

# **CITY OF CHASKA**

**STATE OF MINNESOTA**

**2019 COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**



**CITY OF CHASKA  
STATE OF MINNESOTA**

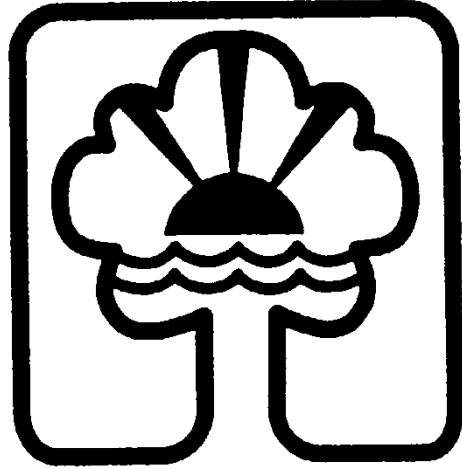
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

Prepared by:  
Administrative Services Department

Noel J. Graczyk  
Administrative Services Director,  
Treasurer

Kelly L. Grinnell  
Finance Manager



CHASKA

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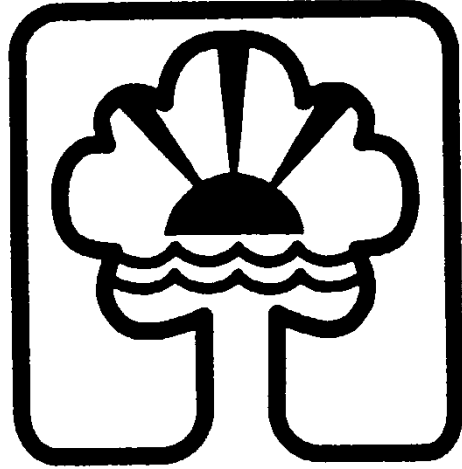
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CHASKA



# City of Chaska

June 08, 2020

**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, 2019, 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, 2019 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, 2019, 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 Services 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 nine enterprises: electric, water, sewer, and storm water utilities, a community center, two golf courses, curling and event center, and a turbine generator. The City provided fiber internet service until 2018, when this enterprise 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.

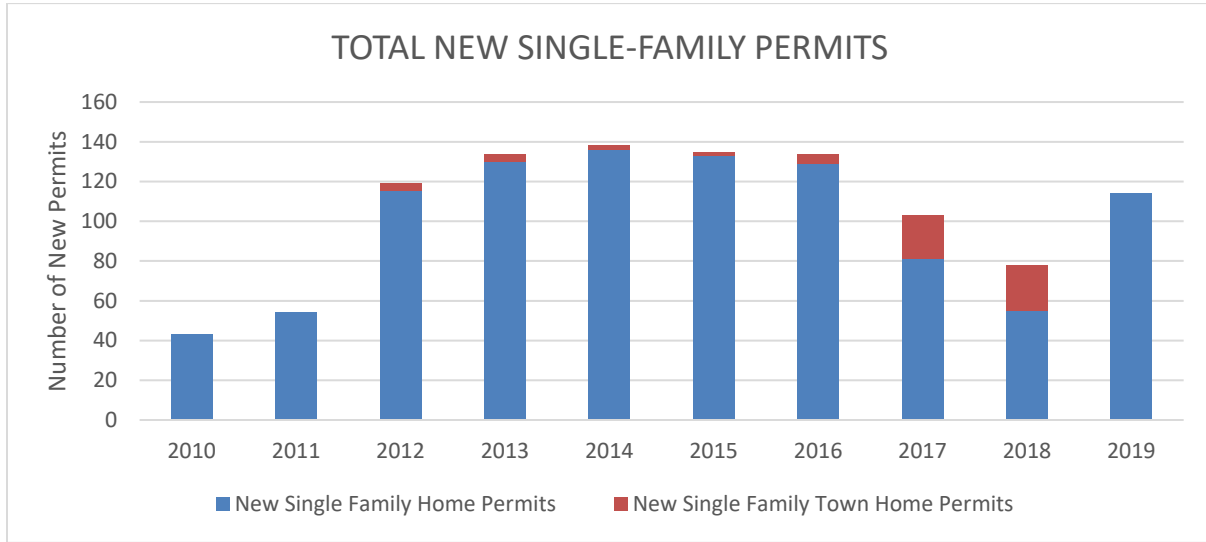
<i>Year</i>	<i>Population*</i>	<i>% Increase</i>
2000	17,500	
2010	23,770	35.8%
2018 Estimate	27,622	16.2%
2030 Projected	32,000	15.8%
2040 Projected	36,600	14.4%

*\*Source of Projected Population: Metropolitan Council*

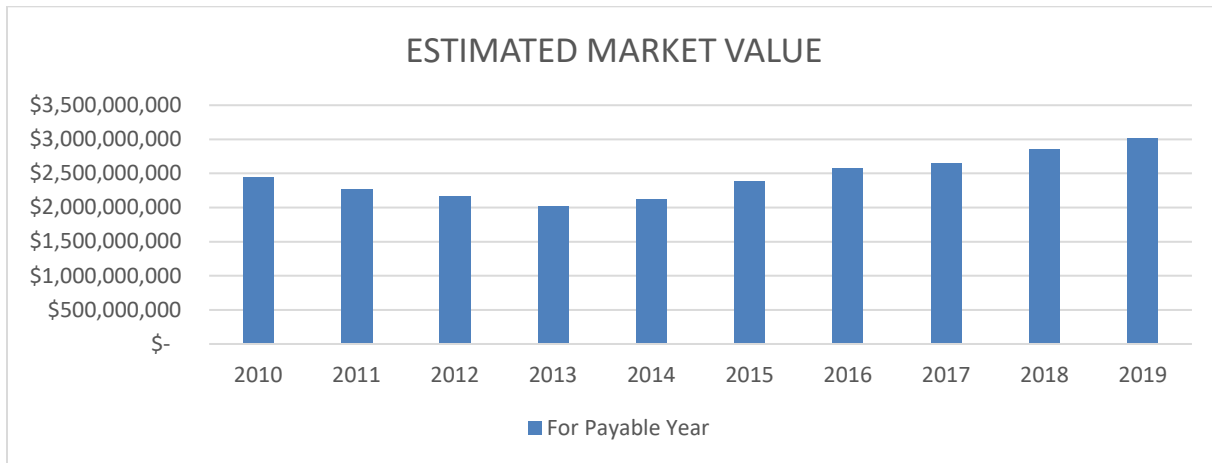
The rapid increase in population between 2000 and 2010 is attributed to the addition of approximately 200 to 500 housing units (both single family and multifamily units) per year from 2002 through 2005, as well as the addition of a significant amount of commercial development in the community. This commercial 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, Lake Region Manufacturing, and Beckman Coulter 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. Growth since then has been stable.



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 began in 2019 and will be completed in 2020.

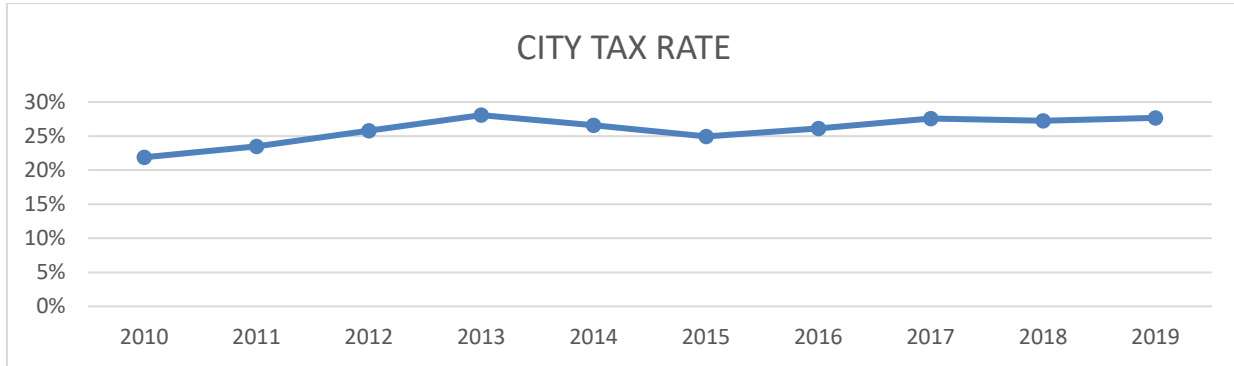
### **Long-Term Financial Planning**

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 2020 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 2019 – 2023 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 27.68 percent in 2019.



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 2020 or early 2021.

Another major initiative for the City is the continuing capital maintenance plan. Key to this is the \$1 million annually dedicated to reinvest into 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, 2018.

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.

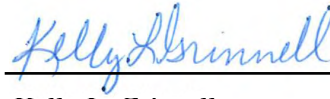
We would like to express appreciation to Matt Podhradsky, the City Administrator, and to the Honorable Mayor and Chaska City Council members for their interest and support in planning and conducting the financial operations of the City.

Respectfully submitted,



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Noel J. Graczyk  
Administrative Services Director, Treasurer



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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, 2018**

*Christopher P. Morvill*

Executive Director/CEO

# Organization and Administrative Structure

## City of Chaska, Minnesota

For the Year December 31, 2019

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 [ 584 Employees (155-292-0-137)]**

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

<p><b>Administration (7-1-0-1)</b></p> <p>(1-0-0-0) Assistant City Administrator, Economic Development Coordinator          (1-0-0-0) Deputy Clerk          (1-0-0-0) Administration Clerk              (0-0-0-1) Seasonal Intern          (1-0-0-0) Human Resources Manager          (1-0-0-0) Human Resources Generalist          (1-0-0-0) Communications Manager          (1-0-0-0) Cable Communications Coordinator              (0-1-0-0) Cable TV Camera Operator</p> <p><b>Administrative Services (20-3-0-1)</b></p> <p>(1-0-0-0) Administrative Services Director, Treasurer          (1-0-0-0) Finance Manager          (1-0-0-0) Controller          (1-0-0-0) Senior Accountant          (1-0-0-0) Accountant          (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 Clerk          (1-0-0-0) Accounts Payable Clerk          (0-1-0-0) Support Staff          (1-0-0-0) Customer Relations Supervisor          (1-0-0-0) Utility Billing Coordinator          (1-0-0-0) Assist. Utility Billing Coordinator          (1-0-0-0) Utility Account Clerk          (1-2-0-0) Customer Service Representative          (1-0-0-0) Information Systems Manager          (1-0-0-0) IS Network Administrator          (1-0-0-0) IS Desktop Support Analyst          (2-0-0-0) IS Network/Field Support Technicians              (0-0-0-1) Seasonal Intern</p> <p><b>Community Development and Planning Services (7-0-0-0)</b></p> <p>(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><b>Engineering Services (3-0-0-0)</b></p> <p>(1-0-0-0) City Engineer          (1-0-0-0) Civil Engineer II          (1-0-0-0) Water Resources Coordinator</p> <p><b>Police Services (32-1-0-0) [26 licensed officers]</b></p> <p>(1-0-0-0) Chief of Police          (1-0-0-0) Deputy Chief          (2-0-0-0) Lieutenant          (5-0-0-0) Sergeant          (1-0-0-0) 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><b>Public Works Services (22-0-0-19)</b></p> <p>(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          (10-0-0-0) Maintenance III (Street/Park)          (1-0-0-0) Maintenance II (Street/Park)          (0-0-0-19) Maintenance-Seasonal</p> <p><b>Fire Services (5-0-0-0)</b></p> <p>(1-0-0-0) Fire Chief          (1-0-0-0) Fire Marshal/Assistant Chief          (2-0-0-0) Firefighter Inspector          (1-0-0-0) Firefighter Administrative Assistant</p> <p><b>Chaska Volunteer Fire Department - 44 Active Volunteers</b></p>	<p><b>Electric Utility Services (14-0-0-3)</b></p> <p>(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          (7-0-0-0) Journeyman Line Worker          (1-0-0-0) Apprentice Lineworker              (0-0-0-2) Temporary Groundman              (0-0-0-1) Seasonal Laborer</p> <p><b>Water and Sewer Utility Services (9-0-0-0)</b></p> <p>(1-0-0-0) Water/Sewer Director          (1-0-0-0) Foreman (Water/Sewer)          (1-0-0-0) Leadworker (Water/Sewer)          (5-0-0-0) Maintenance III (Water/Sewer)          (1-0-0-0) Maintenance II (Water/Sewer)</p> <p><b>Parks Recreation and Arts (27-287-0-40)</b></p> <p><b>(Includes Community Center and Curling/Event Center)</b></p> <p>(1-0-0-0) Parks and Recreation Director</p> <p><b>Parks, Recreation and Arts (5-0-0-29)</b></p> <p>(1-0-0-0) Assistant to the Director              (0-0-0-1) Seasonal Intern          (1-0-0-0) Recreation Manager          (1-0-0-0) Recreation Coordinator          (1-0-0-0) Recreation Supervisor          (1-0-0-0) Admin Assistant II              (0-0-0-17) Rink Attendant, Outdoor              (0-0-0-11) Concessions (Parks/Beach)</p> <p><b>Community Center (15-227-0-11)</b></p> <p>(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/Website Supervisor          (1-0-0-0) Aquatics Supervisor          (1-0-0-0) Aquatics &amp; Operations Coordinator          (1-0-0-0) AOA Specialist          (1-0-0-0) Member Services Supervisor          (1-0-0-0) Fitness Supervisor          (1-0-0-0) Youth Supervisor          (1-0-0-0) Recreation Supervisor - AOA          (1-0-0-0) Athletics Supervisor              (0-29-0-0) Rink Attendant/Monitor/Referee              (3-26-0-0) Custodian/Maintenance              (0-83-0-0) Pool Staff and Instructors              (0-19-0-0) Front Desk/Cashier              (0-18-0-0) Day Care/Preschool instructors              (0-26-0-0) Fitness Instructor              (0-26-0-11) Activities Instructor/Assistant</p> <p><b>Curling and Event Center (6-60-0-0)</b></p> <p>(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) Curling &amp; Event Center Coordinator          (1-0-0-0) Software Systems Supervisor              (1-3-0-0) Custodian/Maintenance              (0-26-0-0) Curling Instructors              (0-26-0-0) Curling Center Staff              (0-5-0-0) Event Center Staff</p> <p><b>Golf Courses (8-0-0-73)</b></p> <p>(1-0-0-0) Golf Professional              (2-0-0-0) Assistant Golf Professionals</p> <p><b>Chaska Town Course (4-0-0-61)</b></p> <p>(1-0-0-0) Golf Superintendent          (3-0-0-0) Greenskeeper              (0-0-0-38) Course Staff              (0-0-0-23) Maintenance-Seasonal</p> <p><b>Chaska Par 30 (1-0-0-12)</b></p> <p>(1-0-0-0) Greenskeeper              (0-0-0-9) Course Staff              (0-0-0-3) Maintenance-Seasonal</p>
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Key to Number of Employees:  
 (Full-Time - Part-Time - Seasonal Full-Time - Seasonal Part-Time)

### Elected Officials

<b>Name</b>	<b>Title</b>	<b>Term Expires</b>
Mark Windschitl	Mayor	December 31, 2020
Jon Grau	Council Member, Ward 1	December 31, 2022
Taylor Hubbard	Council Member, Ward 2	December 31, 2020
McKayla Hatfield	Council Member, Ward 3	December 31, 2022
Mike Huang	Council Member, Ward 4	December 31, 2020

### Administrative Officials

<b>City Staff:</b>	
City Administrator/City Clerk	Matt Podhradsky
Assistant City Administrator	Nate Kabat
Administrator Services Director, Treasurer	Noel Graczyk
Community Development Director	Kevin Ringwald
City Engineer	Matt Clark
Chief of Police	Scott Knight
Deputy Chief – Interim Chief of Police	Benjamin Anderson
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
<b>Independent Consultant:</b>	
City Attorney	Luke Melchert Melchert, Hubert, Sjodin, PLLP



**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  
Kalen T. Karnowski, 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, 2019, 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, 2019, 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. 84, *Fiduciary Activities*, during the year ended December 31, 2019. 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.

