry age as prescribed by GASB 75.

**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, 2018

CITY OF CHASKA, MINNESOTA

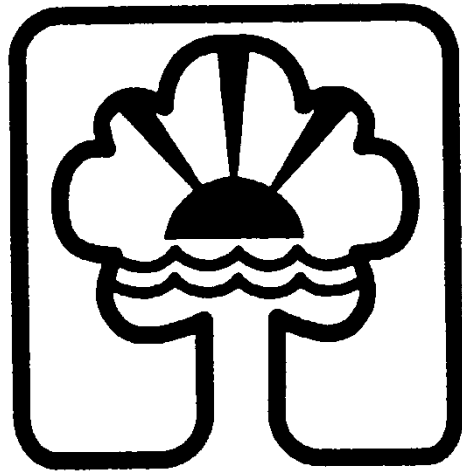
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash And Investments	\$ 165,832	\$ 6,727,813	\$ 2,068,458	\$ 8,962,103
Cash With Escrow Agent	-	2,354,596	-	2,354,596
Receivables:				
Taxes	5,997	1,422	24,906	32,325
Special Assessments	58,409	9,251,924	1,939,523	11,249,856
Accounts	2,472	-	15,247	17,719
Interest	-	-	9,405	9,405
Lease	99,383	-	-	99,383
Notes	26,595	-	-	26,595
Due From Other Funds	200,000	-	4,720,000	4,920,000
Interfund Receivable	-	-	2,328,540	2,328,540
Advance To Other Funds	-	-	1,119,940	1,119,940
TOTAL ASSETS	\$ 558,688	\$ 18,335,755	\$ 12,226,019	\$ 31,120,462
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable	\$ 11,003	\$ -	\$ 364,998	\$ 376,001
Deposits Payable	7,200	-	270,000	277,200
Due To Other Funds	1,100,000	-	350,348	1,450,348
Interfund Payable	-	-	2,169,131	2,169,131
Advance From Other Funds	-	-	2,201,210	2,201,210
Unearned Revenue	18,385	1,744,180	-	1,762,565
TOTAL LIABILITIES	1,136,588	1,744,180	5,355,687	8,236,455
DEFERRED INFLOWS OF RESOURCES:				
Unavailable Revenue - Taxes	2,694	1,019	17,351	21,064
Unavailable Revenue - Special Assessments	39,768	7,504,306	1,938,767	9,482,841
Unavailable Revenue - Notes Receivable	26,595	-	-	26,595
Unavailable Revenue - Lease Receivable	99,383	-	-	99,383
TOTAL DEFERRED INFLOWS OF RESOURCES	168,440	7,505,325	1,956,118	9,629,883
FUND BALANCES:				
Restricted	16,256	9,086,250	1,402,118	10,504,624
Committed	322,129	-	3,424,822	3,746,951
Assigned	12,224	-	7,999,602	8,011,826
Unassigned	(1,096,949)	-	(7,912,328)	(9,009,277)
TOTAL FUND BALANCES	(746,340)	9,086,250	4,914,214	13,254,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 558,688	\$ 18,335,755	\$ 12,226,019	\$ 31,120,462

CITY OF CHASKA, MINNESOTA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>				
Taxes:				
Property	\$ 483,465	\$ 2,019,687	\$ 1,166,284	\$ 3,669,436
Tax Increment	-	-	1,040,959	1,040,959
Intergovernmental	82	-	1,038,624	1,038,706
Charges For Services	85,800	-	2,222,172	2,307,972
Special Assessments	37,806	1,488,772	757,799	2,284,377
Investment Earnings (Charges)	(10,237)	84,269	233,083	307,115
Other Revenue	66,086	-	667,130	733,216
	<u>663,002</u>	<u>3,592,728</u>	<u>7,126,051</u>	<u>11,381,781</u>
TOTAL REVENUES				
<u>EXPENDITURES</u>				
CURRENT:				
General Government	-	12,400	124,841	137,241
Economic Development	577,749	-	2,605,731	3,183,480
Public Safety	-	-	203,390	203,390
Public Works	12,240	-	795,101	807,341
Parks, Recreation And Arts	-	-	265,372	265,372
DEBT SERVICE:				
Principal	11,859	2,890,000	-	2,901,859
Interest	4,941	1,518,556	95,422	1,618,919
Issuance Costs And Fiscal Agent Fees	-	11,850	-	11,850
CAPITAL OUTLAY	<u>8,960</u>	<u>-</u>	<u>4,906,374</u>	<u>4,915,334</u>
	<u>615,749</u>	<u>4,432,806</u>	<u>8,996,231</u>	<u>14,044,786</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>47,253</u>	<u>(840,078)</u>	<u>(1,870,180)</u>	<u>(2,663,005)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	1,431,452	2,550,381	3,981,833
Transfers Out	(335,000)	-	(4,789,205)	(5,124,205)
Sale Of Capital Assets	-	-	33,976	33,976
	<u>(335,000)</u>	<u>1,431,452</u>	<u>(2,204,848)</u>	<u>(1,108,396)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	(287,747)	591,374	(4,075,028)	(3,771,401)
FUND BALANCES, JANUARY 1	<u>(458,593)</u>	<u>8,494,876</u>	<u>8,989,242</u>	<u>17,025,525</u>
FUND BALANCES, DECEMBER 31	<u>\$ (746,340)</u>	<u>\$ 9,086,250</u>	<u>\$ 4,914,214</u>	<u>\$ 13,254,124</u>



CHASKA

Nonmajor Special Revenue Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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

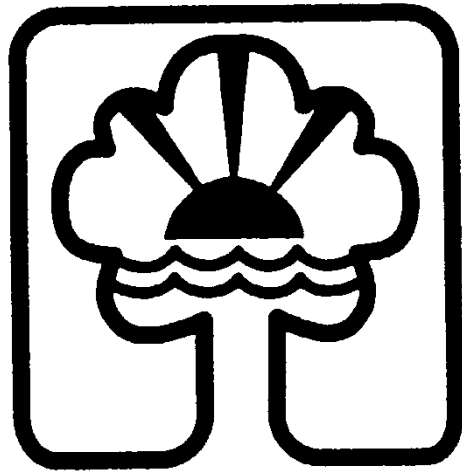
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
ASSETS						
Cash And Investments	\$ 57,690	\$ 28,419	\$ 77,347	\$ 1,765	\$ 611	\$ 165,832
Receivables:						
Taxes:						
Unremitted	13	3,290	-	-	-	3,303
Delinquent	71	2,623	-	-	-	2,694
Special Assessments:						
Current	-	57,909	-	-	-	57,909
Unremitted	-	256	-	-	-	256
Delinquent	-	244	-	-	-	244
Accounts	-	2,472	-	-	-	2,472
Lease	-	99,383	-	-	-	99,383
Notes	-	-	26,595	-	-	26,595
Due From Other Funds	200,000	-	-	-	-	200,000
TOTAL ASSETS	\$ 257,774	\$ 194,596	\$ 103,942	\$ 1,765	\$ 611	\$ 558,688
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ -	\$ 11,003	\$ -	\$ -	\$ -	\$ 11,003
Deposits Payable	-	7,200	-	-	-	7,200
Due To Other Funds	-	1,100,000	-	-	-	1,100,000
Unearned Revenue	-	18,385	-	-	-	18,385
TOTAL LIABILITIES	-	1,136,588	-	-	-	1,136,588
DEFERRED INFLOWS OF RESOURCES:						
Unavailable Revenue - Taxes	71	2,623	-	-	-	2,694
Unavailable Revenue - Special Assessments	-	39,768	-	-	-	39,768
Unavailable Revenue - Notes Receivable	-	-	26,595	-	-	26,595
Unavailable Revenue - Lease Receivable	-	99,383	-	-	-	99,383
TOTAL DEFERRED INFLOWS OF RESOURCES	71	141,774	26,595	-	-	168,440
FUND BALANCES:						
Restricted	1,308	13,183	-	1,765	-	16,256
Committed	244,420	-	77,347	-	362	322,129
Assigned	11,975	-	-	-	249	12,224
Unassigned	-	(1,096,949)	-	-	-	(1,096,949)
TOTAL FUND BALANCES	257,703	(1,083,766)	77,347	1,765	611	(746,340)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 257,774	\$ 194,596	\$ 103,942	\$ 1,765	\$ 611	\$ 558,688

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
REVENUES:						
Taxes	\$ 6,026	\$ 477,439	\$ -	\$ -	\$ -	\$ 483,465
Intergovernmental:						
State:						
Market Value Credit	1	81	-	-	-	82
Charges For Services	5,800	80,000	-	-	-	85,800
Special Assessments	-	37,806	-	-	-	37,806
Investment Earnings (Charges)	4,141	(15,606)	1,190	28	10	(10,237)
Other Revenues	-	51,805	14,281	-	-	66,086
TOTAL REVENUES	15,968	631,525	15,471	28	10	663,002
EXPENDITURES:						
Current:						
Economic Development	-	574,049	3,700	-	-	577,749
Public Works	12,240	-	-	-	-	12,240
Debt Service:						
Principal	-	11,859	-	-	-	11,859
Interest	-	4,941	-	-	-	4,941
Capital Outlay	-	8,960	-	-	-	8,960
TOTAL EXPENDITURES	12,240	599,809	3,700	-	-	615,749
EXCESS OF REVENUES OVER EXPENDITURES	3,728	31,716	11,771	28	10	47,253
OTHER FINANCING SOURCES (USES):						
Transfers Out	-	(335,000)	-	-	-	(335,000)
NET CHANGE IN FUND BALANCES	3,728	(303,284)	11,771	28	10	(287,747)
FUND BALANCES, JANUARY 1	253,975	(780,482)	65,576	1,737	601	(458,593)
FUND BALANCES, DECEMBER 31	\$ 257,703	\$ (1,083,766)	\$ 77,347	\$ 1,765	\$ 611	\$ (746,340)



CHASKA

Nonmajor Debt Service Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 Funds:**
These funds service 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, 2018

	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	\$9,570,000 GO BONDS 2017	\$2,035,000 GO TAXABLE ABATEMENT BONDS 2017	TOTALS
ASSETS									
Cash And Investments	\$ 4,516,937	\$ 61,050	\$ 290,455	\$ 834,816	\$ 136,957	\$ 465,458	\$ 63,372	\$ 358,768	\$ 6,727,813
Cash With Escrow Agent	944,375	424,262	-	-	-	985,959	-	-	2,354,596
Receivables:									
Taxes:									
Unremitted	403	-	-	-	-	-	-	-	403
Delinquent	5	-	1,014	-	-	-	-	-	1,019
Special Assessments:									
Unremitted	2,774	-	-	562	-	-	-	102	3,438
Delinquent	11,909	-	-	2,805	-	-	1,610	10,629	26,953
Deferred:									
Certified To County	3,420,642	-	-	111,167	-	-	3,025,468	1,282,843	7,840,120
City Owned	1,108,153	-	-	273,260	-	-	-	-	1,381,413
TOTAL ASSETS	\$ 10,005,198	\$ 485,312	\$ 291,469	\$ 1,222,610	\$ 136,957	\$ 1,451,417	\$ 3,090,450	\$ 1,652,342	\$ 18,335,755
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES:									
Unearned Revenue	\$ 1,470,920	\$ -	\$ -	\$ 273,260	\$ -	\$ -	\$ -	\$ -	\$ 1,744,180
DEFERRED INFLOWS OF RESOURCES:									
Unavailable Revenue - Taxes	5	-	1,014	-	-	-	-	-	1,019
Unavailable Revenue - Special Assessments	3,069,784	-	-	113,972	-	-	3,027,078	1,293,472	7,504,306
TOTAL DEFERRED INFLOWS OF RESOURCES	3,069,789	-	1,014	113,972	-	-	3,027,078	1,293,472	7,505,325
FUND BALANCES:									
Restricted	5,464,489	485,312	290,455	835,378	136,957	1,451,417	63,372	358,870	9,086,250
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,005,198	\$ 485,312	\$ 291,469	\$ 1,222,610	\$ 136,957	\$ 1,451,417	\$ 3,090,450	\$ 1,652,342	\$ 18,335,755