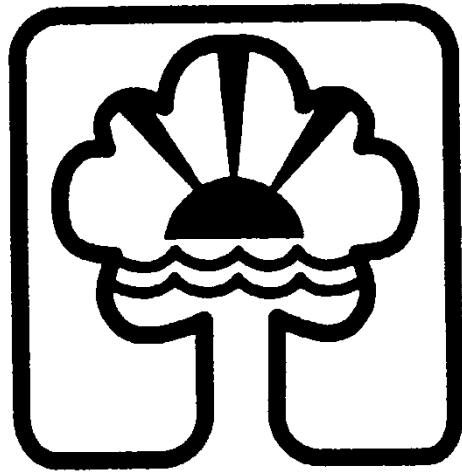
(continued)

**OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020, 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 8, 2020



CHASKA

As management of the City of Chaska (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information 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 \$190,553,093 (*net position*). Of that amount, \$35,661,523 is restricted for specific purposes (*restricted net position*) and \$176,001,472 represents the net investment in capital assets.
- The City's governmental funds reported combined ending fund balances of \$18,883,796. This is an increase of \$10,502,586 from the prior year.
- At the end of the current fiscal year, the General fund had a fund balance of \$1,910,861. While these funds are not legally restricted, the City has committed \$1,133,435 for compensated absences, leaving \$777,426 unassigned.
- The City issued four new bonds series and one temporary bond in 2019. Total bonds and premium payable increased \$11,676,588 during the year. At the end of the year, the City reported \$125,529,521 in bonds payable.

### **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, 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. The City's funds are reported in two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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, both of 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, and Curling Center operations.
- *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.

**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.

**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.

A statistical section has been included to facilitate additional analysis and it is the final 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 \$190,553,093 at the close of 2019.

By far, the largest portion of the City's net position (92.4 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

**Management's Discussion and Analysis**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and Other Assets	\$ 38,094,282	\$ 29,726,863	\$ 45,612,191	\$ 48,538,240	\$ 83,706,473	\$ 78,265,103
Capital Assets	187,836,859	188,231,207	69,314,873	69,705,234	257,151,732	257,936,441
Total Assets	<u>\$ 225,931,141</u>	<u>\$ 217,958,070</u>	<u>\$ 114,927,064</u>	<u>\$ 118,243,474</u>	<u>\$ 340,858,205</u>	<u>\$ 336,201,544</u>
<b>Deferred Outflows of Resources</b>						
Pension Plan Deferments	\$ 4,356,357	\$ 5,121,120	\$ 396,098	\$ 760,653	\$ 4,752,455	\$ 5,881,773
OPEB Plan Deferments	27,156	15,097	11,501	6,394	38,657	21,491
Total Deferred Outflows of Resources	<u>\$ 4,383,513</u>	<u>\$ 5,136,217</u>	<u>\$ 407,599</u>	<u>\$ 767,047</u>	<u>\$ 4,791,112</u>	<u>\$ 5,903,264</u>
Total Assets and Deferred Outflows	<u>\$ 230,314,654</u>	<u>\$ 223,094,287</u>	<u>\$ 115,334,663</u>	<u>\$ 119,010,521</u>	<u>\$ 345,649,317</u>	<u>\$ 342,104,808</u>
<b>Liabilities</b>						
Other Liabilities	\$ 4,944,611	\$ 4,540,271	\$ 4,716,767	\$ 5,007,643	\$ 9,661,378	\$ 9,547,914
Noncurrent Liabilities	69,832,981	56,601,970	69,477,712	70,422,540	139,310,693	127,024,510
Total Liabilities	<u>\$ 74,777,592</u>	<u>\$ 61,142,241</u>	<u>\$ 74,194,479</u>	<u>\$ 75,430,183</u>	<u>\$ 148,972,071</u>	<u>\$ 136,572,424</u>
<b>Deferred Inflows of Resources</b>						
Debt Refunding Deferments	\$ -	\$ -	\$ 407,286	\$ 444,312	\$ 407,286	\$ 444,312
Pension Plan Deferments	5,035,913	6,361,652	680,954	965,812	5,716,867	7,327,464
Total Deferred Inflows of Resources	<u>\$ 5,035,913</u>	<u>\$ 6,361,652</u>	<u>\$ 1,088,240</u>	<u>\$ 1,410,124</u>	<u>\$ 6,124,153</u>	<u>\$ 7,771,776</u>
<b>Net Position</b>						
Net Investment in Capital Assets	\$ 143,383,394	\$ 146,659,763	\$ 32,618,078	\$ 33,206,537	\$ 176,001,472	\$ 179,866,300
Restricted	19,254,366	20,434,329	16,407,157	16,111,606	35,661,523	36,545,935
Unrestricted	(12,136,611)	(11,503,698)	(8,973,291)	(7,147,929)	(21,109,902)	(18,651,627)
Total Net Position	<u>\$ 150,501,149</u>	<u>\$ 155,590,394</u>	<u>\$ 40,051,944</u>	<u>\$ 42,170,214</u>	<u>\$ 190,553,093</u>	<u>\$ 197,760,608</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 230,314,654</u>	<u>\$ 223,094,287</u>	<u>\$ 115,334,663</u>	<u>\$ 119,010,521</u>	<u>\$ 345,649,317</u>	<u>\$ 342,104,808</u>

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 \$35,661,523. After restrictions, the City is reporting an unrestricted net position deficit of \$21,109,902 a decrease of \$2,458,275 from the prior year.

**Governmental activities** – Total net position of the governmental activities decreased \$5,089,245 to \$150,501,149. The change in net position is due to the increase in noncurrent liabilities, including compensated absences, pension liabilities, other post-employment benefits, and debt.

**Business-type activities** – Total net position of the business-type activities decreased \$2,118,270 to \$40,051,944. Unrestricted net position decreased \$1,825,362 due to transfers out of utility funds for various improvement projects.

**Management's Discussion and Analysis**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

**City of Chaska - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 7,294,779	\$ 7,255,529	\$ 58,273,008	\$ 57,683,986	\$ 65,567,787	\$ 64,939,515
Operating Grants & Contributions	10,909,953	777,833	142,669	99,052	11,052,622	876,885
Capital Grants & Contributions	2,644,120	7,951,347	678,369	198,433	3,322,489	8,149,780
General Revenues:						
Property Taxes	10,805,084	10,129,998	-	-	10,805,084	10,129,998
Franchise Taxes	752,914	4,576,985	-	-	752,914	4,576,985
Grants & Contributions Not Restricted	42,379	26,334	283	211	42,662	26,545
Investment Earnings	428,710	400,814	407,297	362,111	836,007	762,925
Other General Revenues	277,822	366,702	138,006	82,857	415,828	449,559
<b>Total Revenues</b>	<b>33,155,761</b>	<b>31,485,542</b>	<b>59,639,632</b>	<b>58,426,650</b>	<b>92,795,393</b>	<b>89,912,192</b>
<b>Expenses</b>						
General Government	6,466,463	6,025,119	-	-	6,466,463	6,025,119
Economic Development	1,682,326	4,352,049	-	-	1,682,326	4,352,049
Public Safety	6,805,386	6,189,888	-	-	6,805,386	6,189,888
Public Works	26,781,348	10,088,913	-	-	26,781,348	10,088,913
Parks, Recreation & Arts	1,636,562	1,526,003	-	-	1,636,562	1,526,003
Interest on Long-term Debt	1,522,276	1,550,437	-	-	1,522,276	1,550,437
Electric	-	-	35,599,483	38,896,423	35,599,483	38,896,423
Water	-	-	3,391,370	3,015,694	3,391,370	3,015,694
Sewer	-	-	4,091,831	3,801,595	4,091,831	3,801,595
Community Center	-	-	4,716,992	4,752,021	4,716,992	4,752,021
Par 30 Golf Course	-	-	187,568	189,814	187,568	189,814
Chaska Town Course	-	-	2,505,095	2,452,056	2,505,095	2,452,056
Turbine Generator	-	-	1,023,865	1,016,539	1,023,865	1,016,539
Internet Service Provider	-	-	-	159,357	-	159,357
Storm Water	-	-	1,173,012	1,072,424	1,173,012	1,072,424
Chaska Curling Center	-	-	2,419,331	2,635,334	2,419,331	2,635,334
<b>Total Expenses</b>	<b>44,894,361</b>	<b>29,732,409</b>	<b>55,108,547</b>	<b>57,991,257</b>	<b>100,002,908</b>	<b>87,723,666</b>
Excess (Deficiency) Before Transfers	(11,738,600)	1,753,133	4,531,085	435,393	(7,207,515)	2,188,526
Transfers	6,649,355	(769,471)	(6,649,355)	769,471	-	-
Change in Net Position	(5,089,245)	983,662	(2,118,270)	1,204,864	(7,207,515)	2,188,526
Net Position - Beginning	155,590,394	154,606,732	42,170,214	40,965,350	197,760,608	195,572,082
Net Position - Ending	<u>\$ 150,501,149</u>	<u>\$ 155,590,394</u>	<u>\$ 40,051,944</u>	<u>\$ 42,170,214</u>	<u>\$ 190,553,093</u>	<u>\$ 197,760,608</u>

As a whole, the City had total revenues of \$92,795,393 for the year ended December 31, 2019. This is an increase of \$2,883,201 from the prior year.

The total cost of all programs and services was \$100,002,908, an increase of \$12,279,242 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 increased \$1,670,219 from the prior year and expenses increased \$15,161,952. Significant components of revenue and expenses include:

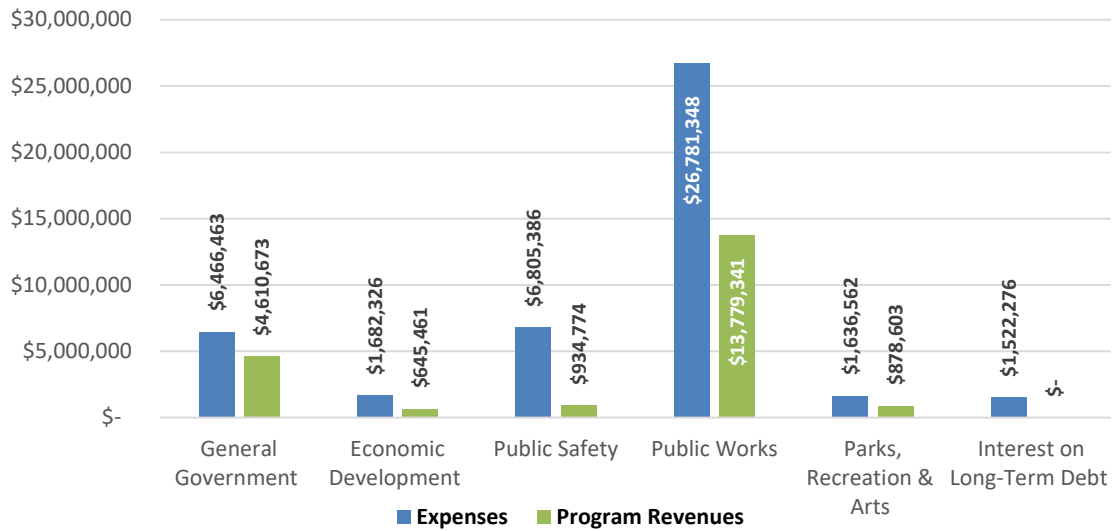
- Operating Grants and Contributions were the largest source of revenues at 32.9 percent. Operating Grants and Contributions for 2019 were \$10,132,120 more than the prior year,

- largely due to significant reimbursements from the County for a share of the cost of the highway 212/44 interchange project.
- The City's next largest source of revenue was property taxes at \$10,805,084 or 32.6 percent of total revenues. Property tax revenue increased \$675,086 from the prior year due to an increase in taxes levied.
  - Charges for Services made up 22.0 percent of total revenue, which was very similar to the prior year. Charges for services were \$39,250 more than 2018.
  - Capital Grants and Contributions were \$2,644,120, a decrease of \$5,307,227 from the prior year. This decrease is because the City did not receive any new developer donated infrastructure in 2019.
  - Franchise taxes decreased \$3,824,071, largely due to the elimination of the Electric fund franchise fee. In lieu of this franchise fee, for years 2019 and forward, the City will make a transfer from the Electric fund to the General Fund. The increase in net transfers reflects this change.
  - The total costs of all programs and services were \$44,894,361. The cost of providing street maintenance/construction makes up 59.7 percent of this total. This function increased \$16,692,435 from the prior year due to extensive construction and expansion projects in the south-west area that are not City-owned assets. The next largest expenses were in public safety and general government which account for 15.2 and 14.4 percent of the total, respectively.
  - Economic Development expenses were \$2,669,723 less than the prior year as new redevelopment projects in Tax Increment Districts were mostly completed in 2018.
  - Additional comparisons can be found in the accompanying graphs.