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$9,570,000 GO BONDS 2017	\$2,035,000 GO TAXABLE ABATEMENT BONDS 2017	TOTALS
REVENUES:									
Taxes:									
Property	\$ 1,747,688	\$ -	\$ 29,999	\$ 116,000	\$ 126,000	\$ -	\$ -	\$ -	\$ 2,019,687
Special Assessments	746,229	-	-	40,374	-	-	318,577	383,592	1,488,772
Investment Earnings	54,040	7,716	4,725	11,742	1,022	2,563	-	2,461	84,269
TOTAL REVENUES	2,547,957	7,716	34,724	168,116	127,022	2,563	318,577	386,053	3,592,728
EXPENDITURES:									
Current:									
General Government	9,300	-	-	-	3,100	-	-	-	12,400
Debt Service:									
Principal	2,215,000	95,000	10,000	200,000	100,000	270,000	-	-	2,890,000
Interest	735,183	49,244	18,950	45,438	15,077	364,550	254,755	35,359	1,518,556
Issuance Costs And Fiscal Agent Fees	4,725	2,250	375	400	-	3,200	450	450	11,850
TOTAL EXPENDITURES	2,964,208	146,494	29,325	245,838	118,177	637,750	255,205	35,809	4,432,806
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(416,251)	(138,778)	5,399	(77,722)	8,845	(635,187)	63,372	350,244	(840,078)
OTHER FINANCING SOURCES:									
Transfers In	660,660	136,242	-	-	-	634,550	-	-	1,431,452
NET CHANGE IN FUND BALANCES	244,409	(2,536)	5,399	(77,722)	8,845	(637)	63,372	350,244	591,374
FUND BALANCES, JANUARY 1	5,220,080	487,848	285,056	913,100	128,112	1,452,054	-	8,626	8,494,876
FUND BALANCES, DECEMBER 31	\$ 5,464,489	\$ 485,312	\$ 290,455	\$ 835,378	\$ 136,957	\$ 1,451,417	\$ 63,372	\$ 358,870	\$ 9,086,250

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - IMPROVEMENT BONDS
DECEMBER 31, 2018

	\$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
ASSETS											
Cash And Investments	\$ 281,072	\$ 1,699,055	\$ 289,844	\$ 97,071	\$ 241,973	\$ 230,442	\$ 197,299	\$ 676,596	\$ 749,491	\$ 54,094	\$ 4,516,937
Cash With Escrow Agent	940,000	-	-	-	-	-	-	-	-	4,375	944,375
Receivables:											
Taxes:											
Unremitted	-	-	-	403	-	-	-	-	-	-	403
Delinquent	-	-	-	-	-	5	-	-	-	-	5
Special Assessments:											
Unremitted	-	2,114	615	-	-	45	-	-	-	-	2,774
Delinquent	2,537	5,227	-	-	-	-	-	-	4,145	-	11,909
Deferred:											
Certified To County	33,148	97,766	913,191	375,205	132,707	525,802	818,006	154,201	370,616	-	3,420,642
City Owned	-	-	-	54,139	217,494	14,634	320,126	-	501,760	-	1,108,153
TOTAL ASSETS	\$ 1,256,757	\$ 1,804,162	\$ 1,203,650	\$ 526,818	\$ 592,174	\$ 770,928	\$ 1,335,431	\$ 830,797	\$ 1,626,012	\$ 58,469	\$ 10,005,198
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
LIABILITIES:											
Unearned Revenue	\$ -	\$ -	\$ -	\$ 416,906	\$ 217,494	\$ 14,634	\$ 320,126	\$ -	\$ 501,760	\$ -	\$ 1,470,920
DEFERRED INFLOWS OF RESOURCES:											
Unavailable Revenue - Taxes	-	-	-	-	-	5	-	-	-	-	5
Unavailable Revenue - Special Assessments	35,685	102,993	913,191	12,438	132,707	525,802	818,006	154,201	374,761	-	3,069,784
TOTAL DEFERRED INFLOWS OF RESOURCES	35,685	102,993	913,191	12,438	132,707	525,807	818,006	154,201	374,761	-	3,069,789
FUND BALANCES:											
Restricted	1,221,072	1,701,169	290,459	97,474	241,973	230,487	197,299	676,596	749,491	58,469	5,464,489
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,256,757	\$ 1,804,162	\$ 1,203,650	\$ 526,818	\$ 592,174	\$ 770,928	\$ 1,335,431	\$ 830,797	\$ 1,626,012	\$ 58,469	\$ 10,005,198

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, 2018

	\$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
REVENUES:											
Taxes:											
Property	\$ 108,000	\$ -	\$ 73,000	\$ 126,686	\$ 195,000	\$ 49,002	\$ 224,000	\$ 482,000	\$ 490,000	\$ -	\$ 1,747,688
Special Assessments	55,638	217,134	217,684	14,737	31,166	61,646	22,185	19,303	54,095	52,641	746,229
Investment Earnings	998	28,062	1,555	-	1,467	644	794	4,162	6,708	9,650	54,040
TOTAL REVENUES	164,636	245,196	292,239	141,423	227,633	111,292	246,979	505,465	550,803	62,291	2,547,957
EXPENDITURES:											
Current:											
General Government	3,100	-	-	-	1,550	1,550	3,100	-	-	-	9,300
Debt Service:											
Principal	250,000	105,000	245,000	135,000	170,000	390,000	160,000	455,000	305,000	-	2,215,000
Interest	63,956	9,600	53,425	47,349	36,730	50,235	95,812	134,500	228,944	14,632	735,183
Issuance Costs And Fiscal Agent Fees	350	-	375	375	525	-	500	-	-	2,600	4,725
TOTAL EXPENDITURES	317,406	114,600	298,800	182,724	208,805	441,785	259,412	589,500	533,944	17,232	2,964,208
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(152,770)	130,596	(6,561)	(41,301)	18,828	(330,493)	(12,433)	(84,035)	16,859	45,059	(416,251)
OTHER FINANCING SOURCES:											
Transfers In	146,711	-	-	67,197	-	139,421	-	307,331	-	-	660,660
NET CHANGE IN FUND BALANCES	(6,059)	130,596	(6,561)	25,896	18,828	(191,072)	(12,433)	223,296	16,859	45,059	244,409
FUND BALANCES, JANUARY 1	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
FUND BALANCES, DECEMBER 31	\$ 1,221,072	\$ 1,701,169	\$ 290,459	\$ 97,474	\$ 241,973	\$ 230,487	\$ 197,299	\$ 676,596	\$ 749,491	\$ 58,469	\$ 5,464,489

CITY OF CHASKA, MINNESOTA

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - TAX INCREMENT BONDS
DECEMBER 31, 2018**

	\$565,000 GO TAXABLE TI BONDS 2008	\$580,000 GO TAXABLE TI REFUNDING BONDS 2013	\$460,000 GO TAXABLE X-OVER ADV REFUNDING 2017	TOTALS
<u>ASSETS</u>				
Cash And Investments	\$ 56,849	\$ 2,945	\$ 1,256	\$ 61,050
Cash With Escrow Agent	420,000	-	4,262	424,262
TOTAL ASSETS	\$ 476,849	\$ 2,945	\$ 5,518	\$ 485,312
<u>FUND BALANCES</u>				
Restricted	\$ 476,849	\$ 2,945	\$ 5,518	\$ 485,312

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, 2018**

	\$565,000 GO TAXABLE TI BONDS 2008	\$580,000 GO TAXABLE TI REFUNDING BONDS 2013	\$460,000 GO TAXABLE X-OVER ADV REFUNDING 2017	TOTALS
<u>REVENUES:</u>				
Investment Earnings	\$ 5,236	\$ -	\$ 2,480	\$ 7,716
<u>EXPENDITURES:</u>				
Debt Service:				
Principal	20,000	75,000	-	95,000
Interest	33,225	7,088	8,931	49,244
Issuance Costs And Fiscal Agent Fees	350	-	1,900	2,250
TOTAL EXPENDITURES	53,575	82,088	10,831	146,494
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(48,339)	(82,088)	(8,351)	(138,778)
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	55,242	81,000	-	136,242
NET CHANGE IN FUND BALANCES	6,903	(1,088)	(8,351)	(2,536)
FUND BALANCES, JANUARY 1	469,946	4,033	13,869	487,848
FUND BALANCES, DECEMBER 31	\$ 476,849	\$ 2,945	\$ 5,518	\$ 485,312

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, 2018

	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
ASSETS								
Cash And Investments	\$ 1,478,766	\$ -	\$ 7,198	\$ 4,785	\$ 7,201	\$ 3,164	\$ 3,763	\$ 703
Receivables:								
Taxes:								
Unremitted	1,063	-	-	-	-	-	-	-
Delinquent	530	-	-	-	-	-	-	-
Special Assessments:								
Unremitted	-	-	-	80	107	295	-	-
Delinquent	-	-	-	-	-	-	-	-
Deferred:								
Certified To County	-	-	-	51,706	80,845	23,065	-	-
Accounts	15,247	-	-	-	-	-	-	-
Interest	-	-	2,219	829	612	308	294	-
Due From Other Funds	-	-	1,960,000	700,000	125,000	30,000	270,000	60,000
Interfund Receivable	-	-	-	-	646,556	-	-	-
Advance To Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,495,606	\$ -	\$ 1,969,417	\$ 757,400	\$ 860,321	\$ 56,832	\$ 274,057	\$ 60,703
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES:								
Accounts Payable	\$ 106,651	\$ -	\$ -	\$ 2,795	\$ 715	\$ 675	\$ -	\$ -
Deposits Payable	270,000	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-	-
Interfund Payable	2,169,131	-	-	-	-	-	-	-
Advance From Other Funds	2,201,210	-	-	-	-	-	-	-
TOTAL LIABILITIES	4,746,992	-	-	2,795	715	675	-	-
DEFERRED INFLOWS OF RESOURCES:								
Unavailable Revenue - Taxes	530	-	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	51,706	80,845	23,065	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	530	-	-	51,706	80,845	23,065	-	-
FUND BALANCES:								
Restricted	1,329,325	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	1,969,417	702,899	778,761	33,092	274,057	60,703
Unassigned	(4,581,241)	-	-	-	-	-	-	-
TOTAL FUND BALANCES	(3,251,916)	-	1,969,417	702,899	778,761	33,092	274,057	60,703
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,495,606	\$ -	\$ 1,969,417	\$ 757,400	\$ 860,321	\$ 56,832	\$ 274,057	\$ 60,703

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
\$ 3,939	\$ 2,133	\$ 423,483	\$ 10,293	\$ 550	\$ 55,458	\$ 14,414	\$ 39,019	\$ 13,589	\$ -	\$ 2,068,458
-	-	6,492	-	-	-	-	-	-	-	7,555
-	-	16,821	-	-	-	-	-	-	-	17,351
-	-	-	274	-	-	-	-	-	-	756
-	428	-	-	-	-	-	-	-	-	428
183,762	826,202	-	523,976	12,790	-	-	-	235,993	-	1,938,339
-	-	-	-	-	-	-	-	-	-	15,247
-	379	-	1,368	536	974	-	-	1,886	-	9,405
-	250,000	275,000	-	100,000	300,000	400,000	-	250,000	-	4,720,000
-	261,511	159,409	630,251	630,813	-	-	-	-	-	2,328,540
-	-	1,119,940	-	-	-	-	-	-	-	1,119,940
<u>\$ 187,701</u>	<u>\$ 1,340,653</u>	<u>\$ 2,001,145</u>	<u>\$ 1,166,162</u>	<u>\$ 744,689</u>	<u>\$ 356,432</u>	<u>\$ 414,414</u>	<u>\$ 39,019</u>	<u>\$ 501,468</u>	<u>\$ -</u>	<u>\$ 12,226,019</u>
\$ -	\$ -	\$ 5,021	\$ 105,115	\$ -	\$ -	\$ -	\$ 31,357	\$ 110,277	\$ 2,392	\$ 364,998
-	-	-	-	-	-	-	-	-	-	270,000
40,000	-	-	-	-	-	-	-	-	310,348	350,348
-	-	-	-	-	-	-	-	-	-	2,169,131
-	-	-	-	-	-	-	-	-	-	2,201,210
<u>40,000</u>	<u>-</u>	<u>5,021</u>	<u>105,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,357</u>	<u>110,277</u>	<u>312,740</u>	<u>5,355,687</u>
-	-	16,821	-	-	-	-	-	-	-	17,351
183,762	826,630	-	523,976	12,790	-	-	-	235,993	-	1,938,767
<u>183,762</u>	<u>826,630</u>	<u>16,821</u>	<u>523,976</u>	<u>12,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,993</u>	<u>-</u>	<u>1,956,118</u>
-	-	72,793	-	-	-	-	-	-	-	1,402,118
-	-	287,338	-	-	-	-	-	3,137,484	-	3,424,822
-	514,023	1,619,172	537,071	731,899	356,432	414,414	7,662	-	-	7,999,602
(36,061)	-	-	-	-	-	-	-	(2,982,286)	(312,740)	(7,912,328)
<u>(36,061)</u>	<u>514,023</u>	<u>1,979,303</u>	<u>537,071</u>	<u>731,899</u>	<u>356,432</u>	<u>414,414</u>	<u>7,662</u>	<u>155,198</u>	<u>(312,740)</u>	<u>4,914,214</u>
<u>\$ 187,701</u>	<u>\$ 1,340,653</u>	<u>\$ 2,001,145</u>	<u>\$ 1,166,162</u>	<u>\$ 744,689</u>	<u>\$ 356,432</u>	<u>\$ 414,414</u>	<u>\$ 39,019</u>	<u>\$ 501,468</u>	<u>\$ -</u>	<u>\$ 12,226,019</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, 2018

	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
REVENUES:								
Taxes:								
General Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increment	1,040,959	-	-	-	-	-	-	-
Intergovernmental:								
State	-	-	1,038,126	-	-	-	-	-
Charges For Services:								
Connection Charges	-	-	-	946,939	779,849	-	-	-
Acreage Charges	-	-	-	65,926	88,475	94,347	-	-
Other Charges for Services	-	-	-	-	-	-	-	-
Special Assessments	11,057	-	-	50,881	80,711	136,202	-	-
Investment Earnings (Charges)	16,559	-	34,388	12,782	9,765	4,572	4,463	637
Other Revenues	20,013	-	-	400	537	1,479	-	45,813
TOTAL REVENUES	1,088,588	-	1,072,514	1,076,928	959,337	236,600	4,463	46,450
EXPENDITURES:								
Current:								
General Government	24,509	-	-	-	-	-	-	-
Economic Development	2,248,122	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	51,812	-	92,721	83,422	47,051	-	-
Parks, Recreation And Arts	-	-	-	-	-	-	-	-
Debt Service:								
Interest	95,422	-	-	-	-	-	-	-
Capital Outlay:								
Land	-	-	-	-	-	-	-	-
System Improvements:								
Water	-	-	-	-	-	-	-	-
Sanitary Sewer	-	-	-	-	83,547	-	-	-
Streets	-	-	-	-	-	-	-	-
Storm Sewer	-	-	-	-	-	-	-	-
Other Improvements	-	-	-	-	-	-	-	-
Furniture And Equipment	-	-	-	-	-	-	-	-
Buildings And Structures	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,368,053	51,812	-	92,721	166,969	47,051	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,279,465)	(51,812)	1,072,514	984,207	792,368	189,549	4,463	46,450
OTHER FINANCING SOURCES (USES):								
Transfers In	5,000	51,812	-	-	-	-	-	-
Transfers Out	(136,242)	-	(201,521)	(599,791)	(269,936)	(514,118)	-	-
Sale of Capital Assets	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(131,242)	51,812	(201,521)	(599,791)	(269,936)	(514,118)	-	-
NET CHANGE IN FUND BALANCES	(1,410,707)	-	870,993	384,416	522,432	(324,569)	4,463	46,450
FUND BALANCES, JANUARY 1	(1,841,209)	-	1,098,424	318,483	256,329	357,661	269,594	14,253
FUND BALANCES, DECEMBER 31	\$ (3,251,916)	\$ -	\$ 1,969,417	\$ 702,899	\$ 778,761	\$ 33,092	\$ 274,057	\$ 60,703

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
\$ -	\$ -	\$ 1,104,022	\$ -	\$ -	\$ -	\$ -	\$ 62,262	\$ -	\$ -	\$ 1,166,284
-	-	-	-	-	-	-	-	-	-	1,040,959
-	-	498	-	-	-	-	-	-	-	1,038,624
-	-	-	-	-	-	-	-	-	-	1,726,788
-	-	-	234,584	8,052	-	-	-	-	-	491,384
-	-	4,000	-	-	-	-	-	-	-	4,000
-	243,619	-	157,408	12,449	-	-	-	65,472	-	757,799
1,307	9,933	46,398	30,688	18,525	13,823	4,693	1,646	31,547	(8,643)	233,083
-	-	130,031	166,128	276,666	-	-	24,619	1,444	-	667,130
<u>1,307</u>	<u>253,552</u>	<u>1,284,949</u>	<u>588,808</u>	<u>315,692</u>	<u>13,823</u>	<u>4,693</u>	<u>88,527</u>	<u>98,463</u>	<u>(8,643)</u>	<u>7,126,051</u>
2,756	-	93,054	-	-	-	-	-	4,522	-	124,841
-	-	-	-	-	-	-	357,609	-	-	2,605,731
172,425	-	30,965	-	-	-	-	-	-	-	203,390
-	-	-	265,372	-	-	-	-	515,362	4,733	795,101
-	-	-	-	-	-	-	-	-	-	265,372
-	-	-	-	-	-	-	-	-	-	95,422
-	-	75,281	-	-	-	-	-	-	-	75,281
-	-	-	-	-	-	-	-	223,238	-	223,238
-	-	-	-	-	-	-	-	215,261	-	298,808
-	-	-	-	-	-	-	-	1,279,589	-	1,279,589
-	-	-	-	-	-	-	-	173,821	-	173,821
-	-	-	2,206,964	-	-	-	-	-	-	2,206,964
-	-	639,173	-	-	-	-	-	-	-	639,173
-	-	9,500	-	-	-	-	-	-	-	9,500
<u>175,181</u>	<u>-</u>	<u>847,973</u>	<u>2,472,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,609</u>	<u>2,411,793</u>	<u>4,733</u>	<u>8,996,231</u>
<u>(173,874)</u>	<u>253,552</u>	<u>436,976</u>	<u>(1,883,528)</u>	<u>315,692</u>	<u>13,823</u>	<u>4,693</u>	<u>(269,082)</u>	<u>(2,313,330)</u>	<u>(13,376)</u>	<u>(1,870,180)</u>
-	-	151,200	-	-	1,405,000	-	-	685,000	252,369	2,550,381
(3,711)	(27,775)	(807,331)	-	-	(2,228,780)	-	-	-	-	(4,789,205)
-	-	33,976	-	-	-	-	-	-	-	33,976
<u>(3,711)</u>	<u>(27,775)</u>	<u>(622,155)</u>	<u>-</u>	<u>-</u>	<u>(823,780)</u>	<u>-</u>	<u>-</u>	<u>685,000</u>	<u>252,369</u>	<u>(2,204,848)</u>
<u>(177,585)</u>	<u>225,777</u>	<u>(185,179)</u>	<u>(1,883,528)</u>	<u>315,692</u>	<u>(809,957)</u>	<u>4,693</u>	<u>(269,082)</u>	<u>(1,628,330)</u>	<u>238,993</u>	<u>(4,075,028)</u>
<u>141,524</u>	<u>288,246</u>	<u>2,164,482</u>	<u>2,420,599</u>	<u>416,207</u>	<u>1,166,389</u>	<u>409,721</u>	<u>276,744</u>	<u>1,783,528</u>	<u>(551,733)</u>	<u>8,989,242</u>
<u>\$ (36,061)</u>	<u>\$ 514,023</u>	<u>\$ 1,979,303</u>	<u>\$ 537,071</u>	<u>\$ 731,899</u>	<u>\$ 356,432</u>	<u>\$ 414,414</u>	<u>\$ 7,662</u>	<u>\$ 155,198</u>	<u>\$ (312,740)</u>	<u>\$ 4,914,214</u>

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET
 CAPITAL PROJECT FUNDS - TAX INCREMENT
 DECEMBER 31, 2018

	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	DIST #20 BREWERY PROJECT	DIST #21 HOTSPOT PROJECT	TOTALS
ASSETS										
Cash And Investments	\$ 862,388	\$ 138,530	\$ 1,868	\$ 147,026	\$ 47,047	\$ -	\$ 281,907	\$ -	\$ -	\$ 1,478,766
Receivables:										
Taxes:										
Unremitted	1,063	-	-	-	-	-	-	-	-	1,063
Delinquent	530	-	-	-	-	-	-	-	-	530
Accounts	-	-	10,247	-	-	5,000	-	-	-	15,247
TOTAL ASSETS	\$ 863,981	\$ 138,530	\$ 12,115	\$ 147,026	\$ 47,047	\$ 5,000	\$ 281,907	\$ -	\$ -	\$ 1,495,606
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
LIABILITIES:										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 3,503	\$ 1,559	\$ 101,589	\$ -	\$ -	\$ 106,651
Deposits Payable	-	-	-	-	-	220,000	-	-	50,000	270,000
Interfund Payable	-	-	-	-	-	1,276,807	-	261,511	630,813	2,169,131
Advance From Other Funds	-	-	1,966,746	-	234,464	-	-	-	-	2,201,210
TOTAL LIABILITIES	-	-	1,966,746	-	237,967	1,498,366	101,589	261,511	680,813	4,746,992
DEFERRED INFLOWS OF RESOURCES:										
Unavailable Revenue - Taxes	530	-	-	-	-	-	-	-	-	530
FUND BALANCES:										
Restricted	863,451	138,530	-	147,026	-	-	180,318	-	-	1,329,325
Unassigned	-	-	(1,954,631)	-	(190,920)	(1,493,366)	-	(261,511)	(680,813)	(4,581,241)
TOTAL FUND BALANCES	863,451	138,530	(1,954,631)	147,026	(190,920)	(1,493,366)	180,318	(261,511)	(680,813)	(3,251,916)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 863,981	\$ 138,530	\$ 12,115	\$ 147,026	\$ 47,047	\$ 5,000	\$ 281,907	\$ -	\$ -	\$ 1,495,606

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, 2018

	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	DIST #20 BREWERY PROJECT	DIST #21 HOTSPOT PROJECT	TOTALS
REVENUES:										
Taxes:										
Tax Increment	\$ 356,927	\$ 200,028	\$ 127,411	\$ 11,343	\$ 62,341	\$ 96	\$ 282,813	\$ -	\$ -	\$ 1,040,959
Special Assessments	-	-	11,057	-	-	-	-	-	-	11,057
Investment Earnings	10,418	1,445	782	2,205	371	-	1,338	-	-	16,559
Other Revenues	-	-	-	-	10,000	-	10,000	13	-	20,013
TOTAL REVENUES	367,345	201,473	139,250	13,548	72,712	96	294,151	13	-	1,088,588
EXPENDITURES:										
Current:										
General Government	-	-	-	-	-	10,065	7	4,227	10,210	24,509
Economic Development	150,911	210,764	2,296	1,765	3,914	848,652	101,920	257,297	670,603	2,248,122
Debt Service:										
Interest	-	-	84,692	-	10,730	-	-	-	-	95,422
TOTAL EXPENDITURES	150,911	210,764	86,988	1,765	14,644	858,717	101,927	261,524	680,813	2,368,053
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	216,434	(9,291)	52,262	11,783	58,068	(858,621)	192,224	(261,511)	(680,813)	(1,279,465)
OTHER FINANCING SOURCES (USES):										
Transfers In	-	-	-	-	-	5,000	-	-	-	5,000
Transfers Out	-	-	(136,242)	-	-	-	-	-	-	(136,242)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(136,242)	-	-	5,000	-	-	-	(131,242)
NET CHANGE IN FUND BALANCES	216,434	(9,291)	(83,980)	11,783	58,068	(853,621)	192,224	(261,511)	(680,813)	(1,410,707)
FUND BALANCES, JANUARY 1	647,017	147,821	(1,870,651)	135,243	(248,988)	(639,745)	(11,906)	-	-	(1,841,209)
FUND BALANCES, DECEMBER 31	\$ 863,451	\$ 138,530	\$ (1,954,631)	\$ 147,026	\$ (190,920)	\$ (1,493,366)	\$ 180,318	\$ (261,511)	\$ (680,813)	\$ (3,251,916)

CITY OF CHASKA, MINNESOTA

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT
DECEMBER 31, 2018**

	<u>2010 IMPROVEMENT PROJECTS</u>	<u>2013 IMPROVEMENT PROJECTS</u>	<u>2015 IMPROVEMENT PROJECTS</u>	<u>TOTALS</u>
ASSETS				
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
TOTAL FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018**

	<u>2010 IMPROVEMENT PROJECTS</u>	<u>2013 IMPROVEMENT PROJECTS</u>	<u>2015 IMPROVEMENT PROJECTS</u>	<u>TOTALS</u>
<u>EXPENDITURES:</u>				
Current:				
Public Works	<u>\$ 27,775</u>	<u>\$ 23,237</u>	<u>\$ 800</u>	<u>\$ 51,812</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers In	<u>27,775</u>	<u>23,237</u>	<u>800</u>	<u>51,812</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES, JANUARY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<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, 2018