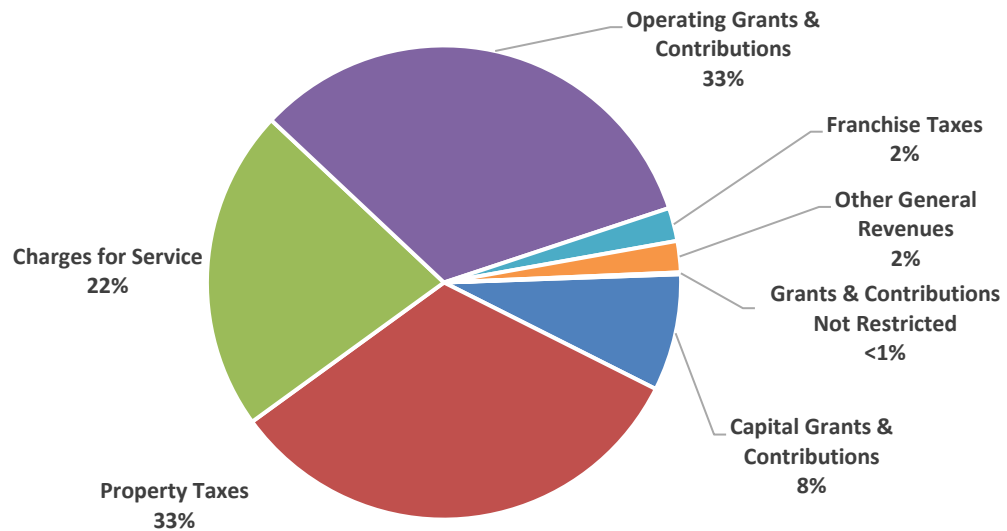
**Business-type activities** – Business-type Activities revenue increased \$1,212,982 from the prior year and expenses decreased \$2,882,710. Significant components of revenue and expenses include:

- 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, and Chaska Curling Center operations.
- The Electric fund comprises about 71 percent of all business-type revenue and 65 percent of all business-type expenses.
- Charges for services were stable compared to the prior year, increasing \$589,022 or 1.0 percent from the prior year.
- Capital Grants and Contributions increased \$479,936. The City received grants this year for an electric substation and an environmental habitat project related to the storm water system.
- Electric fund expenses decreased \$3,296,940, largely due to the elimination of the franchise fee paid to the General Fund.
- Net transfers reflects the increase in transfers out of the Electric Fund.
- Additional comparisons can be found in the accompanying graphs.

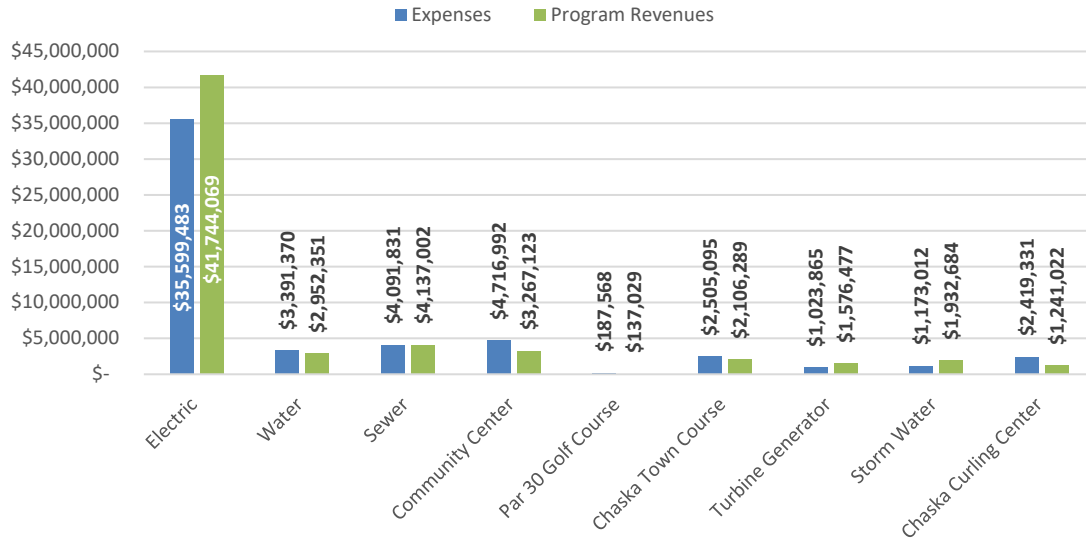
Expenses and Program Revenues - Governmental Activities



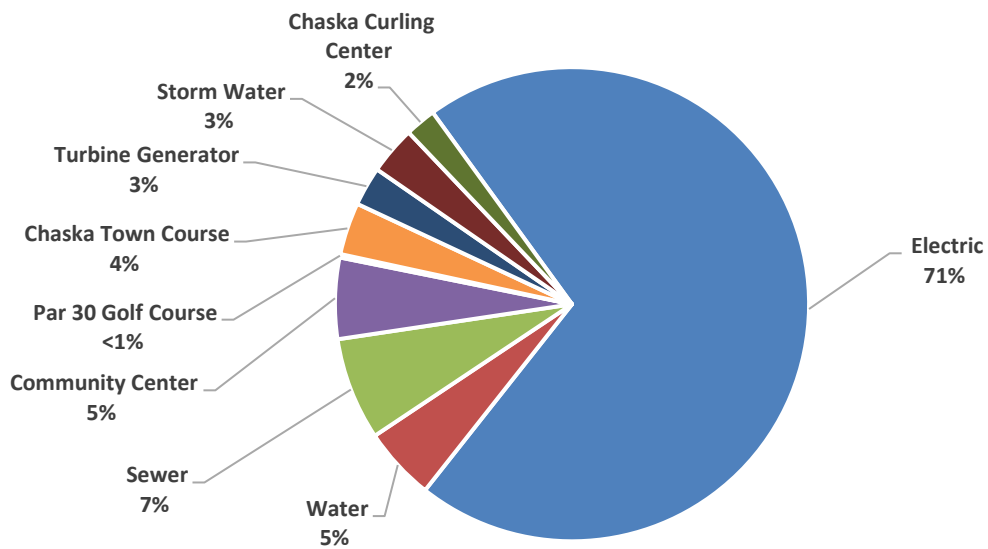
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-type Activities



Program Revenues - Business-type Activities



**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 \$18,883,796. Revenues for the City's governmental funds were \$34,281,279, while total expenditures were \$47,599,610. Intergovernmental revenue, property taxes, and charges for services were the most significant sources of revenue (84.1 percent) while capital outlay was the most significant expenditure (42.4 percent) followed by Public Works (14.5 percent) and Public Safety (13.7 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 \$777,426. Total fund balance decreased \$128,342 to \$1,910,861 as of December 31, 2019.

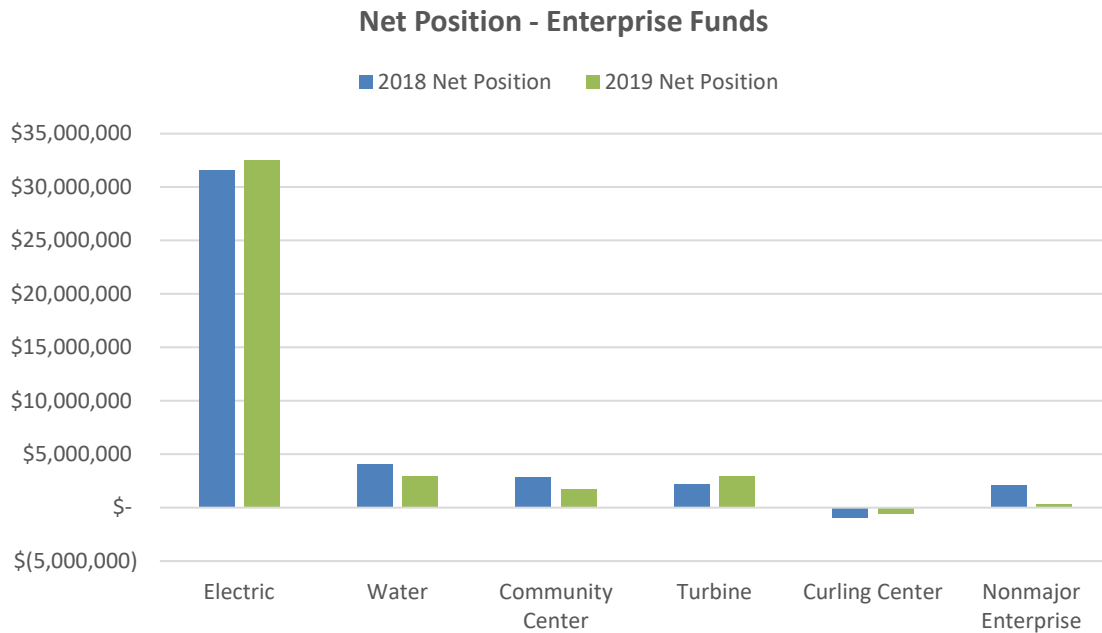
- For the year, total revenues and other financing sources were \$17,381,011 and total expenditures and other financing uses were \$17,509,353, resulting in a \$128,342 decrease in fund balance. Total revenues were \$4,418,930 less than total expenditures, due to lower than expected permit revenue and the elimination of the electric fund franchise fee. In lieu of the franchise fee the electric fund transferred \$3,927,340 to the General fund.
- The City has committed \$1,133,435 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 increased \$1,661,649 as of December 31, 2019 due to bonding and transfers from other funds to assist with project costs.

**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 decreased \$2,045,888 to \$39,874,943. 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 funds and combined non-major funds between 2019 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 2019, the original budget was amended, decreasing revenues \$3,874,000, increasing expenditures \$45,000, and increasing other financing sources \$3,919,000. The original budget was amended to reflect the elimination of the electric franchise fee paid to the General fund and to reflect the activity of the closed Internet Service Provider fund into General fund. In lieu of the franchise fee, the Electric fund will make a transfer to the General fund. The Internet Service Provider fund closed as of the end of 2018.

The City’s final budget for the General fund anticipated that revenues and other financing sources would be equal to expenditures and other financing uses. At year-end, revenues were \$455,194 less than the final budget, and expenditures were \$569,736 more than final budget. Other financing sources and uses were \$896,588 more than budget. For the year, the net change in fund balance was a decrease of \$128,342.

**Budgetary variances – Revenues**

- Total General Fund property taxes were \$5,697,923, slightly less than the final budget of \$5,711,506.
- Licenses and Permit revenue was \$499,420 under budget due a decrease in total building permits issued.

- Intergovernmental revenue surpassed the final budget by \$139,935. State training aid for Police and Fire comprised \$33,842 of the variance. The police department liaison program generated \$60,093 more than budget due to expanded service during the school year.
- Investment earnings were \$21,246 more than final budget due to better interest rates.

**Budgetary variances - Expenditures**

- General Government expenditures were \$394,487 over budget. Professional services and personnel services accounted for much of this variance as open positions were filled with outside services. A staffing study done early in the year resulted in adding staff prior to the end of the year that were not originally budgeted. Technology costs related to existing and new software systems were also higher than expected.
- Public Safety expenditures were \$32,880 more than the final budget. Higher costs for employee wages and benefits, training, and equipment were offset by savings on fuel, repairs, and insurance costs allocated to police and fire.
- Public Works expenditures were \$264,427 over budget related to personnel costs and higher than expected snow removal and utility costs.
- Parks, Recreation and Arts were under budget by \$124,277 due to administrative fees and insurance costs lower than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As shown in capital asset table below, at the end of 2019, the City had \$257.2 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**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 51,583,265	\$ 51,583,265	\$ 1,231,421	\$ 1,231,421	\$ 52,814,686	\$ 52,814,686
Works of Art/Historical Treasures	105,027	105,027	-	-	105,027	105,027
Buildings	2,384,153	2,416,629	34,659,453	36,160,012	37,043,606	38,576,641
Other Improvements	11,327,233	11,966,322	945,333	1,081,052	12,272,566	13,047,374
Furniture & Equipment	3,882,498	4,080,492	4,700,857	5,088,132	8,583,355	9,168,624
Infrastructure	94,194,419	95,779,033	20,166,959	20,376,465	114,361,378	116,155,498
Construction in Progress	24,360,264	22,300,439	7,610,850	5,768,152	31,971,114	28,068,591
Total Capital Assets, Net of Depreciation	<u>\$ 187,836,859</u>	<u>\$ 188,231,207</u>	<u>\$ 69,314,873</u>	<u>\$ 69,705,234</u>	<u>\$ 257,151,732</u>	<u>\$ 257,936,441</u>

In 2019, Construction in Progress increased in both governmental activities and business-type activities.

## Management's Discussion and Analysis

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

- Governmental activities construction in progress is related to ongoing and extensive development of the southwest Chaska area.
- Business-type activities construction in progress includes a substation and expansion of the electric distribution system, and sewer and storm water infrastructure projects.

### Long-Term Debt

At year-end, the City had \$119.2 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.

<b>City of Chaska - Outstanding Debt</b>						
<small>(Does Not Include Premiums, Compensated Absences, Other Post-Employment Benefit or Net Pension Liabilities)</small>						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Equipment Certificates	\$ 3,480,000	\$ 2,505,000	\$ -	\$ -	\$ 3,480,000	\$ 2,505,000
General Obligation Bonds	1,590,000	1,880,000	17,220,000	15,100,000	18,810,000	16,980,000
General Obligation Tax Increment Bonds	3,210,000	1,125,000	-	-	3,210,000	1,125,000
General Obligation Abatement Bonds	620,000	630,000	-	-	620,000	630,000
General Obligation Improvement Bonds	33,595,000	29,405,000	-	-	33,595,000	29,405,000
General Obligation Revenue Bonds	645,000	720,000	-	-	645,000	720,000
Temporary General Obligation Bonds	5,205,000	-	-	-	5,205,000	-
Revenue Bonds	-	-	26,290,000	27,905,000	26,290,000	27,905,000
EDA Lease Revenue Bonds	9,270,000	9,545,000	17,835,000	19,145,000	27,105,000	28,690,000
Promissory Note Payable	83,696	96,139	-	-	83,696	96,139
Capital Lease Payable	12,878	-	101,541	145,571	114,419	145,571
<b>Total</b>	<b><u>\$ 57,711,574</u></b>	<b><u>\$ 45,906,139</u></b>	<b><u>\$ 61,446,541</u></b>	<b><u>\$ 62,295,571</u></b>	<b><u>\$ 119,158,115</u></b>	<b><u>\$ 108,201,710</u></b>

- During 2019, the City made principal payments of \$8,390,000 on outstanding bonds, \$12,443 on notes payable, and \$45,442 on capital leases.
- During the year, the City issued four new bonds, one temporary bond, and entered into a capital lease agreement for fitness equipment at the Fire department.