The City adopts budgets for the following two nonmajor special revenue funds and one 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, 2018**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES:</u>			
Taxes:			
Property	\$ 6,000	\$ 6,026	\$ 26
Intergovernmental:			
State:			
Market Value Credit	-	1	1
Charges For Services	2,400	5,800	3,400
Investment Earnings	100	4,141	4,041
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	8,500	15,968	7,468
<u>EXPENDITURES:</u>			
Current:			
Public Works:			
Other Services And Charges	8,500	12,240	(3,740)
Capital Outlay	5,000	-	5,000
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	13,500	12,240	1,260
NET CHANGE IN FUND BALANCES	(5,000)	3,728	8,728
FUND BALANCES, JANUARY 1	253,975	253,975	-
FUND BALANCES, DECEMBER 31	<u>\$ 248,975</u>	<u>\$ 257,703</u>	<u>\$ 8,728</u>

CITY OF CHASKA, MINNESOTA

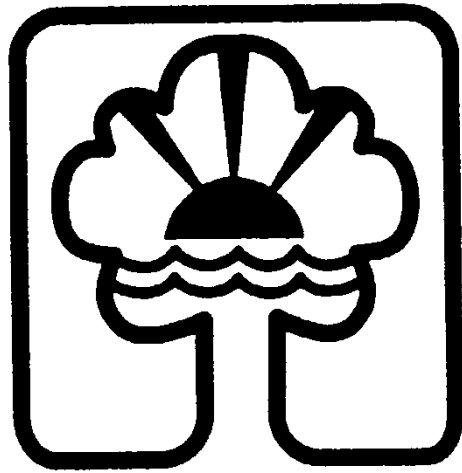
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CHASKA EDA SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES:</u>			
Taxes:			
Property	\$ 475,741	\$ 477,439	\$ 1,698
Intergovernmental:			
State:			
Market Value Credit	-	81	81
Charges For Services	80,000	80,000	-
Special Assessments	40,000	37,806	(2,194)
Investment Earnings (Charges)	-	(15,606)	(15,606)
Other:			
Rents	30,400	29,520	(880)
Payments	-	2,285	2,285
Refunds and Reimbursements	-	20,000	20,000
TOTAL REVENUES	626,141	631,525	5,384
<u>EXPENDITURES:</u>			
Current:			
Economic Development:			
Other Services And Charges	279,141	574,049	(294,908)
Debt Service:			
Principal	11,000	11,859	(859)
Interest	6,000	4,941	1,059
Capital Outlay	-	8,960	(8,960)
TOTAL EXPENDITURES	296,141	599,809	(303,668)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	330,000	31,716	(298,284)
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers Out	(330,000)	(335,000)	(5,000)
NET CHANGE IN FUND BALANCES	-	(303,284)	(303,284)
FUND BALANCES, JANUARY 1	(780,482)	(780,482)	-
FUND BALANCES, DECEMBER 31	\$ (780,482)	\$ (1,083,766)	\$ (303,284)

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, 2018**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes:				
Property	\$ 2,985,300	\$ 2,985,300	\$ 1,104,022	\$ (1,881,278)
Intergovernmental:				
State:				
Market Value Credit	-	-	498	498
Charges For Services	4,000	4,000	4,000	-
Investment Earnings	-	-	46,398	46,398
Other:				
Miscellaneous	100,000	100,000	130,031	30,031
TOTAL REVENUES	3,089,300	3,089,300	1,284,949	(1,804,351)
EXPENDITURES:				
Current:				
General Government	-	-	93,054	(93,054)
Public Safety	-	-	30,965	(30,965)
Debt Service:				
Issuance Costs And Fiscal Agent Fees	251,000	251,000	-	251,000
Capital Outlay:				
Land	-	-	75,281	(75,281)
Furniture And Equipment				
Communications	4,000	4,000	-	4,000
Administrative Services	10,000	10,000	-	10,000
Data Processing	201,500	201,500	69,306	132,194
City Hall	-	205,564	125,529	80,035
Public Works	515,000	515,000	367,776	147,224
Police	185,000	185,000	39,606	145,394
Fire	51,000	51,000	36,956	14,044
Buildings and Structures	-	-	9,500	(9,500)
TOTAL EXPENDITURES	1,217,500	1,423,064	847,973	575,091
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,871,800	1,666,236	436,976	(1,229,260)
OTHER FINANCING SOURCES (USES):				
Transfers In	23,200	151,200	151,200	-
Transfers Out	(2,392,000)	(2,392,000)	(807,331)	1,584,669
Bonds Issued	515,000	515,000	-	(515,000)
Sale of Capital Assets	-	-	33,976	33,976
TOTAL OTHER FINANCING SOURCES (USES)	(1,853,800)	(1,725,800)	(622,155)	1,103,645
NET CHANGE IN FUND BALANCES	18,000	(59,564)	(185,179)	(125,615)
FUND BALANCES, JANUARY 1	2,164,482	2,164,482	2,164,482	-
FUND BALANCES, DECEMBER 31	\$ 2,182,482	\$ 2,104,918	\$ 1,979,303	\$ (125,615)



CHASKA

Nonmajor Enterprise Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2018

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 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-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. Service to external customers ended in 2018, and the City closed this fund as of year-end.
- **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, 2018

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
ASSETS						
Current Assets:						
Cash And Investments	\$ 758,336	\$ 6,012	\$ 55,587	\$ -	\$ 438,859	\$ 1,258,794
Receivables:						
Special Assessments	-	-	-	-	41,688	41,688
Accounts						
Current	333,885	-	256	-	156,330	490,471
Unbilled	197,896	-	-	-	-	197,896
Allowance For Uncollectible Accounts	(5,008)	-	-	-	(2,345)	(7,353)
Interest	1,183	-	-	-	-	1,183
Due From Other Funds	850,000	-	-	-	510,348	1,360,348
Due From Other Governments	1,337	-	-	-	26,539	27,876
Inventories	8,033	136	53,017	-	-	61,186
Total Current Assets	2,145,662	6,148	108,860	-	1,171,419	3,432,089
Noncurrent Assets:						
Capital Assets:						
Land	-	-	-	-	139,982	139,982
Buildings	255,000	111,537	8,013,896	-	-	8,380,433
Other Improvements	-	27,970	359,201	-	-	387,171
Furniture And Equipment	1,010,728	70,375	2,213,733	-	436,503	3,731,339
Infrastructure	1,453,375	-	-	-	2,572,563	4,025,938
Construction In Progress	-	-	-	-	98,421	98,421
Less: Accumulated Depreciation	(1,393,133)	(187,376)	(8,330,254)	-	(498,753)	(10,409,516)
Total Net Capital Assets	1,325,970	22,506	2,256,576	-	2,748,716	6,353,768
TOTAL ASSETS	3,471,632	28,654	2,365,436	-	3,920,135	9,785,857
DEFERRED OUTFLOWS OF RESOURCES						
Pension Plan Deferments	71,760	14,352	100,463	-	28,704	215,279
OPEB Plan Deferments	511	286	1,046	-	87	1,930
TOTAL DEFERRED OUTFLOWS OF RESOURCES	72,271	14,638	101,509	-	28,791	217,209
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,543,903	\$ 43,292	\$ 2,466,945	\$ -	\$ 3,948,926	\$ 10,003,066
LIABILITIES						
Current Liabilities:						
Accounts Payable	\$ 7,681	\$ 116	\$ -	\$ -	\$ 25,313	\$ 33,110
Salaries Payable	22,216	2,182	22,526	-	10,274	57,198
Deposits Payable	-	-	106,403	-	-	106,403
Compensated Absences	34,440	5,261	48,124	-	3,180	91,005
Accrued Interest Payable	32,472	-	-	-	22,588	55,060
Due To Other Funds	-	100,000	-	-	-	100,000
Due To Other Governments	-	-	597	-	4,250	4,847
Interfund Payable	11,630	-	83,816	-	52,333	147,779
Revenue Bonds Payable	121,000	-	-	-	80,000	201,000
Unearned Revenue	-	-	-	-	195,042	195,042
Total Current Liabilities	229,439	107,559	261,466	-	392,980	991,444
Noncurrent Liabilities:						
Compensated Absences	7,950	13,668	36,031	-	3,107	60,756
Advance From Other Funds	131,370	-	565,532	-	291,668	988,570
Revenue Bonds Payable	2,615,182	-	-	-	1,793,564	4,408,746
Other Post Employment Benefits	30,501	21,556	58,720	-	4,938	115,715
Net Pension Liability	367,528	73,506	514,539	-	147,011	1,102,584
Total Noncurrent Liabilities	3,152,531	108,730	1,174,822	-	2,240,288	6,676,371
TOTAL LIABILITIES	3,381,970	216,289	1,436,288	-	2,633,268	7,667,815
DEFERRED INFLOWS OF RESOURCES						
Pension Plan Deferments	91,114	18,223	127,560	-	36,446	273,343
NET POSITION						
Net Investment In Capital Assets	1,325,970	22,506	2,256,576	-	1,758,345	5,363,397
Unrestricted	(1,255,151)	(213,726)	(1,353,479)	-	(479,133)	(3,301,489)
TOTAL NET POSITION	70,819	(191,220)	903,097	-	1,279,212	2,061,908
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 3,543,903	\$ 43,292	\$ 2,466,945	\$ -	\$ 3,948,926	\$ 10,003,066

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
OPERATING REVENUES:						
Sales	\$ 3,789,275	\$ 154,621	\$ 1,966,812	\$ 100,033	\$ 1,581,812	\$ 7,592,553
OPERATING EXPENSES:						
Production	2,391,619	-	-	59,952	-	2,451,571
Distribution / Collections	592,018	-	-	63,755	470,210	1,125,983
Administration	626,882	185,591	1,984,349	145	371,162	3,168,129
Depreciation	112,330	3,940	453,363	35,505	172,867	778,005
TOTAL OPERATING EXPENSES	3,722,849	189,531	2,437,712	159,357	1,014,239	7,523,688
OPERATING INCOME (LOSS)	66,426	(34,910)	(470,900)	(59,324)	567,573	68,865
NON-OPERATING REVENUES:						
Investment Earnings (Charges)	20,084	(1,441)	2,207	(855)	5,864	25,859
Intergovernmental	2,902	562	3,935	-	70,387	77,786
TOTAL NON-OPERATING REVENUES	22,986	(879)	6,142	(855)	76,251	103,645
NON-OPERATING EXPENSES:						
Interest	80,267	-	18,636	-	62,586	161,489
Contribution to Governmental Activities	-	-	-	435,590	-	435,590
TOTAL NON-OPERATING EXPENSES	80,267	-	18,636	435,590	62,586	597,079
INCOME (LOSS) BEFORE TRANSFERS	9,145	(35,789)	(483,394)	(495,769)	581,238	(424,569)
TRANSFERS IN (OUT)						
Transfers In	198,725	-	-	53,609	228,742	481,076
Transfers Out	(126,500)	-	-	-	(200,400)	(326,900)
TOTAL TRANSFERS IN (OUT)	72,225	-	-	53,609	28,342	154,176
CHANGE IN NET POSITION	81,370	(35,789)	(483,394)	(442,160)	609,580	(270,393)
NET POSITION - JANUARY 1, As Previously Reported	(1,665)	(150,457)	1,404,696	442,160	671,145	2,365,879
Change in Accounting Principle	(8,886)	(4,974)	(18,205)	-	(1,513)	(33,578)
NET POSITION, JANUARY 1, Restated	(10,551)	(155,431)	1,386,491	442,160	669,632	2,332,301
NET POSITION, DECEMBER 31	\$ 70,819	\$ (191,220)	\$ 903,097	\$ -	\$ 1,279,212	\$ 2,061,908