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 A2 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, 2019, the City's legal debt margin was \$58,062,399. 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 2020 budget. Specifically, six major economic issues were considered:

1. Market values across the community increased by an average of 9.14 percent. This will increase our overall property values in the community to \$3.2 billion, the highest level in our City's history. 1.35 percent of this change came from new construction with the rest being increased values on existing properties.
2. Based on State formulas, the City receives minimal Local Government Aid to help reduce our tax levy need. The amount the City is projected to receive in 2020 is \$14,171. In 2018, the City recaptured half of the \$250,000 lost annually from LGA reductions and has retained that amount in the 2020 budget.
3. Residential and commercial building permits in 2018 and 2019 were strong, but not as strong as they were in 2017. Much of this has to do with running out of room for additional commercial/industrial development and expansions. Because of that, we have reduced the amount we are budgeting towards building permit revenue by over \$300,000 in 2020. We do expect to see that increase once we have the new Industrial Park opened at the County Road 44/212 interchange.
4. The City continues to see an increase in population, with a steady increase in the number of residential units being built in the community. We expect the population of Chaska to be just over 28,000 in 2020.
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 electric fund transfers to the General fund.
6. The City expects to see a good balance of residential, commercial and industrial development occur in the City, especially now that the interchange is open at Highways 44/212 and additional property is becoming available for development.

The COVID-19 pandemic has caused significant volatility in economic conditions worldwide and has caused an economic downturn as several businesses have had to temporarily halt operations or scale back. In 2020, the City has temporarily closed certain operations, including the Community Center and Curling and Event Center. This situation will result in lower revenues, decreased demand for certain services, an increase in delinquencies or uncollectible accounts receivable, and increased expenses. The City will likely make amendments to its 2020 budget due to COVID-19.

**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.

**Government-Wide Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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CITY OF CHASKA, MINNESOTA

STATEMENT OF NET POSITION  
DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash And Investments	\$ 20,387,071	\$ 5,075,807	\$ 25,462,878
Receivables:			
Taxes	161,488	-	161,488
Special Assessments	12,478,493	32,156	12,510,649
Accounts, Net Of Allowance	216,403	6,666,296	6,882,699
Interest	16,352	148,091	164,443
Leases	71,523	17,998,284	18,069,807
Notes	15,195	-	15,195
Internal Balances	3,194,779	(3,194,779)	-
Due From Other Governments	322,042	253,857	575,899
Inventories	-	2,012,965	2,012,965
Net Pension Asset	242,430	-	242,430
Restricted Assets:			
Cash And Investments For Operating And Maintenance	-	10,958,000	10,958,000
Cash With Escrow Agent - Debt Service	988,506	5,661,514	6,650,020
Capital Assets:			
Not Depreciated	76,048,556	8,842,271	84,890,827
Net Of Depreciation	111,788,303	60,472,602	172,260,905
<b>TOTAL ASSETS</b>	<b>225,931,141</b>	<b>114,927,064</b>	<b>340,858,205</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan Deferments	4,356,357	396,098	4,752,455
OPEB Plan Deferments	27,156	11,501	38,657
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,383,513</b>	<b>407,599</b>	<b>4,791,112</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 230,314,654</b>	<b>\$ 115,334,663</b>	<b>\$ 345,649,317</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,550,433	\$ 262,324	\$ 1,812,757
Salaries Payable	462,088	288,160	750,248
Deposits Payable	374,823	370,420	745,243
Accrued Interest Payable	682,996	609,525	1,292,521
Due To Other Governments	37,774	2,411,763	2,449,537
Unearned Revenue	1,836,497	774,575	2,611,072
Non-Current Liabilities:			
Due Within One Year	7,086,580	4,279,901	11,366,481
Due In More Than One Year	62,746,401	65,197,811	127,944,212
<b>TOTAL LIABILITIES</b>	<b>74,777,592</b>	<b>74,194,479</b>	<b>148,972,071</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Debt Refunding Deferments	-	407,286	407,286
Pension Plan Deferments	5,035,913	680,954	5,716,867
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,035,913</b>	<b>1,088,240</b>	<b>6,124,153</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	143,383,394	32,618,078	176,001,472
Restricted for:			
Special Purposes	108,701	-	108,701
Capital Projects	2,297,970	-	2,297,970
Debt Service	14,399,553	16,407,157	30,806,710
Economic Development	1,504,942	-	1,504,942
Fire Relief Pensions	943,200	-	943,200
Unrestricted	(12,136,611)	(8,973,291)	(21,109,902)
<b>TOTAL NET POSITION</b>	<b>150,501,149</b>	<b>40,051,944</b>	<b>190,553,093</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 230,314,654</b>	<b>\$ 115,334,663</b>	<b>\$ 345,649,317</b>

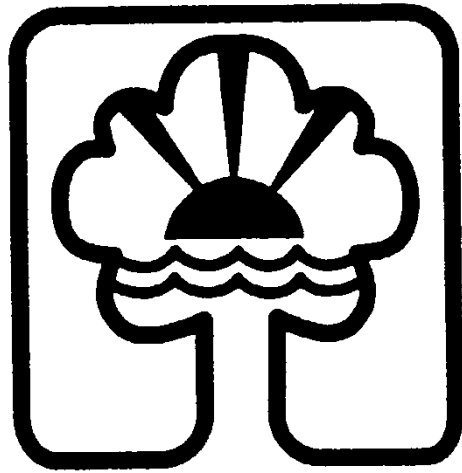
The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

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
<b>Governmental Activities:</b>							
General Government	\$ 6,466,463	\$ 4,522,047	\$ 88,626	\$ -	\$ (1,855,790)	\$ -	\$ (1,855,790)
Economic Development	1,682,326	85,000	179,670	380,791	(1,036,865)	-	(1,036,865)
Public Safety	6,805,386	240,462	672,371	21,941	(5,870,612)	-	(5,870,612)
Public Works	26,781,348	1,794,876	9,955,511	2,028,954	(13,002,007)	-	(13,002,007)
Parks, Recreation And Arts	1,636,562	652,394	13,775	212,434	(757,959)	-	(757,959)
Interest On Long-Term Debt	1,522,276	-	-	-	(1,522,276)	-	(1,522,276)
<b>Total Governmental Activities</b>	<b>44,894,361</b>	<b>7,294,779</b>	<b>10,909,953</b>	<b>2,644,120</b>	<b>(24,045,509)</b>	<b>-</b>	<b>(24,045,509)</b>
<b>Business-type Activities:</b>							
Electric	35,599,483	41,203,336	2,386	538,347	-	6,144,586	6,144,586
Water	3,391,370	2,921,859	870	29,622	-	(439,019)	(439,019)
Sewer	4,091,831	4,136,124	134,699	-	-	178,992	178,992
Community Center	4,716,992	3,264,746	2,377	-	-	(1,449,869)	(1,449,869)
Par 30 Golf Course	187,568	136,903	126	-	-	(50,539)	(50,539)
Chaska Town Course	2,505,095	2,105,154	1,135	-	-	(398,806)	(398,806)
Turbine Generator	1,023,865	1,576,477	-	-	-	552,612	552,612
Storm Water	1,173,012	1,688,118	345	110,400	-	625,851	625,851
Chaska Curling Center	2,419,331	1,240,291	731	-	-	(1,178,309)	(1,178,309)
<b>Total Business-type Activities</b>	<b>55,108,547</b>	<b>58,273,008</b>	<b>142,669</b>	<b>678,369</b>	<b>-</b>	<b>3,985,499</b>	<b>3,985,499</b>
<b>TOTAL</b>	<b>\$ 100,002,908</b>	<b>\$ 65,567,787</b>	<b>\$ 11,052,622</b>	<b>\$ 3,322,489</b>	<b>(24,045,509)</b>	<b>3,985,499</b>	<b>(20,060,010)</b>
<b>General Revenues:</b>							
Property Taxes					10,805,084	-	10,805,084
Franchise Taxes					752,914	-	752,914
Grants & Contributions Not Restricted to Specific Functions					42,379	283	42,662
Investment Earnings					428,710	407,297	836,007
Other					277,822	138,006	415,828
Transfers					6,649,355	(6,649,355)	-
<b>Total General Revenues &amp; Transfers</b>					<b>18,956,264</b>	<b>(6,103,769)</b>	<b>12,852,495</b>
<b>Change in Net Position</b>					<b>(5,089,245)</b>	<b>(2,118,270)</b>	<b>(7,207,515)</b>
<b>Net Position - Beginning</b>					<b>155,590,394</b>	<b>42,170,214</b>	<b>197,760,608</b>
<b>Net Position - Ending</b>					<b>\$ 150,501,149</b>	<b>\$ 40,051,944</b>	<b>\$ 190,553,093</b>

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



CHASKA

**Governmental Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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CITY OF CHASKA, MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash And Investments	\$ 2,490,895	\$ -	\$ 17,297,185	\$ 19,788,080
Cash With Escrow Agent	-	-	988,506	988,506
Receivables:				
Taxes	113,252	-	48,236	161,488
Special Assessments	-	508,848	11,969,645	12,478,493
Accounts, Net of Allowance	198,590	-	17,813	216,403
Interest	2,284	-	7,264	9,548
Lease	-	-	71,523	71,523
Notes	-	-	15,195	15,195
Due From Other Funds	-	-	5,777,324	5,777,324
Due From Other Governments	62,654	259,388	-	322,042
Interfund Receivable	-	-	313,952	313,952
Advance To Other Funds	-	-	1,918,756	1,918,756
<b>TOTAL ASSETS</b>	<b>\$ 2,867,675</b>	<b>\$ 768,236</b>	<b>\$ 38,425,399</b>	<b>\$ 42,061,310</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 115,707	\$ 957,270	\$ 477,097	\$ 1,550,074
Salaries Payable	462,088	-	-	462,088
Deposits Payable	308,872	43,413	22,538	374,823
Due To Other Funds	-	4,553,266	1,224,058	5,777,324
Due To Other Governments	31,989	5,658	-	37,647
Interfund Payable	-	-	110,713	110,713
Advance From Other Funds	-	-	2,250,215	2,250,215
Unearned Revenue	-	-	1,836,497	1,836,497
<b>TOTAL LIABILITIES</b>	<b>918,656</b>	<b>5,559,607</b>	<b>5,921,118</b>	<b>12,399,381</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Taxes	38,158	-	24,438	62,596
Unavailable Revenue - Special Assessments	-	508,848	10,119,971	10,628,819
Unavailable Revenue - Notes Receivable	-	-	15,195	15,195
Unavailable Revenue - Lease Receivable	-	-	71,523	71,523
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>38,158</b>	<b>508,848</b>	<b>10,231,127</b>	<b>10,778,133</b>
<b>FUND BALANCES:</b>				
Restricted	-	509,838	13,037,083	13,546,921
Committed	1,133,435	186,282	4,301,663	5,621,380
Assigned	-	-	8,511,304	8,511,304
Unassigned	777,426	(5,996,339)	(3,576,896)	(8,795,809)
<b>TOTAL FUND BALANCES</b>	<b>1,910,861</b>	<b>(5,300,219)</b>	<b>22,273,154</b>	<b>18,883,796</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,867,675</b>	<b>\$ 768,236</b>	<b>\$ 38,425,399</b>	<b>\$ 42,061,310</b>

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

**CITY OF CHASKA, MINNESOTA**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

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Total fund balances - governmental funds \$ 18,883,796

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	284,739,580
Less: Accumulated Depreciation	(96,902,721)

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

Delinquent Taxes	62,596
Special Assessments	10,628,819
Notes Receivable	15,195
Leases Receivable	71,523

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	4,356,357
Deferred Inflows - Pension Plan Deferments	(5,035,913)
Deferred Outflows - OPEB Plan Deferments	27,156

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.

4,105,309

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

(177,001)

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.

(682,996)

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	(7,086,580)
Due in more than one year	<u>(62,746,401)</u>

Net position of governmental activities

\$ 150,501,149

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, 2019

	GENERAL	PUBLIC IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes:				
Property	\$ 5,697,923	\$ -	\$ 5,099,910	\$ 10,797,833
Franchise	752,914	-	-	752,914
Licenses And Permits	910,342	-	-	910,342
Intergovernmental	795,598	9,910,984	1,040,516	11,747,098
Charges For Services	4,140,543	-	2,158,722	6,299,265
Fines And Forfeitures	64,114	-	8,342	72,456
Special Assessments	-	162,920	2,372,673	2,535,593
Investment Earnings (Charges)	43,246	(152,460)	406,936	297,722
Other Revenue	160,743	7,200	700,113	868,056
<b>TOTAL REVENUES</b>	<b>12,565,423</b>	<b>9,928,644</b>	<b>11,787,212</b>	<b>34,281,279</b>
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
General Government	5,847,504	-	139,469	5,986,973
Economic Development	-	-	1,590,071	1,590,071
Public Safety	6,459,160	-	39,519	6,498,679
Public Works	3,724,981	2,271,479	926,233	6,922,693
Parks, Recreation And Arts	950,489	-	102,286	1,052,775
<b>DEBT SERVICE:</b>				
Principal	1,412	-	3,322,443	3,323,855
Interest	582	-	1,717,497	1,718,079
Issuance Costs And Fiscal Agent Fees	225	69,821	248,982	319,028
<b>CAPITAL OUTLAY</b>	<b>-</b>	<b>17,031,438</b>	<b>3,156,019</b>	<b>20,187,457</b>
<b>TOTAL EXPENDITURES</b>	<b>16,984,353</b>	<b>19,372,738</b>	<b>11,242,519</b>	<b>47,599,610</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4,418,930)</b>	<b>(9,444,094)</b>	<b>544,693</b>	<b>(13,318,331)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,801,298	4,051,916	8,904,992	17,758,206
Transfers Out	(525,000)	(68,286)	(9,489,100)	(10,082,386)
Bonds Issued	-	7,039,650	7,695,350	14,735,000
Refunding Bonds Issued	-	-	1,740,000	1,740,000
Premium on Bonds Issued	-	82,463	933,344	1,015,807
Capital Lease Issued	14,290	-	-	14,290
Payment to Refunding Bond Escrow Agent	-	-	(1,360,000)	(1,360,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,290,588</b>	<b>11,105,743</b>	<b>8,424,586</b>	<b>23,820,917</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(128,342)</b>	<b>1,661,649</b>	<b>8,969,279</b>	<b>10,502,586</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>2,039,203</b>	<b>(6,961,868)</b>	<b>13,303,875</b>	<b>8,381,210</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,910,861</b>	<b>\$ (5,300,219)</b>	<b>\$ 22,273,154</b>	<b>\$ 18,883,796</b>

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

CITY OF CHASKA, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

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Total net change in fund balances - governmental funds \$ 10,502,586

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	6,758,755
Less: Depreciation Expense	(7,129,405)
Net Book Value of assets sold or disposed	(23,698)

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	7,251
Special Assessments	(1,343,075)
Notes Receivable	(11,400)
Leases Receivable	(27,860)

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)	(20,267,285)
Reductions to long-term liabilities (decreases governmental fund balances)	7,036,274

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.

Deferred Outflows - Pension Plan Deferments	(764,763)
Deferred Inflows - Pension Plan Deferments	1,325,739
Deferred Outflows - OPEB Deferments	12,059

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.