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	STORM WATER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts From Customers and Users	\$ 3,749,988	\$ 154,621	\$ 1,939,617	\$ 134,409	\$ 1,558,552	\$ 7,537,187
Payments to Suppliers	(3,096,262)	(59,069)	(918,494)	(123,852)	(580,686)	(4,778,363)
Payments to Employees	(621,938)	(112,712)	(1,055,207)	-	(246,012)	(2,035,869)
Net Cash Provided (Used) By Operating Activities	31,788	(17,160)	(34,084)	10,557	731,854	722,955
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfers From Other Funds	198,725	-	-	53,609	228,742	481,076
Transfers To Other Funds	(126,500)	-	-	-	(200,400)	(326,900)
Due From Other Funds	(850,000)	-	139,260	-	(510,348)	(1,221,088)
Due To Other Funds	-	24,051	-	(63,311)	-	(39,260)
Intergovernmental	2,902	562	3,935	-	70,387	77,786
Net Cash Provided (Used) By Non-Capital Financing Activities	(774,873)	24,613	143,195	(9,702)	(411,619)	(1,028,386)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal Paid On Bonds	(116,000)	-	-	-	(75,000)	(191,000)
Interest And Fiscal Charges	(77,418)	-	-	-	(52,866)	(130,284)
Construction And Acquisition of Capital Assets	(237,507)	-	(123,873)	-	(31,459)	(392,839)
Interfund Loans From Other Funds	143,000	-	(51,333)	-	(52,333)	39,334
Interest Payments On Interfund Loans	(4,806)	-	(18,636)	-	(10,350)	(33,792)
Net Cash Provided (Used) By Capital And Related Financing Activities	(292,731)	-	(193,842)	-	(222,008)	(708,581)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest (Charges) On Investments	19,819	(1,441)	2,207	(855)	5,864	25,594
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(1,015,997)	6,012	(82,524)	-	104,091	(988,418)
CASH AND CASH EQUIVALENTS, January 1	1,774,333	-	138,111	-	334,768	2,247,212
CASH AND CASH EQUIVALENTS, December 31	\$ 758,336	\$ 6,012	\$ 55,587	\$ -	\$ 438,859	\$ 1,258,794
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ 66,426	\$ (34,910)	\$ (470,900)	\$ (59,324)	\$ 567,573	\$ 68,865
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:						
Depreciation Expense	112,330	3,940	453,363	35,505	172,867	778,005
(Increase) Decrease In Assets And Deferred Outflows:						
Special Assessments	80	-	-	-	9,075	9,155
Accounts Receivable	(37,879)	-	(256)	2,100	(48,324)	(84,359)
Allowance For Uncollectible Accounts	(116)	-	-	-	725	609
Due From Other Governments	(1,292)	-	-	37,310	(26,539)	9,479
Inventory	234	553	5,654	-	-	6,441
Deferred Outflows	51,501	8,652	59,671	-	16,852	136,676
Increase (Decrease) In Liabilities And Deferred Inflows:						
Accounts Payable	(58,418)	(195)	(15,341)	-	7,787	(66,167)
Salaries Payable	2,995	74	2,959	-	3,505	9,533
Deposits Payable	-	-	(26,939)	-	-	(26,939)
Compensated Absences Payable	3,705	11,254	6,261	-	615	21,835
Net Pension Liability	(119,491)	(10,890)	(76,229)	-	(21,780)	(228,390)
Due To Other Governments	(2,130)	(224)	(1,220)	-	150	(3,424)
Unearned Revenue	(80)	-	-	(5,034)	41,803	36,689
Other Post Employment Benefits	1,711	958	3,505	-	291	6,465
Deferred Inflows	12,212	3,628	25,388	-	7,254	48,482
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 31,788	\$ (17,160)	\$ (34,084)	\$ 10,557	\$ 731,854	\$ 722,955
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Amortization Of Bond Premiums	\$ 2,691	\$ -	\$ -	\$ -	\$ 2,131	\$ 4,822
Capital Contributions to Governmental Activities	\$ -	\$ -	\$ -	\$ 435,590	\$ -	\$ 435,590

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 (MCES) 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

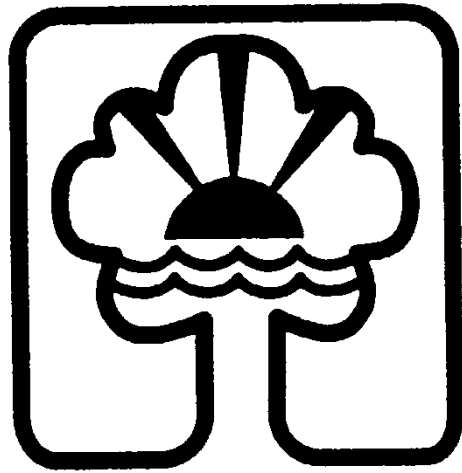
**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
DECEMBER 31, 2018**

	BUILDERS' DEPOSIT FUND	DEVELOPERS' FUND	MCES COLLECTIONS FUND	POLICE EVIDENCE CASH FUND	TOTAL AGENCY FUNDS
<u>ASSETS</u>					
Cash And Cash Equivalents	\$ 302,120	\$ -	\$ 29,820	\$ 10,480	\$ 342,420
Accounts Receivable	-	4,672	-	-	4,672
Due From Other Governments	-	2,220	-	-	2,220
Due From Other Funds	5,149	-	-	-	5,149
TOTAL ASSETS	\$ 307,269	\$ 6,892	\$ 29,820	\$ 10,480	\$ 354,461
<u>LIABILITIES</u>					
Accounts Payable	\$ -	\$ 1,743	\$ -	\$ -	\$ 1,743
Due To Other Funds	-	5,149	-	-	5,149
Deposits Payable	307,269	-	-	10,480	317,749
Due To Other Governments	-	-	29,820	-	29,820
TOTAL LIABILITIES	\$ 307,269	\$ 6,892	\$ 29,820	\$ 10,480	\$ 354,461

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	BALANCE JANUARY 1, 2018	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2018
BUILDERS' DEPOSIT FUND				
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ 365,263	\$ 201,930	\$ 265,073	\$ 302,120
Due From Other Funds	10,430	5,149	10,430	5,149
TOTAL ASSETS	\$ 375,693	\$ 207,079	\$ 275,503	\$ 307,269
<u>LIABILITIES</u>				
Accounts Payable	\$ 50,000	\$ 211,424	\$ 261,424	\$ -
Deposits Payable	325,693	191,500	209,924	307,269
TOTAL LIABILITIES	\$ 375,693	\$ 402,924	\$ 471,348	\$ 307,269
DEVELOPERS' FUND				
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ -	\$ 43,122	\$ 43,122	\$ -
Receivables:				
Accounts	12,698	31,711	39,737	4,672
Due From Other Governments	-	2,220	-	2,220
Other	-	36,765	36,765	-
TOTAL ASSETS	\$ 12,698	\$ 113,818	\$ 119,624	\$ 6,892
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,268	\$ 32,166	\$ 32,691	\$ 1,743
Due To Other Funds	10,430	5,149	10,430	5,149
TOTAL LIABILITIES	\$ 12,698	\$ 37,315	\$ 43,121	\$ 6,892
MCES COLLECTIONS				
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ 59,640	\$ 546,700	\$ 576,520	\$ 29,820
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 606,340	\$ 606,340	\$ -
Due To Other Governments	59,640	29,820	59,640	29,820
TOTAL LIABILITIES	\$ 59,640	\$ 636,160	\$ 665,980	\$ 29,820
POLICE EVIDENCE CASH FUND				
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ 11,145	\$ 484	\$ 1,149	\$ 10,480
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 1,085	\$ 1,085	\$ -
Deposits Payable	11,145	-	665	10,480
TOTAL LIABILITIES	\$ 11,145	\$ 1,085	\$ 1,750	\$ 10,480
TOTAL ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ 436,048	\$ 792,236	\$ 885,864	\$ 342,420
Receivables:				
Accounts	12,698	31,711	39,737	4,672
Due From Other Governments	-	2,220	-	2,220
Other	-	36,765	36,765	-
Due From Other Funds	10,430	5,149	10,430	5,149
TOTAL ASSETS	\$ 459,176	\$ 868,081	\$ 972,796	\$ 354,461
<u>LIABILITIES</u>				
Accounts Payable	\$ 52,268	\$ 851,015	\$ 901,540	\$ 1,743
Due To Other Funds	10,430	5,149	10,430	5,149
Deposits Payable	336,838	191,500	210,589	317,749
Due To Other Governments	59,640	29,820	59,640	29,820
TOTAL LIABILITIES	\$ 459,176	\$ 1,077,484	\$ 1,182,199	\$ 354,461



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			
	2009	2010	2011	2012 (Restated) (1)
Governmental Activities				
Net Investment In Capital Assets	\$ 120,015,168	\$ 123,268,713	\$ 121,056,422	\$ 120,219,510
Restricted	13,994,323	14,860,130	20,932,146	24,295,547
Unrestricted	(6,271,409)	(5,999,214)	(6,614,940)	(6,014,472)
Total Governmental Activities Net Position:	\$ 127,738,082	\$ 132,129,629	\$ 135,373,628	\$ 138,500,585
Business-Type Activities				
Net Investment In Capital Assets	\$ 27,181,315	\$ 25,788,072	\$ 24,905,043	\$ 25,075,383
Restricted	4,441,294	3,013,936	3,271,085	3,396,858
Unrestricted	9,075,649	11,459,338	12,961,398	13,265,298
Total Business-Type Activities Net Position:	\$ 40,698,258	\$ 40,261,346	\$ 41,137,526	\$ 41,737,539
Primary Government				
Net Investment In Capital Assets	\$ 147,196,483	\$ 149,056,785	\$ 145,961,465	\$ 145,294,893
Restricted	18,435,617	17,874,066	24,203,231	27,692,405
Unrestricted	2,804,240	5,460,124	6,346,458	7,250,826
Total Primary Government Net Position:	\$ 168,436,340	\$ 172,390,975	\$ 176,511,154	\$ 180,238,124

(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.

(3) The City implemented GASB Statement No. 75 in 2018. Net position for previous years have not been restated.

FISCAL YEAR

2013	2014	2015 (2)	2016	2017	2018 (3)
\$ 118,818,535	\$ 125,511,881	\$ 127,278,758	\$ 132,552,673	\$ 137,122,192	\$ 146,659,763
25,069,356	24,001,479	14,955,015	14,175,353	19,807,677	20,434,329
<u>(2,173,764)</u>	<u>(3,712,091)</u>	<u>(20,840)</u>	<u>(640,332)</u>	<u>(2,060,473)</u>	<u>(11,503,698)</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>	<u>\$ 155,590,394</u>
\$ 25,818,904	\$ 27,939,635	\$ 33,274,260	\$ 31,821,470	\$ 30,523,279	\$ 33,206,537
4,451,868	4,030,287	5,190,437	5,609,821	17,986,742	16,111,606
<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>(7,147,929)</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>	<u>\$ 42,170,214</u>
\$ 144,637,439	\$ 153,451,516	\$ 160,553,018	\$ 164,374,143	\$ 167,645,471	\$ 179,866,300
29,521,224	28,031,766	20,145,452	19,785,174	37,794,419	36,545,935
<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>(18,651,627)</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>	<u>\$ 197,760,608</u>

CITY OF CHASKA, MINNESOTA

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

	FISCAL YEAR									
	2009	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017	2018 (4)
EXPENSES										
Governmental Activities										
General Government	\$ 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	\$ 6,025,119
Economic Development	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	4,352,049
Public Safety	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	6,189,888
Public Works	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	10,088,913
Parks, Recreation And Arts	736,427	787,377	709,781	727,482	779,705	765,955	1,210,234	1,067,514	1,286,155	1,526,003
Interest On Long-Term Debt	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	1,550,437
Total Governmental Activities Expenses:	21,884,290	19,819,092	18,422,818	19,429,967	22,641,663	22,444,866	30,199,779	24,991,104	26,265,755	29,732,409
Business-type Activities										
Electric	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	38,896,423
Water	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	3,015,694
Sewer	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	3,801,595
Chaska Community Center	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	4,752,021
Par 30 Golf Course	183,857	186,362	171,720	186,681	151,575	163,112	183,136	240,047	193,856	189,814
Chaska Town Course	2,024,269	2,067,297	2,043,373	2,034,790	2,148,077	2,193,635	2,310,651	2,433,909	2,512,410	2,452,056
Turbine Generator	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	1,016,539
Internet Service Provider	960,237	778,440	639,021	665,909	604,813	488,728	293,951	168,783	184,840	159,357
Storm Water	106,706	190,380	435,892	586,774	541,700	536,364	760,340	993,816	980,334	1,072,424
Chaska Curling Center (3)	-	-	-	-	-	3,391	835,012	1,516,260	2,330,918	2,635,334
Total Business-type Activities Expenses:	37,116,115	39,448,286	41,143,300	43,503,128	45,503,315	47,275,077	49,544,114	52,180,830	53,880,459	57,991,257
Total Primary Government Expenses:	\$ 59,000,405	\$ 59,267,378	\$ 59,566,118	\$ 62,933,095	\$ 68,144,978	\$ 69,719,943	\$ 79,743,893	\$ 77,171,934	\$ 80,146,214	\$ 87,723,666
PROGRAM REVENUES										
Governmental Activities										
Charges For Services										
General Government	\$ 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	\$ 4,235,869
Economic Development	151,244	154,000	154,000	160,222	163,426	167,000	70,340	77,421	76,000	80,000
Public Safety	149,189	232,360	205,390	257,365	267,962	271,613	219,590	180,603	263,033	331,251
Public Works	451,431	443,436	562,000	863,058	1,290,754	1,328,059	1,876,750	2,516,820	1,882,531	2,178,832
Parks, Recreation And Arts	44,386	44,601	40,004	37,606	462,884	281,805	132,621	317,749	182,462	429,577
Operating Grants And Contributions	6,978,920	487,171	463,082	514,856	1,234,843	854,330	667,025	628,278	1,477,224	777,833
Capital Grants And Contributions	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	7,951,347
Total Governmental Activities Program Revenues:	15,271,011	11,697,843	7,169,613	7,995,561	11,171,304	10,419,240	13,144,411	15,328,780	21,684,633	15,984,709
Business-type Activities										
Charges for Services										
Electric	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	41,193,202
Water	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	2,861,416
Sewer	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	3,789,275
Chaska Community Center	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	3,085,972
Par 30 Golf Course	176,938	166,251	144,726	158,381	155,706	151,454	192,164	170,732	167,726	154,621
Chaska Town Course	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	1,966,812
Turbine Generator	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	1,650,846
Internet Service Provider	718,396	747,703	689,673	603,826	489,466	397,692	173,816	103,569	117,718	100,033
Storm Water	517,292	504,988	504,604	756,516	782,202	840,052	912,936	969,248	1,097,344	1,581,812
Chaska Curling Center (3)	-	-	-	-	-	-	65,022	1,173,795	1,221,472	1,299,997
Operating Grants And Contributions	38,943	-	-	-	-	-	-	100,379	1,626	99,052
Capital Grants And Contributions	389,356	150,453	54,092	139,416	351,542	693,238	181,839	647,918	704,759	198,433
Total Business-type Activities Program Revenues:	35,261,739	38,602,231	42,008,178	45,710,336	47,717,454	49,246,244	50,071,231	53,458,880	54,239,153	57,981,471
Total Primary Government Program Revenues:	\$ 50,532,750	\$ 50,300,074	\$ 49,177,791	\$ 53,705,897	\$ 58,888,758	\$ 59,665,484	\$ 63,215,642	\$ 68,787,660	\$ 75,923,786	\$ 73,966,180

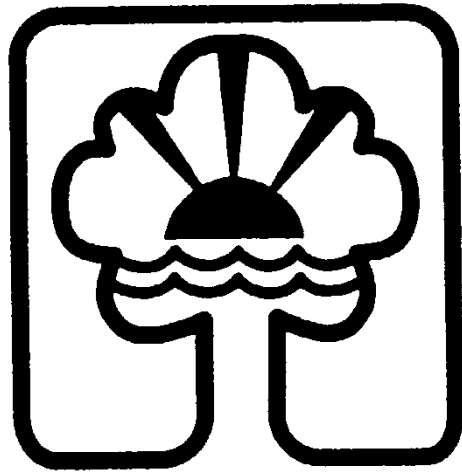
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	FISCAL YEAR									
	2009	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017	2018 (4)
NET EXPENSE / REVENUE										
Governmental Activities	\$ (6,613,279)	\$ (8,121,249)	\$ (11,253,205)	\$ (11,434,406)	\$ (11,470,359)	\$ (12,025,626)	\$ (17,055,368)	\$ (9,662,324)	\$ (4,581,122)	\$ (13,747,700)
Business-type Activities	(1,854,376)	(846,055)	864,878	2,207,208	2,214,139	1,971,167	527,117	1,278,050	358,694	(9,786)
Total Primary Government Net Expense:	\$ (8,467,655)	\$ (8,967,304)	\$ (10,388,327)	\$ (9,227,198)	\$ (9,256,220)	\$ (10,054,459)	\$ (16,528,251)	\$ (8,384,274)	\$ (4,222,428)	\$ (13,757,486)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities										
Taxes										
Property Taxes	\$ 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	\$ 10,129,998
Franchise Taxes	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	4,576,985
Unrestricted Grants and Contributions	546,889	235,662	247,716	62,608	58,761	491,545	530,868	585,679	310,188	26,334
Investment Earnings	208,347	54,613	82,462	139,907	41,179	429,177	264,180	247,978	253,578	400,814
Other	351,849	356,659	265,898	491,536	267,711	365,919	545,596	510,860	416,642	366,702
Gain on Disposal of Capital Assets	8,265	-	-	-	-	-	-	-	-	-
Transfers	228,759	794,132	508,805	758,219	855,816	466,155	5,086,416	(221,383)	(1,007,167)	(769,471)
Total Governmental Activities:	13,596,609	14,775,504	14,497,204	15,185,322	14,683,901	16,112,768	19,570,207	13,537,085	13,362,824	14,731,362
Business-type Activities										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	41,184	211
Investment Earnings	1,621,883	1,203,275	393,721	438,195	419,145	550,131	455,526	241,753	260,708	362,111
Other	-	-	126,386	72,567	133,823	84,301	63,440	63,277	59,226	82,857
Transfers	(228,759)	(794,132)	(508,805)	(758,219)	(855,816)	(466,155)	(5,086,416)	221,383	1,007,167	769,471
Total Business-type Activities:	1,393,124	409,143	11,302	(247,457)	(302,848)	168,277	(4,567,450)	526,413	1,368,285	1,214,650
Total Primary Government:	\$ 14,989,733	\$ 15,184,647	\$ 14,508,506	\$ 14,937,865	\$ 14,381,053	\$ 16,281,045	\$ 15,002,757	\$ 14,063,498	\$ 14,731,109	\$ 15,946,012
CHANGE IN NET POSITION										
Governmental Activities	\$ 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	\$ 983,662
Business-type Activities	(461,252)	(436,912)	876,180	1,959,751	1,911,291	2,139,444	(4,040,333)	1,804,463	1,726,979	1,204,864
Total Primary Government:	\$ 6,522,078	\$ 6,217,343	\$ 4,120,179	\$ 5,710,667	\$ 5,124,833	\$ 6,226,586	\$ (1,525,494)	\$ 5,679,224	\$ 10,508,681	\$ 2,188,526

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.
- (4) The City implemented GASB Statement No. 75 in 2018. Change in Net Position for previous years have not been restated.



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>	
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
2018	9,091,373	1,038,625	3,820,670	306,860	449,455	14,706,983

(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			
	2009	2010	2011 (1)	2012
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ 241
Committed	-	-	597,734	620,774
Unassigned	-	-	2,134,923	2,418,419
Unreserved (2009-2010)	<u>2,496,144</u>	<u>2,566,483</u>	-	-
Total General Fund:	<u>\$ 2,496,144</u>	<u>\$ 2,566,483</u>	<u>\$ 2,732,657</u>	<u>\$ 3,039,434</u>
General Fund % Change	-0.67%	2.82%	6.47%	11.23%
All Other Governmental Funds				
Restricted	\$ -	\$ -	\$ 9,738,589	\$ 18,546,504
Committed	-	-	279,176	913,595
Assigned	-	-	3,383,331	3,144,950
Unassigned, Reported In:				
Special Revenue Funds	-	-	(194,924)	-
Capital Project Funds	-	-	(7,462,984)	(8,003,881)
Reserved (2009-2010)	9,555,011	10,613,705	-	-
Unreserved, Reported In (2009-2010):				
Special Revenue Funds	1,374,450	803,856	-	-
Capital Project Funds	<u>(8,676,406)</u>	<u>(7,237,917)</u>	-	-
Total All Other Governmental Funds:	<u>\$ 2,253,055</u>	<u>\$ 4,179,644</u>	<u>\$ 5,743,188</u>	<u>\$ 14,601,168</u>
All Other Governmental Funds % Change	-18.22%	85.51%	37.41%	154.23%
Total Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 241
Restricted	-	-	9,738,589	18,546,504
Committed	-	-	876,910	1,534,369
Assigned	-	-	3,383,331	3,144,950
Unassigned	-	-	(5,522,985)	(5,585,462)
Reserved (2009-2010)	9,555,011	10,613,705	-	-
Unreserved (2009-2010)	<u>(4,805,812)</u>	<u>(3,867,578)</u>	-	-
Total Governmental Funds:	<u>\$ 4,749,199</u>	<u>\$ 6,746,127</u>	<u>\$ 8,475,845</u>	<u>\$ 17,640,602</u>
Total Governmental Funds % Change	-9.85%	42.05%	25.64%	108.13%

(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

	2013	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	739,540	891,416	852,664	924,378	908,494	1,010,606
	1,965,790	1,644,738	2,232,766	1,615,179	1,103,421	1,078,348
	-	-	-	-	-	-
<u>\$</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>	<u>2,088,954</u>
	-10.99%	-6.25%	21.66%	-17.69%	-20.78%	3.83%
\$	15,968,896	\$ 19,114,183	\$ 11,557,173	\$ 8,022,515	\$ 11,726,442	\$ 10,712,645
	1,068,969	1,912,764	3,368,508	2,456,381	2,889,920	3,746,951
	4,732,649	5,529,159	6,845,131	6,646,255	8,571,632	8,011,826
	(259,844)	(1,242,278)	(1,451,333)	(701,789)	(793,665)	(1,096,949)
	(7,456,476)	(11,708,398)	(6,914,737)	(5,224,315)	(5,637,984)	(15,082,217)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
<u>\$</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>	<u>6,292,256</u>
	-3.75%	-3.19%	-1.48%	-16.45%	49.62%	-62.45%
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	15,968,896	19,114,183	11,557,173	8,022,515	11,726,442	10,712,645
	1,808,509	2,804,180	4,221,172	3,380,759	3,798,414	4,757,557
	4,732,649	5,529,159	6,845,131	6,646,255	8,571,632	8,011,826
	(5,750,530)	(11,305,938)	(6,133,304)	(4,310,925)	(5,328,228)	(15,100,818)
	-	-	-	-	-	-
	-	-	-	-	-	-
<u>\$</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>	<u>8,381,210</u>
	-4.99%	-3.69%	2.16%	-16.69%	36.61%	-55.34%

CITY OF CHASKA, MINNESOTA

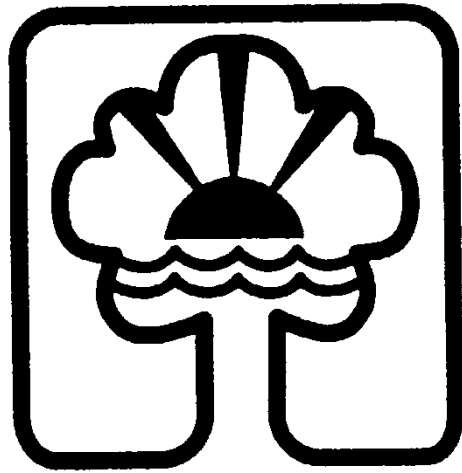
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)
 (UNAUDITED)

	FISCAL YEAR			
	2009	2010	2011	2012
REVENUES				
Taxes	\$ 12,148,237	\$ 13,386,635	\$ 13,387,904	\$ 13,888,797
Licenses and Permits	606,720	677,005	1,171,745	880,815
Intergovernmental	10,238,975	2,302,128	1,666,505	2,955,101
Charges for Services	1,476,270	1,648,242	1,950,742	2,409,242
Fines and Forfeitures	120,567	145,979	139,988	123,411
Special Assessments	1,351,581	1,576,743	1,531,259	1,911,524
Other Revenue	1,051,891	553,365	585,553	911,462
Total Revenue	26,994,241	20,290,097	20,433,696	23,080,352
EXPENDITURES				
General Government	3,012,992	3,086,599	3,392,089	3,512,005
Economic Development	1,907,468	926,307	757,932	809,892
Public Safety	3,576,040	3,697,083	3,971,147	4,068,057
Public Works	4,234,707	3,985,799	3,529,127	4,756,685
Parks, Recreation and Arts	541,969	589,998	532,953	488,078
Debt Service:				
Principal	9,260,000	5,200,488	5,396,218	4,422,243
Interest	2,008,394	1,687,636	1,578,987	1,421,230
Issuance Costs & Fiscal Agent Fees	40,548	168,964	91,276	121,126
Capital Outlay	3,245,835	5,650,639	2,591,145	3,149,178
Total Expenditures	27,827,953	24,993,513	21,840,874	22,748,494
Excess of Revenues Over (Under) Expenditures	(833,712)	(4,703,416)	(1,407,178)	331,858
OTHER FINANCING SOURCES (USES)				
Transfers In	6,010,021	7,240,297	7,211,564	10,943,484
Transfers Out	(5,751,951)	(6,422,978)	(6,702,759)	(9,551,265)
Bonds Issued	-	5,805,000	2,375,000	2,430,000
Refunding Bonds Issued	1,995,000	880,000	2,290,000	4,675,000
Premium on Bonds Issued	41,857	39,071	168,217	195,481
Payments to Refunded Bond Escrow Agent	(1,995,000)	(849,512)	(2,320,000)	-
Sale of Capital Assets	15,135	8,466	114,874	140,199
Total Other Financing Sources (Uses)	315,062	6,700,344	3,136,896	8,832,899
NET CHANGE IN FUND BALANCES	\$ (518,650)	\$ 1,996,928	\$ 1,729,718	\$ 9,164,757
Expenditures for Capitalized Assets (1)	\$ 3,363,564	\$ 8,517,344	\$ 3,349,841	\$ 3,972,487
Debt Service as a Percentage of Noncapital Expenditures	46.06%	41.81%	37.72%	31.12%