(6,607)

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.

(1,230,198)

Internal service fund profit allocated to business-type activities.

72,382

Change in net position - governmental activities

\$ (5,089,245)

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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Taxes:				
Property	\$ 5,711,506	\$ 5,711,506	\$ 5,697,923	\$ (13,583)
Franchise	4,711,400	792,400	752,914	(39,486)
Licenses And Permits	1,409,762	1,409,762	910,342	(499,420)
Intergovernmental	655,663	655,663	795,598	139,935
Charges For Services	4,213,511	4,213,511	4,140,543	(72,968)
Fines And Forfeitures	121,845	121,845	64,114	(57,731)
Investment Earnings	22,000	22,000	43,246	21,246
Other Revenue	48,930	93,930	160,743	66,813
<b>TOTAL REVENUES</b>	<b>16,894,617</b>	<b>13,020,617</b>	<b>12,565,423</b>	<b>(455,194)</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	5,408,017	5,453,017	5,847,504	(394,487)
Public Safety	6,426,280	6,426,280	6,459,160	(32,880)
Public Works	3,460,554	3,460,554	3,724,981	(264,427)
Parks, Recreation And Arts	1,074,766	1,074,766	950,489	124,277
Debt Service:				
Principal	-	-	1,412	(1,412)
Interest	-	-	582	(582)
Cost of Issuance	-	-	225	(225)
<b>TOTAL EXPENDITURES</b>	<b>16,369,617</b>	<b>16,414,617</b>	<b>16,984,353</b>	<b>(569,736)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>525,000</b>	<b>(3,394,000)</b>	<b>(4,418,930)</b>	<b>(1,024,930)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	3,919,000	4,801,298	882,298
Transfers Out	(525,000)	(525,000)	(525,000)	-
Capital Lease Issued	-	-	14,290	14,290
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(525,000)</b>	<b>3,394,000</b>	<b>4,290,588</b>	<b>896,588</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>(128,342)</b>	<b>(128,342)</b>
<b>FUND BALANCES, January 1</b>	<b>2,039,203</b>	<b>2,039,203</b>	<b>2,039,203</b>	<b>-</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 2,039,203</b>	<b>\$ 2,039,203</b>	<b>\$ 1,910,861</b>	<b>\$ (128,342)</b>

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

**Proprietary Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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CITY OF CHASKA, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE		
OPERATING REVENUES:								
Sales	\$ 41,203,336	\$ 2,921,859	\$ 3,264,746	\$ 1,576,477	\$ 1,240,291	\$ 8,066,299	\$ 58,273,008	\$ 332,134
OPERATING EXPENSES:								
Production	28,292,977	494,554	-	-	-	2,453,778	31,241,309	-
Distribution / Collections	2,646,014	892,223	-	-	-	1,081,722	4,619,959	-
Administration	3,119,557	794,911	3,786,406	389,787	1,295,609	3,425,090	12,811,360	735,533
Depreciation	1,180,170	819,733	748,506	-	628,588	753,467	4,130,464	-
TOTAL OPERATING EXPENSES	35,238,718	3,001,421	4,534,912	389,787	1,924,197	7,714,057	52,803,092	735,533
OPERATING INCOME (LOSS)	5,964,618	(79,562)	(1,270,166)	1,186,690	(683,906)	352,242	5,469,916	(403,399)
NON-OPERATING REVENUES:								
Investment Earnings (Charges)	362,224	77,786	(48,929)	80,811	(106,919)	42,324	407,297	130,988
Intergovernmental	2,628	870	2,377	-	731	136,346	142,952	-
Payments	-	-	-	52,659	-	-	52,659	-
Miscellaneous Refunds	-	85,347	-	-	-	-	85,347	68,678
TOTAL NON-OPERATING REVENUES	364,852	164,003	(46,552)	133,470	(106,188)	178,670	688,255	199,666
NON-OPERATING EXPENSES:								
Interest	338,566	355,201	158,859	629,578	486,765	169,305	2,138,274	-
Issuance Costs And Fiscal Agent Fees	450	26,858	3,000	4,500	3,200	54,450	92,458	-
Loss On Sale Of Capital Assets	-	-	2,341	-	-	-	2,341	-
TOTAL NON-OPERATING EXPENSES	339,016	382,059	164,200	634,078	489,965	223,755	2,233,073	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,990,454	(297,618)	(1,480,918)	686,082	(1,280,059)	307,157	3,925,098	(203,733)
CAPITAL CONTRIBUTIONS	538,347	29,622	-	-	-	110,400	678,369	-
TRANSFERS IN (OUT):								
Transfers In	-	596,000	432,000	-	1,590,287	313,826	2,932,113	-
Transfers Out	(5,671,340)	(1,458,905)	-	-	-	(2,451,223)	(9,581,468)	(1,026,465)
TOTAL TRANSFERS IN (OUT)	(5,671,340)	(862,905)	432,000	-	1,590,287	(2,137,397)	(6,649,355)	(1,026,465)
CHANGE IN NET POSITION	857,461	(1,130,901)	(1,048,918)	686,082	310,228	(1,719,840)	(2,045,888)	(1,230,198)
NET POSITION, JANUARY 1	31,640,456	4,107,549	2,824,018	2,214,167	(927,267)	2,061,908	41,920,831	5,335,507
NET POSITION, DECEMBER 31	\$ 32,497,917	\$ 2,976,648	\$ 1,775,100	\$ 2,900,249	\$ (617,039)	\$ 342,068	39,874,943	\$ 4,105,309
							Change in net position - total enterprise funds	\$ (2,045,888)
							Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(72,382)
							Change in net position - business-type activities	\$ (2,118,270)

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, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS						TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	ELECTRIC	WATER	COMMUNITY CENTER	TURBINE GENERATOR	CURLING CENTER	NONMAJOR ENTERPRISE		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts From Customers And Users	\$ 41,452,753	\$ 2,981,664	\$ 3,303,061	\$ 1,576,477	\$ 1,193,349	\$ 8,153,999	\$ 58,661,303	\$ 332,134
Payments To Suppliers	(32,520,059)	(1,458,756)	(1,619,046)	(417,623)	(640,367)	(4,746,419)	(41,402,270)	(735,047)
Payments To Employees	(1,802,756)	(664,422)	(2,183,906)	-	(610,375)	(2,161,129)	(7,422,588)	68,678
Net Cash Provided (Used) By Operating Activities	7,129,938	858,486	(499,891)	1,158,854	(57,393)	1,246,451	9,836,445	(334,235)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
Transfers From Other Funds	-	596,000	432,000	-	1,590,287	313,826	2,932,113	-
Transfers To Other Funds	(5,671,340)	(1,458,905)	-	-	-	(2,451,223)	(9,581,468)	(1,026,465)
Due From Other Funds	850,000	(218,816)	-	515,000	-	(79,459)	1,066,725	1,630,000
Due To Other Funds	-	-	53,816	-	49,628	70,179	173,623	-
Interfund Loans To Other Funds	(49,005)	-	-	51,560	-	-	2,555	-
Interest Payments On Interfund Loans	-	-	-	52,659	-	-	52,659	-
Intergovernmental	2,628	870	2,377	-	731	136,346	142,952	-
Net Cash Provided (Used) By Non-Capital Financing Activities	(4,867,717)	(1,080,851)	488,193	619,219	1,640,646	(2,010,331)	(5,210,841)	603,535
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>								
Proceeds From Revenue Bonds	-	1,007,638	-	-	-	2,034,977	3,042,615	-
Capital Contributions	538,347	29,622	-	-	-	110,400	678,369	-
Principal Paid On Bonds	(420,000)	(594,000)	(330,000)	(1,195,000)	(980,000)	(201,000)	(3,720,000)	-
Principal Paid on Capital Leases	-	-	(44,030)	-	-	-	(44,030)	-
Interest And Fiscal Charges	(309,595)	(389,289)	(172,049)	(890,650)	(498,646)	(184,433)	(2,444,662)	-
Construction And Acquisition of Capital Assets	(2,802,959)	(195,691)	(40,425)	-	-	(703,369)	(3,742,444)	-
Lease Payments Received	-	-	-	909,284	-	-	909,284	-
Interfund Loan Payments To Other Funds	(51,560)	(11,630)	642,687	-	-	211,589	791,086	-
Interest Payments On Interfund Loans	(52,659)	(6,859)	-	-	-	(37,466)	(96,984)	-
Net Cash Provided (Used) By Capital And Related Financing Activities	(3,098,426)	(160,209)	56,183	(1,176,366)	(1,478,646)	1,230,698	(4,626,766)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest (Charges) On Investments	361,092	76,858	(48,929)	83,246	(106,919)	41,530	406,878	130,207
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(475,113)</b>	<b>(305,716)</b>	<b>(4,444)</b>	<b>684,953</b>	<b>(2,312)</b>	<b>508,348</b>	<b>405,716</b>	<b>399,507</b>
CASH AND CASH EQUIVALENTS, January 1	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, December 31	\$ 13,145,857	\$ 851,593	\$ 273,666	\$ 4,229,163	\$ 1,427,900	\$ 1,767,142	\$ 21,695,321	\$ 598,991
<b>CASH AND CASH EQUIVALENTS:</b>								
Cash And Investments	\$ 1,263,162	\$ 851,593	\$ 1,400	\$ 1,192,460	\$ 50	\$ 1,767,142	\$ 5,075,807	\$ 598,991
Restricted Assets-Revenue Bonds:								
Cash And Investments	11,882,695	-	272,266	3,036,703	1,427,850	-	16,619,514	-
Total Cash And Cash Equivalents	\$ 13,145,857	\$ 851,593	\$ 273,666	\$ 4,229,163	\$ 1,427,900	\$ 1,767,142	\$ 21,695,321	\$ 598,991
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>								
Operating Income (Loss)	\$ 5,964,618	\$ (79,562)	\$ (1,270,166)	\$ 1,186,690	\$ (683,906)	\$ 352,242	\$ 5,469,916	\$ (403,399)
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>								
Depreciation Expense	1,180,170	819,733	748,506	-	628,588	753,467	4,130,464	-
Allowance For Uncollectible Accounts	36,970	3,516	(24)	-	287	5,959	46,708	-
Miscellaneous Receipts	-	85,347	-	-	-	-	85,347	68,678
<b>(Increase) Decrease In Assets And Deferred Outflows:</b>								
Special Assessments	-	-	-	-	-	9,532	9,532	-
Accounts Receivable	424,854	(25,773)	2,864	-	(19,125)	7,110	389,930	-
Due From Other Governments	(222,925)	(35)	(995)	-	-	27,876	(196,079)	-
Inventory	72,984	7,839	-	-	-	(14,385)	66,438	-
Deferred Outflows	106,243	32,417	93,728	-	24,543	102,517	359,448	-
<b>Increase (Decrease) In Liabilities And Deferred Inflows:</b>								
Accounts Payable	(219,863)	8,881	(92,779)	-	1,834	35,831	(266,096)	359
Salaries Payable	18,035	4,765	14,245	-	1,652	5,493	44,190	-
Deposits Payable	10,518	(3,250)	(48,343)	-	(9,068)	41,361	(8,782)	-
Compensated Absences Payable	38,315	9,977	47,222	-	7,847	4,913	108,274	-
Net Pension Liability	(77,858)	6,047	(8,072)	-	20,019	(35,440)	(95,304)	-
Due To Other Governments	(129,440)	12,010	(508)	(27,836)	(447)	33,858	(112,363)	127
Unearned Revenue	-	-	84,813	-	(19,036)	(4,138)	61,639	-
Other Post Employment Benefits	17,054	753	1,799	-	6,043	2,392	28,041	-
Deferred Inflows - Pensions	(89,737)	(24,179)	(72,181)	-	(16,624)	(82,137)	(284,858)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 7,129,938</b>	<b>\$ 858,486</b>	<b>\$ (499,891)</b>	<b>\$ 1,158,854</b>	<b>\$ (57,393)</b>	<b>\$ 1,246,451</b>	<b>\$ 9,836,445</b>	<b>\$ (334,235)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>								
Amortization Of Bond Premiums	\$ 19,838	\$ 16,576	\$ 9,626	\$ 213,571	\$ -	\$ 4,813	\$ 264,424	\$ -
Amortization Of Gain On Refunding	\$ -	\$ -	\$ -	\$ 37,026	\$ -	\$ -	\$ 37,026	\$ -

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 services such as, public safety, highways and streets, culture-recreation, public improvements, planning and zoning and general administration. The City operates electric, water, sewer and storm water utilities in addition to a community center, two golf courses, a gas turbine generator and a curling and event center.

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

**A) The Financial Reporting Entity**

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

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

As a result of applying the component unit definition criteria above, one 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 (Statement of Net Position and Statement of Activities) report information based on the City as a whole. 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 Governmental funds and Proprietary funds. 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 improvement projects.

The City reports the following major proprietary funds:

- **Electric Fund** – This fund accounts for the activities of the City’s Electric Utility operations.
- **Water Fund** – This fund accounts for the activities of the City’s Water Utility operations.
- **Community Center Fund** – This fund accounts for activities of the Chaska Community Center operations.
- **Turbine Generator Fund** – This fund accounts for the activities of the City’s Turbine Generator Utility operations.

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

Additionally, the City reports the following fund type:

- **Internal Service Fund** – 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.

### 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.

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 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 non-major 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 20 each year. 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 benefiting properties for the assessable costs of special assessment improvement projects in accordance with state statutes. The City usually adopts assessment rolls before an improvement contract is awarded. 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 assessments receivable at December 31, 2019 totaled \$28,872.

- **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, 2019, the allowance for uncollectible accounts is \$113,906.

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

**D) 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:

Description	Capitalization Threshold
Machinery / Equipment and Vehicles	\$10,000
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's policy permits employees to accumulate earned, but unused personal, vacation, sick leave 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 Statements 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 Statements 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 and deferred outflows of resources less 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 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 and deferred outflows of resources less 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.

#### **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 (asset), 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 (asset), 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 reported using a one year look-back period. Investments are reported at fair value.

### S) Change in Accounting Principle

During the year ended December 31, 2019, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which establishes new criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by accounting for the use of certain own-source revenues in the City's newly established Police Forfeitures and Evidence Special Revenue Fund and its governmental activities, rather than in a fiduciary (agency) fund as it has in the past. The Builders Deposit and Developers funds have been incorporated into the appropriate departments within the General Fund and the Metropolitan Council Environmental Services Collection fund is now included in the Sewer fund activity. This change in accounting principle did not require the restatement of beginning net position or fund balances.

## Note 2 Compliance and Accountability

### A) Budget

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annually appropriated budgets are adopted for the General Fund, two Special Revenue Funds: Mount Pleasant Maintenance and Care Fund and Chaska EDA Fund, and one Capital Project Fund: Equipment Acquisition Fund. Budgeted amounts are as originally adopted and as amended by the City Council.

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

1. Prior to September 30 each year, the City Administrator submits to the City Council a proposed operating budget for the year commencing the following January 1.
2. Public hearings are held to obtain public comments.
3. The budget is legally enacted by resolution after obtaining public comments.
4. 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.
5. 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.
6. Unused budgeted expenditure appropriations lapse at year-end.

7. Annual appropriated budgets are not adopted for Debt Service Funds because budgetary control is achieved through bond indenture provisions. Budgetary control for other Capital Project Funds is accomplished through project controls, so budgets are not adopted.

### B) Excess of Expenditures Over Appropriations

For the year ended December 31, 2019, expenditures exceeded appropriations in the General fund by \$569,736, and the Chaska EDA Special Revenue fund by \$94,176. Variances in the General fund were offset by transfers into the fund, and the Chaska EDA variance was offset with higher than expected revenue.

### C) Nonmajor Funds with Negative Equity

The following nonmajor funds maintained a deficit fund balance/net position at December 31, 2019:

<b>Special Revenue Fund</b>	
Chaska EDA	\$ 994,997
<b>Capital Project Funds</b>	
Permanent Improvement Revolving/Storm Water	\$ 229,131
TIF Dist #14 - Downtown Redevelopment	2,049,557
TIF Dist #17 - Chaska Preserve	143,561
TIF Dist #20 - Brewery Project	24,336
TIF Dist #21 - Hot Spot Project	58,902
TIF Dist #22 - Ernst House Project	26,649
<b>Enterprise Funds</b>	
Sewer	\$ 1,128,645
Par 30 Golf	243,726

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 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 Sewer fund is related to capital projects for infrastructure improvements, and Par 30 Golf is from ongoing operations. Revenue from future operations is expected to eliminate these deficits.

### **Note 3 Cash and Investments**

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

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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	\$25,462,878
Restricted Cash and Investments	<u>17,608,020</u>
Total Cash and Investments	<u><u>\$43,070,898</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** – In the case of deposits, this 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 \$2,877,740, while the balance on the bank records was \$3,279,958. At December 31, 2019, 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. Government Agencies	AA+	S&P	Level 2	\$ -	\$ 3,742,640	\$ -	\$ 3,742,640
State and Local Bonds	AA	S&P	Level 2	500,630	-	-	500,630
Commercial Paper	A-1	S&P	Level 2	2,688,452	-	-	2,688,452
Investments in Mutual Funds & Money Markets							
First American Treasury Obligations	AAA	S&P	Level 2	N/A	N/A	N/A	169
100% Treasury MM Fund	AAA	S&P	Level 1	N/A	N/A	N/A	3,270,782
Minnesota Municipal MM Fund	N/R	N/R	N/A	N/A	N/A	N/A	29,986,342
Total Investments:				<u>\$ 3,189,082</u>	<u>\$ 3,742,640</u>	<u>\$ -</u>	<u>40,189,015</u>

N/A - Not Applicable  
N/R - Not Rated

Total Deposits	2,877,740
Petty Cash and Change Funds	4,143
Total Deposits and Investments	<u><u>\$ 43,070,898</u></u>

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

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC. The reported value of the pool is the same as the fair value of the pool share. The City's investment in this fund is measured at amortized cost. 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, 2019**

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 Banks	8.07%	\$ 3,242,785
U.S. Bank National Association Commercial Paper	6.69%	2,688,452

**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, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclass &amp; Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 51,583,265	\$ -	\$ -	\$ -	\$ 51,583,265
Works of Art/Treasures	105,027	-	-	-	105,027
Construction In Progress	22,300,439	5,964,183	-	(3,904,358)	24,360,264
Total capital assets, not being depreciated:	<u>73,988,731</u>	<u>5,964,183</u>	<u>-</u>	<u>(3,904,358)</u>	<u>76,048,556</u>
Capital assets, being depreciated:					
Buildings	10,000,938	194,973	-	-	10,195,911
Other Improvements	20,750,504	12,240	-	-	20,762,744
Furniture & Equipment	11,176,667	543,691	(107,449)	35,541	11,648,450
Infrastructure	162,135,893	43,668	-	3,904,358	166,083,919
Total capital assets being depreciated:	<u>204,064,002</u>	<u>794,572</u>	<u>(107,449)</u>	<u>3,939,899</u>	<u>208,691,024</u>
Less accumulated depreciation for:					
Buildings	(7,584,309)	(227,449)	-	-	(7,811,758)
Other Improvements	(8,784,182)	(651,329)	-	-	(9,435,511)
Furniture & Equipment	(7,096,175)	(717,987)	83,751	(35,541)	(7,765,952)
Infrastructure	(66,356,860)	(5,532,640)	-	-	(71,889,500)
Total accumulated depreciation:	<u>(89,821,526)</u>	<u>(7,129,405)</u>	<u>83,751</u>	<u>(35,541)</u>	<u>(96,902,721)</u>
Total capital assets, being depreciated, net:	<u>114,242,476</u>	<u>(6,334,833)</u>	<u>(23,698)</u>	<u>3,904,358</u>	<u>111,788,303</u>
Governmental activities capital assets, net:	<u>\$ 188,231,207</u>	<u>\$ (370,650)</u>	<u>\$ (23,698)</u>	<u>\$ -</u>	<u>\$ 187,836,859</u>

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Reclass &amp; Transfers</b>	<b>Ending Balance</b>
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 1,231,421	\$ -	\$ -	\$ -	\$ 1,231,421
Construction In Progress	5,768,152	2,735,448	-	(892,750)	7,610,850
Total capital assets, not being depreciated:	<u>6,999,573</u>	<u>2,735,448</u>	<u>-</u>	<u>(892,750)</u>	<u>8,842,271</u>
Capital assets, being depreciated:					
Buildings	72,722,135	40,425	-	619,527	73,382,087
Other Improvements	2,205,375	-	-	-	2,205,375
Furniture & Equipment	10,854,692	194,982	(175,058)	(35,541)	10,839,075
Infrastructure	36,287,145	771,589	-	273,223	37,331,957
Total capital assets, being depreciated:	<u>122,069,347</u>	<u>1,006,996</u>	<u>(175,058)</u>	<u>857,209</u>	<u>123,758,494</u>
Less accumulated depreciation for:					
Buildings	(36,562,123)	(2,160,511)	-	-	(38,722,634)
Other Improvements	(1,124,323)	(135,719)	-	-	(1,260,042)
Furniture & Equipment	(5,766,560)	(579,916)	172,717	35,541	(6,138,218)
Infrastructure	(15,910,680)	(1,254,318)	-	-	(17,164,998)
Total accumulated depreciation:	<u>(59,363,686)</u>	<u>(4,130,464)</u>	<u>172,717</u>	<u>35,541</u>	<u>(63,285,892)</u>
Total capital assets, being depreciated, net:	<u>62,705,661</u>	<u>(3,123,468)</u>	<u>(2,341)</u>	<u>892,750</u>	<u>60,472,602</u>
Business-type activities capital assets, net:	<u>\$ 69,705,234</u>	<u>\$ (388,020)</u>	<u>\$ (2,341)</u>	<u>\$ -</u>	<u>\$ 69,314,873</u>

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

<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
General Government	\$ 274,776	Electric	\$ 1,180,170
Economic Development	7,970	Water	819,733
Public Safety	375,568	Community Center	748,506
Public Works	5,864,541	Chaska Curling Center	628,588
Parks, Recreation and Arts	606,550	Sewer	124,554
Total Depreciation Expense -		Chaska Par 30	3,939
Governmental Activities:	<u>\$ 7,129,405</u>	Chaska Town Course	449,265
		Storm Water	175,709
		Total Depreciation Expense -	
		Business-Type Activities:	<u>\$ 4,130,464</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 1 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
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	1,383,614	1,102,570
2025-2029	9,000,332	3,430,588
2030-2031	3,122,258	192,654
Total:	<u>\$ 17,998,284</u>	<u>\$ 10,178,468</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
2020	\$ 31,241
2021	32,179
2022	8,103
Total:	<u>\$ 71,523</u>

**Note 6 Long-Term Liabilities**

Long-term liabilities for the year ended December 31, 2019 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds Payable:					
General Obligation Bonds:					
Equipment Certificates	\$ 2,505,000	\$ 1,240,000	\$ (265,000)	\$ 3,480,000	\$ 295,000
General Obligation Bonds	1,880,000	-	(290,000)	1,590,000	300,000
Tax Increment Bonds	1,125,000	2,600,000	(515,000)	3,210,000	110,000
Taxable Abatement Bonds	630,000	-	(10,000)	620,000	20,000
Improvement Bonds	29,405,000	7,430,000	(3,240,000)	33,595,000	5,215,000
G.O. Revenue Bonds	720,000	-	(75,000)	645,000	75,000
Temporary G.O. Bonds	-	5,205,000	-	5,205,000	-
EDA Lease Revenue Bonds	9,545,000	-	(275,000)	9,270,000	280,000
Plus: Premium	2,587,041	1,015,807	(202,410)	3,400,438	-
Total Bonds Payable:	<u>48,397,041</u>	<u>17,490,807</u>	<u>(4,872,410)</u>	<u>61,015,438</u>	<u>6,295,000</u>
Notes Payable:					
Promissory Note Payable	96,139	-	(12,443)	83,696	13,044
Leases Payable:					
Capital Lease Payable	-	14,290	(1,412)	12,878	2,565
Compensated Absences	1,010,606	919,440	(796,611)	1,133,435	775,971
Total OPEB Liability	855,036	86,286	(17,432)	923,890	-
Net Pension Liability	6,243,148	1,756,462	(1,335,966)	6,663,644	-
Governmental Activity					
Long-term Liabilities:	<u>\$56,601,970</u>	<u>\$20,267,285</u>	<u>\$ (7,036,274)</u>	<u>\$69,832,981</u>	<u>\$ 7,086,580</u>
<b>Business-type Activities</b>					
Bonds Payable:					
General Obligation Revenue Bonds	\$ 15,100,000	\$ 2,915,000	\$ (795,000)	\$ 17,220,000	\$ 830,000
Revenue Bonds	27,905,000	-	(1,615,000)	26,290,000	1,650,000
EDA Lease Revenue Bonds	19,145,000	-	(1,310,000)	17,835,000	1,340,000
Plus: Premium	3,305,892	127,615	(264,424)	3,169,083	-
Total Bonds Payable:	<u>65,455,892</u>	<u>3,042,615</u>	<u>(3,984,424)</u>	<u>64,514,083</u>	<u>3,820,000</u>
Leases Payable:					
Capital Lease Payable	145,571	-	(44,030)	101,541	47,012
Compensated absences	562,040	470,989	(362,715)	670,314	412,889
Total OPEB Liability	363,241	32,100	(4,059)	391,282	-
Net Pension Liability	3,895,796	36,913	(132,217)	3,800,492	-
Business-type Activity					
Long-term Liabilities:	<u>\$70,422,540</u>	<u>\$ 3,582,617</u>	<u>\$ (4,527,445)</u>	<u>\$69,477,712</u>	<u>\$ 4,279,901</u>

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 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, 2019 are as follows:

<b><u>Governmental Activities</u></b>	<b><u>Issue Date</u></b>	<b><u>Final Maturity Date</u></b>	<b><u>Interest Rate</u></b>	<b><u>Original Issue</u></b>	<b><u>Outstanding 12/31/2019</u></b>
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	\$ 440,000
G.O. Equipment Certificates, Series 2017B	11/29/17	02/01/27	5.00%	1,960,000	1,800,000
G.O. Equipment Certificates, Series 2019B	11/06/19	02/01/29	4.00-5.00%	1,240,000	1,240,000
Total Equipment Certificates				<u>4,115,000</u>	<u>3,480,000</u>
General Obligation Bonds					
G.O. Improvement Bonds, Series 2014A	12/30/14	02/01/24	0.70-3.00%	2,705,000	1,590,000
Tax Increment Bonds					
G.O. Taxable TI Cross-over Refunding Bonds, Series 2013B	08/15/13	12/01/21	2.00-2.75%	580,000	150,000
G.O. Taxable Cross-over Refunding Bonds, Series 2017D	12/27/17	02/01/31	3.00-3.50%	460,000	460,000
G.O. Taxable TI Bonds, Series 2019D	12/04/19	02/01/40	2.55-3.05%	1,670,000	1,670,000
G.O. Taxable TI Bonds, Series 2019D	12/04/19	02/01/40	2.55-3.05%	260,000	260,000
G.O. Taxable TI Bonds, Series 2019D	12/04/19	02/01/40	2.55-3.05%	670,000	670,000
Total Tax Increment Bonds				<u>4,205,000</u>	<u>3,210,000</u>
Taxable Abatement Bonds					
G.O. Taxable Abatement Bonds, Series 2010D	09/15/10	02/01/33	4.00-5.25%	405,000	375,000
G.O. Taxable Bonds, Series 2017C	11/29/17	02/01/39	1.80-3.45%	245,000	245,000
Total Taxable Abatement Bonds				<u>650,000</u>	<u>620,000</u>

(Continued)

Notes to the Financial Statements

City of Chaska, Minnesota

For the Year Ended December 31, 2019

(Continued)