(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

	2013	2014	2015	2016	2017	2018
\$	13,502,612	\$ 14,386,746	\$ 13,150,434	\$ 12,470,764	\$ 13,420,767	\$ 14,709,783
	1,135,211	995,263	1,259,621	1,033,383	1,302,593	928,825
	2,919,055	2,568,108	2,678,760	2,772,705	2,653,945	1,726,502
	3,388,069	3,470,471	4,387,691	5,316,461	5,717,156	6,220,296
	123,687	128,966	95,736	104,226	113,158	109,319
	3,918,217	2,867,959	2,076,637	2,121,412	2,835,792	2,350,349
	1,237,814	794,135	1,103,179	600,089	659,861	1,151,947
	<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>	<u>27,197,021</u>
	4,077,218	4,361,531	4,889,132	5,228,459	5,630,604	5,696,448
	1,460,259	1,899,514	8,766,389	1,070,364	1,919,188	3,183,480
	4,411,566	4,513,886	4,837,862	5,270,617	5,738,341	6,193,049
	6,249,199	7,269,352	6,686,444	4,537,040	5,213,582	7,699,681
	517,843	837,886	1,086,472	828,065	1,140,929	1,062,569
	5,427,723	4,948,206	5,398,720	3,013,768	3,061,302	2,901,859
	1,396,806	1,109,996	1,115,857	1,429,478	1,380,700	1,618,919
	112,905	95,788	353,521	4,725	250,271	11,850
	4,075,585	7,367,993	13,778,776	5,633,034	9,808,124	8,295,131
	<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>	<u>36,662,986</u>
	(1,504,439)	(7,192,504)	(22,161,115)	(2,596,510)	(7,439,769)	(9,465,965)
	7,641,975	6,622,433	14,212,528	6,242,220	4,624,645	4,297,144
	(6,786,159)	(6,156,278)	(8,968,112)	(6,423,134)	(5,617,190)	(5,252,205)
	4,245,000	5,785,000	16,025,000	-	10,870,000	-
	580,000	-	-	-	1,455,000	-
	123,513	317,245	1,156,342	-	1,125,229	-
	(5,210,000)	-	-	-	-	-
	29,032	6,164	83,945	25,856	11,741	33,976
	<u>623,361</u>	<u>6,574,564</u>	<u>22,509,703</u>	<u>(155,058)</u>	<u>12,469,425</u>	<u>(921,085)</u>
\$	<u>(881,078)</u>	<u>(617,940)</u>	<u>348,588</u>	<u>(2,751,568)</u>	<u>5,029,656</u>	<u>(10,387,050)</u>
\$	5,063,042	\$ 12,451,676	\$ 19,782,837	\$ 12,340,550	\$ 16,094,547	\$ 16,582,006
	30.11%	30.36%	24.01%	30.28%	24.61%	22.51%



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>	
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
2018	9,091,839	1,040,959	3,820,670	306,860	449,455	14,709,783

(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
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
2018	22,608,652	8,613,755	367,741	401,546	(3,096,739)	3,595,500

Source: Carver County Auditor

<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 & PERSONAL</u>	<u>TAX CAPACITY VALUE AS A PERCENTAGE OF ACTUAL VALUE</u>
\$ (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%
(973,689)	31,516,766	27.234	2,847,274,600	1.11%

CITY OF CHASKA, MINNESOTA

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

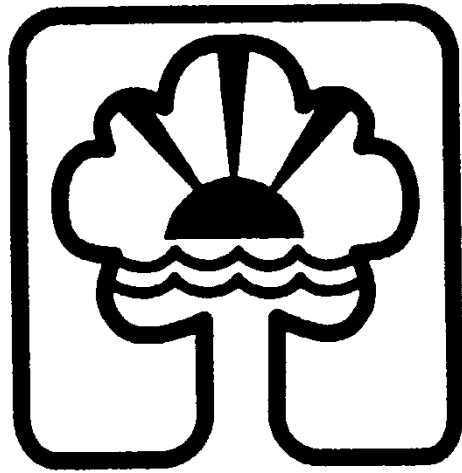
TAXES PAYABLE YEAR	DIRECT RATES				
	CITY URBAN			RURAL (1)	CITY HOUSING DEVELOPMENT AUTHORITY
	OPERATING	DEBT	TOTAL		
2009	20.434	0.000	20.434	10.217	0.326
2010	21.778	0.108	21.886	10.997	0.327
2011	23.484	0.000	23.484	11.742	0.357
2012	25.785	0.000	25.785	12.892	0.391
2013	28.075	0.000	28.075	14.038	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
2018	27.234	0.000	27.234	24.511	1.503

Source: Carver County Auditor

- (1) Total direct and overlapping rate excludes the City Rural rate. In 2005, as part of the annexation of Chaska Township, a rural rate of 50 percent of the City "urban" rate was established for ten years for the annexed properties. Starting in 2015, the rural rate increased 10 percent each year. In 2019 the annexed areas will be taxed at the City "urban" rate.
- (2) 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.).
- (3) Special Districts include:
Metropolitan Council, Regional Transit District, Lower Minnesota Watershed #1, Carver County Water Management Organization, Mosquito Control and Carver County Rail Authority.

OVERLAPPING RATES (2)

COUNTY	COUNTY COMMUNITY DEVELOPMENT AUTHORITY	INDEPENDENT SCHOOL DISTRICT #112	SPECIAL DISTRICTS (3)	TOTAL DIRECT AND OVERLAPPING RATES (1)
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
37.436	1.640	33.837	4.314	105.964



CHASKA

CITY OF CHASKA, MINNESOTA

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

TAXPAYER	ASSESSED 2017 - PAYABLE 2018				ASSESSED 2008 - PAYABLE 2009			
	ESTIMATED ACTUAL VALUE (1)	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	\$ 23,919,700	\$ 476,894	1	1.51%	*	*		*
Aurora Investments LLC	19,438,800	370,976	2	1.17%	\$ 18,761,300	\$ 345,510	2	1.26%
Hazeltine Natl Golf Club	17,403,400	305,798	3	0.97%	*	*		*
Ameriprise Financial Inc	16,185,100	290,234	4	0.92%	21,691,700	401,352	1	1.46%
Chaska Heights Senior Living LLC	22,356,100	279,451	5	0.88%	*	*		*
CenterPoint Energy Minnegasco	12,731,500	253,880	6	0.80%	*	*		*
Target Corp	12,569,200	250,634	7	0.79%	15,619,500	311,640	4	1.14%
Via West Inc	12,164,500	242,540	8	0.77%	*	*		*
Aurora-Chaska Medical LLC	26,611,800	233,434	9	0.74%	*	*		*
FSI International Inc	10,023,300	199,716	10	0.63%	11,356,400	226,378	8	0.83%
Entegris (Fluorware, Inc.)	*	*		*	16,020,900	317,973	3	1.16%
Chaska Investment LP	*	*		*	20,529,400	264,798	5	0.97%
Chevelle Development LP	*	*		*	19,503,300	243,785	6	0.89%
Club West Partners LLC	*	*		*	20,347,800	237,694	7	0.87%
Lifecore Biomedical Inc.	*	*		*	9,322,000	185,690	9	0.68%
Northern Star Co.	*	*		*	9,147,000	182,190	10	0.66%
	<u>\$ 173,403,400</u>	<u>\$ 2,903,557</u>		<u>9.19%</u>	<u>\$ 162,299,300</u>	<u>\$ 2,717,010</u>		<u>9.91%</u>

Source: Carver County Auditor

(1) Assessed 2018 values are determined as of January 2, 2017

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 (1)
 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
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) (2)	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)
2018	9,057,344	(1,614)	9,055,730	-	21,726

Source: Carver County Auditor

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

(2) Elimination of Market Value Homestead Credit.

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
\$ 4,433,609	\$ 4,320,905	97.46%	\$ 62,592	\$ 4,383,497	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%	5,035	4,895,467	99.66%
5,073,591	4,989,085	98.33%	84,478	5,073,563	100.00%
5,231,535	5,179,682	99.01%	18,932	5,198,614	99.37%
6,948,849	6,889,114	99.14%	291	6,889,405	99.14%
7,693,291	7,649,218	99.43%	1,455	7,650,673	99.45%
8,377,302	8,348,564	99.66%	8,860	8,357,424	99.76%
9,077,456	9,053,269	99.73%	-	9,053,269	99.73%

CITY OF CHASKA, MINNESOTA

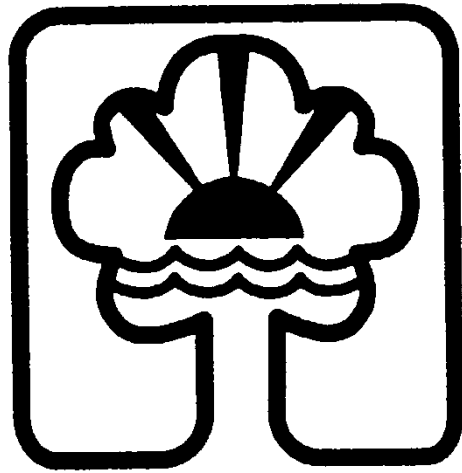
RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS
 (UNAUDITED)

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)
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
2018	2,505,000	1,435,000	1,125,000	2,420,000	28,780,000	9,545,000	96,139	2,587,041

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	CAPITAL LEASES	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)	TOTAL BUSINESS-TYPE ACTIVITIES DEBT	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME (1)	PER CAPITA (1)
\$ 36,806,090	\$ 13,425,000	\$ 62,905,000	\$ -	\$ 848,602	\$ 77,178,602	\$ 113,984,692	9.14%	\$ 4,715
37,435,871	12,700,000	33,125,000	-	806,195	46,631,195	84,067,066	6.53%	3,537
34,667,940	12,335,000	35,720,000	-	982,767	49,037,767	83,705,707	6.03%	3,487
37,477,091	12,020,000	34,575,000	-	929,875	47,524,875	85,001,966	5.81%	3,511
31,705,985	11,700,000	37,125,000	-	894,630	49,719,630	81,425,615	5.29%	3,282
32,774,250	11,370,000	35,625,000	-	840,869	47,835,869	80,610,119	5.32%	3,190
44,466,612	16,170,000	46,970,000	-	3,524,126	66,664,126	111,130,738	6.86%	4,340
41,327,475	15,745,000	45,435,000	-	3,289,591	64,469,591	105,797,066	6.21%	4,002
51,593,051	15,820,000	52,015,000	-	3,572,665	71,407,665	123,000,716	6.58%	4,652
48,493,180	15,100,000	47,050,000	145,571	3,305,892	65,601,463	114,094,643	6.10%	4,131



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)				
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
2018	36,265,000	2,070,891	15,100,000	281,020	7,634,833	46,082,078	1.62%	1,668

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, 2018
(UNAUDITED)**

	<u>DEBT OUTSTANDING</u>	<u>PERCENT OF DEBT APPLICABLE TO CITY</u>	<u>AMOUNT OF DEBT APPLICABLE TO CITY</u>
DIRECT DEBT			
City of Chaska (1)	<u>\$ 48,493,180</u>	100.00%	<u>\$ 48,493,180</u>
OVERLAPPING DEBT			
Carver County	29,216,316	22.06%	6,445,305
Carver County CDA	27,890,000	22.06%	6,152,711
Independent School District 112	159,015,000	38.25%	60,818,136
Metropolitan Council	1,549,087,966	0.61%	9,449,437
Metropolitan Airports Commission	1,473,810,500	0.61%	8,990,244
Mosquito Control District	<u>846,883</u>	22.06%	<u>186,828</u>
Total Overlapping Debt	<u>3,239,866,665</u>		<u>92,042,660</u>
Total Direct and Overlapping Debt	<u>\$ 3,288,359,845</u>		<u>\$ 140,535,840</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 2018

Assessed 2017, Payable 2018 Market Value		<u>\$ 2,847,274,600</u>
Legal Debt Limit - 3% of Market Value (1)		<u>\$ 85,418,238</u>
Amount of Debt Applicable to Limit:		
Total Bonded Debt	\$ 107,960,000	
Less (2)		
G.O. Tax Increment Bonds	1,125,000	
G.O. Special Assessment Bonds	28,780,000	
G.O. Revenue Bonds	15,100,000	
Revenue Bonds	56,595,000	
Debt Service Funds	<u>972,335</u>	
Total Debt Applicable to Debt Limit		<u>5,387,665</u>
Legal Debt Margin		<u><u>\$ 80,030,573</u></u>

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEARS 2009 THROUGH 2018

FISCAL YEAR	DEBT LIMIT	TOTAL NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE TO DEBT LIMIT
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%
2018	85,418,238	5,387,665	80,030,573	6.31%

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	
DEBT SERVICE FUNDS - REVENUE BONDS: LAST TEN FISCAL YEARS							
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)
2018	2,563	3,200	(637)	270,000	364,550	634,550	(0.00)
ELECTRIC ENTERPRISE FUND: EIGHT FISCAL YEARS							
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
2018	41,513,669	37,413,217	4,100,452	395,000	336,161	731,161	5.61
WATER ENTERPRISE FUND: LAST TEN FISCAL YEARS							
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
2018	2,908,068	1,860,948	1,047,120	529,000	361,505	890,505	1.18
SEWER ENTERPRISE FUND: FOUR FISCAL YEARS							
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
2018	3,809,359	3,610,519	198,840	116,000	73,973	189,973	1.05
COMMUNITY CENTER ENTERPRISE FUND: LAST TEN FISCAL YEARS							
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)
2018	3,069,710	3,834,757	(765,047)	2,465,000	185,834	2,650,834	(0.29)

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
TURBINE GENERATOR ENTERPRISE FUND: LAST TEN FISCAL YEARS							
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
2018	1,712,581	342,286	1,370,295	1,140,000	931,750	2,071,750	0.66
STORM WATER ENTERPRISE FUND: FOUR FISCAL YEARS							
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
2018	1,587,676	841,372	746,304	75,000	48,572	123,572	6.04
CURLING CENTER ENTERPRISE FUND: FOUR FISCAL YEARS							
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
2018	1,223,657	1,497,227	(273,570)	965,000	514,389	1,479,389	(0.18)

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 respectively.