	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Outstanding 12/31/2019</b>
<b>Governmental Activities</b>					
Improvement Bonds					
G.O. Improvement Bonds, Series 2010A	07/01/10	02/01/31	2.00-4.00%	3,220,000	1,180,000
G.O. Improvement Bonds, Series 2010C	09/15/10	02/01/33	2.00-3.75%	2,180,000	1,435,000
G.O. Bonds, Series 2011B	09/15/11	02/01/27	2.00-3.25%	3,455,000	1,230,000
G.O. Improvement Bonds, Series 2012A	08/15/12	02/01/28	2.00-2.40%	2,430,000	1,480,000
G.O. Cross-over Refunding, Series 2012B	08/15/12	02/01/27	2.00-2.30%	3,295,000	1,370,000
G.O. Improvement Bonds, Series 2013A	08/15/13	02/01/35	2.00-4.00%	3,330,000	2,570,000
G.O. Improvement Bonds, Series 2014A	12/30/14	02/01/30	0.70-3.00%	3,080,000	2,360,000
G.O. Improvement Bonds, Series 2015B	08/19/15	02/01/31	3.00-5.00%	5,940,000	5,130,000
G.O. Improvement Bonds, Series 2017B	11/29/17	02/01/38	2.25-5.00%	6,875,000	6,745,000
G.O. Taxable Bonds, Series 2017C	11/29/17	02/01/33	1.70-3.45%	1,790,000	1,670,000
G.O. Cross-over Refunding, Series 2017E	12/27/17	02/01/29	2.01-2.87%	995,000	995,000
G.O. Improvement Bonds, Series 2019B	11/06/19	02/01/39	2.125-5.00%	4,440,000	4,440,000
G.O. Improvement Bonds, Series 2019D	12/04/19	02/01/35	2.55-3.00%	1,165,000	1,165,000
G.O. Improvement Bonds, Series 2019D	12/04/19	02/01/29	2.55-3.00%	85,000	85,000
G.O. Improvement Refunding, Series 2019E	12/04/19	02/01/33	3.00-5.00%	1,180,000	1,180,000
G.O. Improvement Refunding, Series 2019E	12/04/19	02/01/31	4.00-5.00%	560,000	560,000
Total Improvement Bonds				<u>44,020,000</u>	<u>33,595,000</u>
Temporary Bonds					
G.O. Temporary Series 2019A	03/29/19	03/01/21	2.58%	5,205,000	5,205,000
G.O. Revenue Bonds					
G.O. Cross-over Refunding, Series 2012B	08/15/12	02/01/27	2.00-2.30%	1,380,000	645,000
EDA Lease Revenue Bonds					
Lease Revenue Bonds, Series 2015B	04/15/15	02/01/35	2.00-4.00%	9,000,000	8,485,000
Lease Revenue Bonds, Series 2015D	12/30/15	02/01/26	2.00-4.00%	1,085,000	785,000
Total EDA Lease Revenue Bonds				<u>10,085,000</u>	<u>9,270,000</u>
Premium					
Total Bonds Payable - Governmental Activities				<u>\$72,487,727</u>	<u>\$61,015,438</u>
<b>Business-type Activities</b>					
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	\$ 425,000
G.O. Water Revenue Refunding Bonds, Series 2011A	09/15/11	12/01/32	2.00-4.00%	11,435,000	8,625,000
G.O. Utility Revenue Bonds, Series 2015C	12/30/15	02/01/36	2.00-4.00%	5,170,000	4,540,000
G.O. Utility Revenue Bonds, Series 2017B	11/29/17	02/01/38	2.25-5.00%	735,000	715,000
G.O. Utility Revenue Bonds, Series 2019C	11/06/19	02/01/35	2.00-3.00%	2,135,000	2,135,000
G.O. Utility Revenue Bonds, Series 2019D	12/04/19	02/01/30	2.55-3.00%	780,000	780,000
Total General Obligation Revenue Bonds				<u>21,750,000</u>	<u>17,220,000</u>
Revenue Bonds					
Electric Utility Revenue Bonds, Series 2011D	12/22/11	10/01/31	2.00-3.65%	3,535,000	2,320,000
Electric Revenue Refunding Bonds, Series 2015A	10/01/15	10/01/30	2.00-5.00%	21,760,000	17,245,000
Electric Utility Revenue Bonds, Series 2017A	09/06/17	10/01/37	2.25-4.00%	7,220,000	6,725,000
Total Revenue Bonds				<u>32,515,000</u>	<u>26,290,000</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	2,905,000
Taxable Lease Revenue Bonds, Series 2015A	04/15/15	02/01/35	1.22-4.40%	12,855,000	10,525,000
Taxable Lease Revenue Bonds, Series 2015C	12/30/15	02/01/31	1.53-4.57%	3,410,000	2,855,000
Lease Revenue Refunding Bonds, Series 2017A	12/27/17	12/01/27	2.00-4.00%	1,880,000	1,550,000
Total EDA Lease Revenue Bonds				<u>21,995,000</u>	<u>17,835,000</u>
Premium					
Total Bonds Payable - Business-type Activities				<u>\$80,522,318</u>	<u>\$64,514,083</u>

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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	G.O. Equipment Certificates		G.O. Bonds		Governmental Activities G.O. Tax Increment Bonds		G.O. Abatement Bonds		G.O. Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ 295,000	\$ 140,377	\$ 300,000	\$ 41,500	\$ 110,000	\$ 68,878	\$ 20,000	\$ 25,413	\$ 5,215,000
2021	405,000	141,500	310,000	32,350	110,000	92,134	25,000	24,725	1,925,000	972,901
2022	435,000	123,030	315,000	22,975	40,000	88,945	25,000	23,922	1,920,000	901,487
2023	460,000	102,957	325,000	13,375	70,000	87,296	30,000	23,005	1,965,000	829,276
2024	360,000	83,550	340,000	4,250	115,000	84,519	30,000	21,972	2,370,000	747,078
2025 - 2029	1,525,000	149,975	-	-	650,000	365,699	185,000	88,760	12,325,000	2,343,267
2030 - 2034	-	-	-	-	690,000	264,313	230,000	36,770	7,005,000	539,405
2035 - 2039	-	-	-	-	780,000	160,439	75,000	6,469	870,000	39,013
2040	-	-	-	-	645,000	9,836	-	-	-	-
<b>Total:</b>	<b>\$ 3,480,000</b>	<b>\$ 741,389</b>	<b>\$ 1,590,000</b>	<b>\$ 114,450</b>	<b>\$ 3,210,000</b>	<b>\$ 1,222,059</b>	<b>\$ 620,000</b>	<b>\$ 251,036</b>	<b>\$ 33,595,000</b>	<b>\$ 7,381,137</b>

Temporary bonds were issued in 2019 for the Highway 212/44 interchange project. The City anticipates issuing permanent bonds in early 2021. Estimated debt service payments are as follows:

Year Ending December 31	Governmental Activities G.O. Temporary Bonds	
	Principal	Interest
	2020	\$ -
2021	5,205,000	33,572
<b>Total:</b>	<b>\$ 5,205,000</b>	<b>\$ 167,861</b>

General Obligation Revenue Bonds:

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

Annual debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	G.O. Revenue Bonds		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 75,000	\$ 12,675	\$ 830,000	\$ 527,576
2021	75,000	11,175	1,060,000	524,806
2022	75,000	9,675	1,130,000	488,931
2023	85,000	8,075	1,015,000	456,231
2024	75,000	6,475	1,070,000	425,982
2025 - 2029	260,000	8,873	6,035,000	1,580,579
2030 - 2034	-	-	5,135,000	525,135
2035 - 2038	-	-	945,000	34,622
Total:	<u>\$ 645,000</u>	<u>\$ 56,948</u>	<u>\$ 17,220,000</u>	<u>\$ 4,563,862</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
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	1,980,000	833,115
2025 - 2029	11,350,000	2,700,220
2030 - 2034	4,500,000	523,743
2035 - 2037	1,400,000	84,750
Total:	<u>\$ 26,290,000</u>	<u>\$ 8,305,768</u>

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

**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
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	315,000	316,500	1,490,000	456,146
2025 - 2029	3,040,000	1,277,800	5,745,000	1,603,753
2030 - 2034	3,870,000	573,000	4,380,000	584,137
2035	870,000	17,400	640,000	14,080
<b>Total:</b>	<b>\$ 9,270,000</b>	<b>\$ 3,546,625</b>	<b>\$ 17,835,000</b>	<b>\$ 4,927,178</b>

**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
<b><u>GO Water Revenue Bonds:</u></b>	<b><u>Water Treatment Plant and Water Systems</u></b>						\$ 2,921,859
Series 2009A Refunding Bonds	Partial Refund 2003 Bonds	Utility Charges	100%	2009 - 2022	\$ 452,775	\$ 147,375	
Series 2011A Refunding Bonds	Refund 2003 Bonds	Utility Charges	100%	2011 - 2032	11,017,932	743,488	
<b><u>GO Utility Revenue Bonds:</u></b>	<b><u>Water, Sanitary Sewer and Storm Water</u></b>						8,746,101
Series 2015C	Utility System Improvements	Utility Charges	100%	2015 - 2036	5,821,750	348,738	
Series 2017B	Utility System Improvements	Utility Charges	100%	2017 - 2038	978,631	47,813	
Series 2019C	Utility System Improvements	Utility Charges	100%	2019 - 2035	2,601,986	-	
Series 2019D	Utility System Improvements	Utility Charges	100%	2019 - 2030	910,788	-	
<b><u>Electric Revenue Bonds:</u></b>	<b><u>Electric Utility Systems and Generating Facilities</u></b>						
Series 2015A Refunding Bonds	Refund 2000 & 2005 Bonds - Turbine Generator	Lease Revenue	100%	2015 - 2030	22,834,000	2,081,150	1,576,477
Electric Utility Revenue Bonds							41,203,336
Series 2011D	Electric System Improvements	Utility Charges	100%	2011 - 2031	2,849,443	234,770	
Series 2017A	Electric System Improvements	Utility Charges	100%	2017 - 2037	8,912,325	494,375	
<b><u>EDA Lease Revenue Bonds:</u></b>	<b><u>Community Center Additions and Improvements</u></b>						3,264,746
Series 2013A	Ice Arena & Pool Improvements	Lease Revenue	100%	2013 - 2033	3,774,723	268,795	
Series 2017A Refunding Bonds	Refund 2017A Bonds	Lease Revenue	100%	2017 - 2027	1,786,700	222,000	
Taxable Lease Revenue Bonds	<b><u>Curling Center, Event Center and Restaurant</u></b>						1,240,291
Series 2015A	Building Construction	Lease Revenue	100%	2015 - 2035	13,567,699	1,171,704	
Series 2015C	Furniture, Fixtures & Equipment	Lease Revenue	100%	2015 - 2031	3,633,056	303,742	
Lease Revenue Bonds	<b><u>Firemen's Park Improvements</u></b>						646,145
Series 2015B	Park Construction	Lease Revenue	100%	2015 - 2035	11,922,150	504,850	
Series 2015D	Fixtures and Equipment	Lease Revenue	100%	2015 - 2026	894,475	129,250	

City of Chaska, Minnesota

For the Year Ended December 31, 2019

**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, 2019 is as follows:

	Issue Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding 12/31/2019
<u>Governmental Activities:</u>					
Promissory Note Payable	11/21/16	11/15/21	4.75%	\$ 120,319	\$ 83,696

Promissory note requirements to maturity are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2020	\$ 13,044	\$ 3,756
2021	70,652	2,872
Total:	<u>\$ 83,696</u>	<u>\$ 6,628</u>

**Capital Leases Payable:**

The City has two leases for the acquisition of fitness equipment:

- In 2019, the Chaska Fire Department entered into a lease for the acquisition of fitness equipment. The lease agreement qualified 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. The lease agreement matures in May of 2024 and carries an interest rate of 7.29%. In the event of default on this lease, the Lessor may exercise one or more of the following remedies: (1) declare due, sue for, and receive from Lessee the sum of all payments and other amount due under this agreement, (2) accelerate the payments of any other agreement or lease; (3) require Lessee to return the equipment at its own expense and in good working order; (4) cancel or terminate any lease or any other agreement between Lessee and Lessor; (5) charge and collect from Lessee all other amounts under this agreement; (6) charge Lessee interest on all monies due from and after the date of default at the rate of 18% per annum, compounded

- monthly, until paid in full; (7) charge Lessee an administrative fee equal to the greater of \$25.00 or up to 10% of the past due amount, and the fees and expense of any collection agency or attorneys' employed by Lessor to collect sums due.
- In 2018, the Chaska Community Center entered into a lease for the acquisition of fitness equipment. The lease agreement qualifies as a capital lease and was 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. The lease agreement matures in February 2022 and carries an interest rate of 6.57%. In the event of default on this lease, the Lessor may exercise one or more of the following remedies: (1) terminate the agreement and any or all of the Lessee's rights to the property, (2) proceed by court action to take possession from Lessee of any or all property, (3) proceed by court action to enforce performance by Lessee of its obligations or to recover damages for the breach or pursue any other remedy available to Lessor, (4) declare all unpaid lease payments and other sums payable to be immediately due and payable.

Capital Leases outstanding for the year ended December 31, 2019 are as follows:

	Issue Date	Final Maturity Date	Interest Rates	Original Issue	Outstanding 12/31/2019
<u>Governmental Activities:</u>					
Capital Lease Payable	02/19/19	05/01/24	7.29%	\$ 14,290	\$ 12,878
<u>Business-type Activities:</u>					
Capital Lease Payable	03/15/18	02/15/22	6.57%	\$ 183,475	\$ 101,541

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

Year Ending December 31	Governmental Activities	Business-type Activities
2020	\$ 3,419	\$ 52,284
2021	3,419	52,284
2022	3,419	4,357
2023	3,419	-
2024	1,425	-
Total Minimum Lease Payments	15,101	108,925
Less: Amount Representing Interest	(2,223)	(7,384)
Present Value of Minimum Lease Payments	\$ 12,878	\$ 101,541

**2019 Activity:**

On March 29, 2019, the City of Chaska approved the issuance and sale of temporary financing for the Highway 212 and CSAH 44 Interchange project. The City issued \$20,000,000 General Obligation Temporary State Aid Street Bonds, Series 2019A. The bonds are structured in the form of a line of credit. The City requested \$5,205,000 on the line in 2019 and did not repay any of this principal. Interest is paid quarterly on the amount outstanding at an annual percentage rate of 2.58%. The bonds mature March 1, 2021. The City intends to issue permanent bonds at that time.

On November 6, 2019, the City of Chaska issued \$5,680,000 in General Obligation Bonds, Series 2019B, which includes \$4,440,000 in Improvement Bonds and \$1,240,000 in Equipment Certificates. The true interest cost is 2.00 percent (coupons range from 2.125 percent – 5.00 percent). The final maturity date is February 1, 2039. The Improvement Bonds will be used to finance certain street improvement projects in the City. The Equipment Certificates will be used to finance various capital equipment purchases. These bonds will be repaid from property taxes and special assessments on properties receiving improvements.

On November 6, 2019, the City of Chaska issued \$2,135,000 in General Obligation Utility Revenue Bonds, Series 2019C with a true interest cost of 2.07 percent (coupons range from 2.00 percent to 3.00 percent). The final maturity date is February 1, 2035. The proceeds of the bonds will be used for the utility improvement component of street improvement projects. These bonds will be repaid from utility fund revenues.

On December 4, 2019, the City of Chaska issued \$4,630,000 in Taxable General Obligation Bonds, Series 2019D, which includes \$1,250,000 in Improvement Bonds, \$780,000 in Utility Revenue Bonds, and \$2,600,000 in Tax Increment Bonds. The true interest cost is 2.90 percent (coupons range from 2.55 percent – 3.05 percent). The final maturity date is February 1, 2040. The Improvement Bonds will be used to finance Chaska Creek Way Phase II and Fire Protection Improvements. The Utility Revenue Bonds will be used to finance various utility improvement projects in the City. The Tax Increment bonds will be used to finance various economic development projects. These bonds are payable from special assessments on properties receiving improvements, property taxes, utility revenues and tax increments generated by TIF Districts #18, #20 and #21.