CITY OF CHASKA, MINNESOTA

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

FISCAL YEAR	POPULATION (1)	NUMBER OF HOUSEHOLDS (1)	ESTIMATED PERSONAL INCOME (2)	PER CAPITA INCOME (2)	MEDIAN AGE (3)	K-12 SCHOOL ENROLLMENT (4)	UNEMPLOYMENT RATE (5)
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 (7)	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	26,941	10,012	1,823,366,880	67,680	36.1	5,662	3.06%
2018	27,622 (9)	10,136 (9)	1,869,456,960 (10)	67,680 (10)	36.1 (10)	5,572	2.50%

- (1) Source: Metropolitan Council annual estimate as of April 1st of the previous 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 - Community Facts American Community Survey five (5) year estimate, as of 2013-2017
- (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 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) 2018 data is a preliminary estimate from Metropolitan Council. Data will be updated as it becomes available.
- (10) 2018 data not available, amounts are based on 2017 data.

CITY OF CHASKA, MINNESOTA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

EMPLOYER	2018			2009		
	ESTIMATED EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	ESTIMATED EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Entegris	1,000	1	7.18%	350	7	2.87%
Beckman Coulter	925	2	6.64%	750	4	6.15%
School District #112	880	3	6.31%	1,100	1	9.02%
TEL-FSI, Inc. (2)	850	4	6.10%	850	2	6.97%
Carver County	700	5	5.02%	815	3	6.69%
The Bernard Group	646	6	4.64%	*	*	*
Lake Region Mfg. Co. Inc.	600	7	4.31%	745	5	6.11%
City of Chaska	593	8	4.25%	*	*	*
Old National Bank	560	9	4.02%	*	*	*
Apex International , MFG	400	10	2.87%	*	*	*
Sanofi Diagnostics Pasteur, Inc.	*	*	*	415	6	3.40%
Century Link (formerly Embarq)	*	*	*	210	8	1.72%
Maximum Graphics	*	*	*	190	9	1.56%
Lifecore Biomedical	*	*	*	185	10	1.52%
Total:	<u>7,154</u>		<u>51.33%</u>	<u>5,610</u>		<u>46.03%</u>

Sources: Minnesota Department of Employment and Economic Development, Baker Tilly survey,

(1) Total City Employment based on the most recent Metropolitan Council estimate as of 2018.

(2) Formally known as FSI International

* 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			
	2009	2010	2011	2012
General Government	24.8	24.7 (2)	23.9	25.8 (2)
Public Safety				
Police Department	31.7	31.5	32.0	32.4
Fire Department (1)	3.9	3.9	4.1	5.2
Public Works	20.6	22.8	20.0	19.8
Parks, Recreation and Arts	5.4	5.6	5.4	5.0
Electric	16.4	16.8	16.8	16.7
Water	6.6	6.3	6.7	6.8
Sewer	6.6	6.4	6.8	6.8
Chaska Community Center	39.4	39.3	39.3	38.9
Par 30 Golf Course	2.8	3.1	2.7	3.1
Chaska Town Course	17.9	18.9	17.9	18.4
Internet Service Provider	2.1	2.0	2.3	2.3
Storm Water (3)	N/A	N/A	2.5	2.8
Curling/Event Center	N/A	N/A	N/A	N/A
Total	178.2	181.3	180.4	183.9

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

2013	2014	2015	2016	2017	2018
28.8	29.4 (2)	30.2	31.2 (2)	29.7	32.2 (2)
32.8	30.0	30.0	31.9	31.5	32.7
6.4	8.8	11.5	11.1	12.3	14.1
21.2	20.3	19.5	20.9	22.1	24.6
5.7	5.6	4.6	7.2	7.0	7.7
15.9	17.0	17.6	17.6	17.4	16.0
7.0	7.4	7.6	7.1	7.1	6.8
6.7	7.2	7.0	6.9	7.1	6.9
37.7	37.1	37.7	38.8	39.0	38.1
2.4	2.3	2.6	2.7	2.6	2.4
17.9	17.9	18.6	19.3	18.5	18.4
2.3	1.0	0.0 (4)	0.0	0.0	0.0
2.3	2.6	2.7	3.1	3.2	2.9
N/A	N/A	1.0 (5)	6.0	8.6	9.2
<u>186.9</u>	<u>186.4</u>	<u>190.6</u>	<u>203.5</u>	<u>206.0</u>	<u>211.9</u>

CITY OF CHASKA, MINNESOTA

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

FUNCTION / PROGRAM	FISCAL YEAR			
	2009	2010	2011	2012
Electric				
Number of Connections (Billed)	9,265	9,481	9,526	9,586
Purchased KWH Power Wholesale				
From MMPA	285,120,854	307,054,699	322,849,265	348,581,737
Total KWH Sales	273,333,512	294,637,535	311,031,667	336,913,874
Peak KW Demand	60,495	66,697	71,330	72,549
Water				
Number of Connections (Billed)	6,187	6,253	6,296	6,322
Total Water Pumped (Gallons)	1,156,008,000	1,060,500,000	1,106,505,000	1,212,283,000
Total Water Sold (Gallons)	1,120,903,000	1,036,960,000	1,044,693,000	1,158,300,000
Average Daily Usage (Gallons Per Day)	3,071,000	2,841,000	3,032,000	3,173,000
System Peak Day (Gallons Per Day)	7,300,000	5,500,000	6,000,000	7,800,000
Sewer				
Number of Connections (Billed)	6,023	6,139	6,154	6,257
Total Gallons Treated (Gallons)	769,184,000	888,893,000	923,511,000	916,374,000
Sewer Service through Metropolitan Council Environmental Services				
Storm Water				
Number of Utility Customers (Billed)	7,793	7,870	7,866	7,882
Internet Service Provider (5)				
Number of Connections (Billed)	2,152	1,935	1,667	1,439
Golf Courses				
Town Course Rounds / Golfers	33,325	32,760	30,400	33,042
Par 30 Rounds / Golfers	16,691	15,804	13,210	15,652
Par 30 Rounds / Foot Golf (4)	-	-	-	-
General Government / Building Department				
Building Permits And Market Value				
Commercial, Industrial And Public (1)				
Permits	36	53	46	44
Market Value	\$ 28,596,877	\$ 23,016,775	\$ 54,355,421	\$ 14,310,190
Single Family Homes And Townhomes (2)				
Permits	48	43	54	115
Market Value	\$ 10,759,455	\$ 11,016,526	\$ 13,638,503	\$ 30,700,695
Condos, Apartments And Multi-Family Homes (2)				
Permits	-	-	-	5
Market Value	\$ -	\$ -	\$ -	\$ 7,500,728
Misc. Residential And Other Bldgs (3)				
Permits	697	716	744	784
Market Value	\$ 6,607,521	\$ 7,306,368	\$ 9,897,138	\$ 7,891,683
Total Building Permits:	781	812	844	948
Total Market Value:	\$ 45,963,853	\$ 41,339,669	\$ 77,891,062	\$ 60,403,296

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. 2018 was last year of billed service to outside customers.
- (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

2013	2014	2015	2016	2017	2018
9,887	10,054	9,912	10,002	10,240	10,296
355,358,125	360,570,327	360,908,813	367,267,226	364,637,712	383,993,272
342,701,568	347,410,769	350,780,886	355,853,340	354,995,442	371,660,959
76,147	72,641	70,061	77,637	73,472	78,428
6,448	6,613	6,797	6,912	7,063	7,151
1,089,134,000	1,036,324,000	1,030,518,000	1,040,547,000	1,071,455,000	1,037,845,000
1,031,696,000	972,503,000	991,284,000	1,016,915,000	1,029,698,000	981,943,000
2,827,000	2,664,392	2,715,847	2,786,000	2,821,000	2,843,411
6,847,000	6,429,000	6,007,000	7,047,000	6,554,000	6,579,000
6,380	6,545	6,710	6,827	6,916	6,999
920,399,000	930,431,000	931,203,000	924,965,000	912,076,000	845,848,000
7,954	8,051	8,153	8,292	8,364	8,438
1,080	730	2	2	2	2
28,519	31,199	34,253	33,403	32,642	30,157
14,982	14,907	15,560	14,810	14,130	13,206
-	-	1,925	1,108	681	647
44	51	43	38	45	49
\$ 37,794,640	\$ 11,117,620	\$ 26,204,786	\$ 14,769,385	\$ 69,759,098 (7)	\$ 14,207,139
130	138	135	134	103	78
\$ 34,957,157	\$ 35,216,150	\$ 35,690,048	\$ 34,199,578	\$ 24,339,375	\$ 18,788,936
8	6	1	10	-	1
\$ 3,317,416	\$ 5,005,291	\$ 17,000,000	\$ 6,303,563	\$ -	\$ 17,500,000
620	591	658	1,234	678	570
\$ 6,337,948	\$ 6,642,933	\$ 8,275,817	\$ 15,058,650 (6)	\$ 11,310,594	\$ 7,125,660
802	786	837	1,416	826	698
\$ 82,407,161	\$ 57,981,994	\$ 87,170,651	\$ 70,331,176	\$ 105,409,067	\$ 57,621,735

CITY OF CHASKA, MINNESOTA

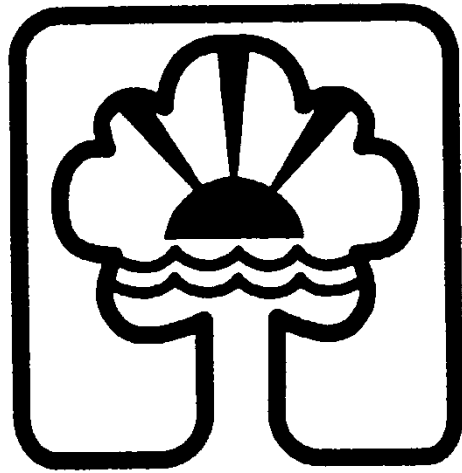
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

FUNCTION/PROGRAM	FISCAL YEAR			
	2009	2010	2011	2012
Public Safety				
Police:				
Stations	1	1	1	1
Fire:				
Stations	1	1	1	1
Number of Fire Hydrants (Private)	1,826	1,826	1,836	1,850
Number of Fire Hydrants (Public)				
Public Works				
Miles of Streets:				
City / Local	75.66	75.93	76.11	76.84
City MSA	16.10	16.10	20.47	20.47
Parks, Recreation and Arts				
Number of Parks	21	23	23	26
Acres of Parks	929	964	964	970
Miles of Trails	68.5 (1)	46.2 (1)	46.5 (1)	66
Golf Courses	2	2	2	2
Electric				
Number of Substations	3	3	3	4
Water				
Water Mains (Miles)	148	148	148	149
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						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1,865	414 (3)	416	422	494	517	
	1,371 (3)	1,390	1,393	1,393	1,431	
78.19	76.81 (2)	77.78	78.36	79.17	79.36	
20.47	20.95	20.95	20.94	20.94	20.79	
26	26	26	26	26	26	
970	970	970	973	973	973	
66	66	67	67	68	68	
2	2	2	2	2	2	
4	4	3 (4)	3	3	4	
151	153	154	155	155	160	
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	
4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	



CHASKA