On December 4, 2019, the City of Chaska issued \$1,740,000 in General Obligation Improvement Refunding Bonds, Series 2019E; a current refunding of the City's General Obligation Improvement Bonds, Series 2010A and 2010C. The true interest cost is 2.08 percent (coupons range from 3.00 percent – 5.00 percent). The final maturity date is February 1, 2033. The proceeds from the bonds will be used to refund the 2021 through 2033 outstanding maturities. The current refunding was done to achieve cost savings of \$491,993, with a net present value benefit of \$142,388.

**2019 Refunding:**

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

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

**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, 2019.

- 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 \$112,863, including \$27,030 in 2019.
- 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 \$65,240, including \$18,357 in 2019.

- 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 \$25,776, including \$7,690 in 2019.
- 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 \$8,303, including \$4,199 in 2019.
- 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 City has rebated a total of \$24,058, all 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 sufficient to repay the principal amount of the loan plus accrued interest. The City advanced \$280,000 to MSP/Chaska Medical, LLC in 2018. Tax abatement payments began in 2019. The interfund loan balance at the end of 2019 was \$273,504.
- 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 \$656,670. The City's obligation is terminated the earlier of after 20 years of payments or once the Developer has been paid \$656,670 in tax abatement payments. The first tax abatement payment is scheduled for payment in 2020.

**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, 2019, the Chaska Economic Development Authority has entered into five agreements considered Tax Increment Pay-As-You-Go Financing Revenue Notes under GASB #77. The agreements are not general obligations of the EDA or the City and are payable solely from available tax increment. Each note will be cancelled at the end of the agreement term, whether it has been fully repaid or not. Accordingly, the amounts have not been included in long-term debt because the nature of the notes is that repayment is required only if sufficient tax increments are received. 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.

The five agreements were to assist the developer with the financing of certain costs of a project constructed within the Development District and are as follows:

- In 2002, the Chaska EDA issued a pay-as-you-go note to Chaska Place Apartments in the principal sum of \$992,221 with an interest rate of 6.5 percent per annum and payments due each February 1 and August 1, commencing August 1, 2005, and paid through February 1, 2024. Payments are payable solely from available tax increment derived from the housing development and paid to the EDA. The pay-as-you-go note provides for payment to the developer for 100% of the tax increment received in the prior six months, less the administrative fees charged by the County, and less \$31,750 which shall be retained by the EDA. The current year abatement (TIF note payments) totaled \$143,397. At December 31, 2019, the amount outstanding on the note was \$1,206,171.
- In 2007, the Chaska EDA issued a pay-as-you-go note to Clover Field Sinclair Limited Partnership in the principal sum of \$3,100,000 with an interest rate of 5.65 percent per annum and payments due each February 1 and August 1, commencing August 1, 2008, and paid through February 1, 2030. Payments are payable solely from available tax increment derived from the housing development and paid to the EDA. The pay-as-you-go note provides for payment to the developer for 95% of the tax increment received in the prior six months, less the administrative fees charged by the County. The current year abatement (TIF note payments) totaled \$145,671. At December 31, 2019, the amount outstanding on the note was \$4,099,603.
- In 2004, the Chaska EDA entered into a development agreement with City Square, LLC for private redevelopment. The EDA provided the developer with a \$111,000 subsidy that will be repaid to the EDA as a pay-as-you-go note from available tax increment at a simple non-compounding interest rate of 4 percent with payments due through 2030. The City made a payment to the EDA of \$157,000 in 2019, of which \$70,000 went to principal. The outstanding balance as of December 31, 2019 is \$45,375.

- In 2015, the Chaska EDA issued a pay-as-you-go note to Chaska Heights Senior Living in the principal sum of \$2,874,667 with an interest rate of 3.25 percent per annum and payments due each February 1 and August 1, commencing August 1, 2018, and paid through February 1, 2044. Payments are payable solely from available tax increment derived from the housing development and paid to the EDA. The pay-as-you-go note provides for payment to the developer for 100% of the tax increment received in the prior six months, less the administrative fees charged by the County, and less \$34,500 which shall be retained by the EDA. The current year abatement (TIF note payments) totaled \$202,026. At December 31, 2019, the amount outstanding on the note was \$2,966,038.
- In 2016, the Chaska EDA issued a pay-as-you-go note to Creeks Run Phase II, LLC in the principal sum of \$242,500 with an interest rate of 4.5 percent per annum and payments due each February 1 and August 1, commencing August 1, 2018, and paid through February 1, 2036. Payments are payable solely from available tax increment derived from the housing development and paid to the EDA. The pay-as-you-go note provides for payment to the developer for 100% of the tax increment received in the prior six months, less the administrative fees charged by the County, and less \$9,000 which shall be retained by the EDA. The current year abatement (TIF note payments) totaled \$7,235. At December 31, 2019, the amount outstanding on the note was \$259,765.

**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, 2019, there were six series of IRBs outstanding. The aggregate principal amount payable for the three series issued after July 1, 1995, was \$5,701,053. 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, 2019, there were five series of HRBs outstanding. The aggregate principal amounts payable for the three series issued after July 1, 1995 was \$7,545,000. 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**

Interfund receivables and payables as of December 31, 2019 are as follows:

Due To/From Other Funds		
Receivable Fund	Payable Fund	Amount
Water	Community Center	\$ 2,268,816
Internal Service Fund	Curling Center	3,500,000
Nonmajor Governmental	Nonmajor Governmental	1,224,058
Nonmajor Governmental	Public Improvement Projects	4,553,266
Nonmajor Enterprise	Curling Center	1,269,628
Nonmajor Enterprise	Nonmajor Enterprise	170,179
Total:		<u>\$12,985,947</u>

Interfund borrowing is utilized for cash flow purposes to eliminate temporary cash balance deficits.

Interfund Receivables/Payables And Advances To/From Other Funds:					
Receivable Fund	Payable Fund	Interfund Receivables/ Payables	Advances To/From	Total	Purpose
Electric	Nonmajor Governmental	\$ -	\$ 2,055,250	\$ 2,055,250	1
Electric	Nonmajor Governmental	-	194,965	194,965	2
Turbine Generator	Electric	54,675	765,596	820,271	3
Nonmajor Governmental	Nonmajor Governmental	110,713	-	110,713	4
Nonmajor Governmental	Water	13,783	117,587	131,370	5
Nonmajor Governmental	Community Center	29,524	613,163	642,687	6
Nonmajor Governmental	Nonmajor Enterprise	159,932	1,188,006	1,347,938	7
Total:		<u>\$ 368,627</u>	<u>\$ 4,934,567</u>	<u>\$ 5,303,194</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. The outstanding balance of \$2,055,250 will be repaid 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. The outstanding balance of \$194,965 will be repaid from tax increment generated by the district as it becomes available.
- (3) This interfund loan from the Turbine Generator fund to the Electric fund was made in 2001 to finance a substation. Of the \$820,271 due at year end, \$54,675 is due in one year.
- (4) These loans eliminate what would have been negative cash in TIF District funds. The outstanding balance of \$110,713 will be repaid 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 \$131,370 due at year end, \$13,783 is due in one year.

**Notes to the Financial Statements**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

- (6) These interfund loans to the Community Center for locker room improvements are from the following funds:
- RALF Loan Fund - \$125,000 loan balance with \$5,742 due in one year.
  - Public Facilities Fund - \$100,000 loan balance with \$4,594 due in one year.
  - Improvement Revolving Fund - \$417,687 loan balance with \$19,188 due in one year.
- (7) These interfund loans are from the Equipment Acquisition fund to the following funds:
- Sewer fund - \$131,370 loan balance for a shared water/sewer equipment purchase with \$13,783 due in one year.
  - Town Course fund - \$924,900 loan balance for golf equipment purchases with \$88,816 due in one year.
  - Storm Water - \$291,668 loan balance for equipment purchases with \$57,333 due in one year.

Transfers In/Out for 2019 are as follows:

Transfers Out	Transfers In							Total
	Governmental Funds			Enterprise Funds				
	General Fund	Public Improvement Projects	Nonmajor	Water	Community Center	Curling Center	Nonmajor	
General Fund	\$ -	\$ 170,000	\$ 355,000	\$ -	\$ -	\$ -	\$ -	\$ 525,000
Public Improvements	-	-	68,286	-	-	-	-	68,286
Electric	3,927,340	-	1,312,000	-	432,000	-	-	5,671,340
Water	-	713,981	744,924	-	-	-	-	1,458,905
Internal Service Fund	873,958	-	150,530	-	-	-	1,977	1,026,465
Nonmajor Governmental	-	2,296,340	4,694,624	596,000	-	1,590,287	311,849	9,489,100
Nonmajor Enterprise	-	871,595	1,579,628	-	-	-	-	2,451,223
Total:	<u>\$ 4,801,298</u>	<u>\$ 4,051,916</u>	<u>\$ 8,904,992</u>	<u>\$ 596,000</u>	<u>\$ 432,000</u>	<u>\$ 1,590,287</u>	<u>\$ 313,826</u>	<u>\$ 20,690,319</u>

**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, 2019 are as follows:

	<u>General</u>	<u>Public Improvement Projects</u>	<u>Nonmajor Governmental</u>	<u>Totals</u>
<b><u>Restricted for:</u></b>				
Housing Loan Program	\$ -	\$ -	\$ 13,183	\$ 13,183
Job Creation	-	-	1,804	1,804
Police Forfeitures & Evidence	-	-	50,472	50,472
Debt Requirements	-	-	9,779,734	9,779,734
Economic Development	-	-	1,504,942	1,504,942
Unspent Bond Proceeds	-	509,838	1,686,948	2,196,786
Total Restricted Fund Balances	<u>-</u>	<u>509,838</u>	<u>13,037,083</u>	<u>13,546,921</u>
<b><u>Committed to:</u></b>				
Compensated Absences	1,133,435	-	-	1,133,435
Mt. Pleasant Cemetery Care	-	-	248,239	248,239
Economic Development	-	-	90,738	90,738
Capital Equipment	-	-	469,532	469,532
Concerts in the Park	-	-	362	362
Community Fund Projects	-	-	355,943	355,943
Southwest Chaska Improvements	-	186,282	-	186,282
Street Improvement Program	-	-	3,136,849	3,136,849
Total Committed Fund Balances	<u>1,133,435</u>	<u>186,282</u>	<u>4,301,663</u>	<u>5,621,380</u>
<b><u>Assigned to:</u></b>				
Mt. Pleasant Cemetery Care	-	-	11,975	11,975
Concerts in the Park	-	-	263	263
Road Construction	-	-	2,023,070	2,023,070
Capital Equipment	-	-	1,803,945	1,803,945
Public Facility Improvements	-	-	109,400	109,400
Fire Protection Improvements	-	-	73,717	73,717
Park Improvements	-	-	225,557	225,557
Southwest Chaska Improvements	-	-	502,960	502,960
Community Fund Projects	-	-	77,640	77,640
Housing Improvement	-	-	424,162	424,162
Abatement Programs	-	-	20,604	20,604
Capital Improvements	-	-	3,238,011	3,238,011
Total Assigned Fund Balances	<u>-</u>	<u>-</u>	<u>8,511,304</u>	<u>8,511,304</u>
<b><u>Unassigned</u></b>	<u>777,426</u>	<u>(5,996,339)</u>	<u>(3,576,896)</u>	<u>(8,795,809)</u>
Total Fund Balances:	<u>\$ 1,910,861</u>	<u>\$ (5,300,219)</u>	<u>\$ 22,273,154</u>	<u>\$ 18,883,796</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, 2019, the City had commitments for five uncompleted construction contracts with a remaining balance of \$5,063,235.

### **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, 2019 was \$28,292,977. MMPA issues an annual financial report that may be obtained by writing MMPA, 220 S. 6<sup>th</sup> Street, Suite 1300, Minneapolis, MN 55402, or by calling (612) 349-6868.

**Note 13 Defined Benefit Pension Plans**

Employees of the City participate in three 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	\$ -	\$ -	\$ -	\$ 242,430	\$ 242,430
Deferred Outflows	775,596	3,105,047	3,880,643	871,812	4,752,455
Net Pension Liability	7,441,732	3,022,404	10,464,136	-	10,464,136
Deferred Inflows	1,333,376	4,212,449	5,545,825	171,042	5,716,867
Pension Revenue	17,324	38,326	55,650	157,177	212,827
Pension Expense	1,041,461	479,175	1,520,636	202,133	1,722,769

**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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**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.

Annuities, disability benefits, and survivor benefits are increased every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of June 30 before the effective date of the increase will receive a reduced prorated increase.

### 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 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees fund for the year ended December 31, 2019 were \$761,477. The City of Chaska's contributions were equal to the required contributions as set by state statute.

#### 2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8 percent of pay to 11.3 percent and employer rates increased from 16.2 percent to 16.95 percent on January 1, 2019. The City's contributions to the police and Fire Fund for the year ended December 31, 2019, were \$531,854. The City'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, 2019, the City reported a liability of \$7,441,732 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 2019. 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 \$231,323. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating

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**City of Chaska, Minnesota**

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employers. At June 30, 2019, the City's proportionate share was .1346 percent which was an increase of .0021 percent from its proportionate share measured as of June 30, 2018.

City's proportionate share of the net pension liability	\$ 7,441,732
State's proportionate share of the net pension liability associated with the City	\$ 231,323

For the year ended December 31, 2019, the City recognized pension expense of \$1,024,137 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$17,324 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, 2019, 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	\$ 204,461	\$ -
Changes in actuarial assumptions	-	577,051
Differences between projected and actual investment earnings	-	751,601
Changes in proportion	174,750	4,724
Contributions paid to PERA subsequent to the measurement date	396,385	-
Total:	\$ 775,596	\$ 1,333,376

\$396,385 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, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2020	\$ (293,898)
2021	(554,838)
2022	(117,422)
2023	11,993
Total:	\$ (954,165)

**2. Police and Fire Pension Costs**

At December 31, 2019, the City reported a liability of \$3,022,404 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was .2839 percent which was an

**Notes to the Financial Statements**

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increase of .0223 percent from its proportionate share measured as of June 30, 2018. The City also recognized \$38,326 for the year ended December 31, 2019 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 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. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$479,175 for its proportionate share of the Police and Fire Plan’s pension expense.

At December 31, 2019, 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	\$ 121,390	\$ 406,068
Changes in actuarial assumptions	2,199,791	3,157,995
Differences between projected and actual investment earnings	-	596,671
Changes in proportion	499,066	51,715
Contributions paid to PERA subsequent to the measurement date	284,800	-
Total:	\$ 3,105,047	\$ 4,212,449

The \$284,800 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, 2020. 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
2020	\$ (143,974)
2021	(334,848)
2022	(982,871)
2023	32,435
2024	37,056
Total:	\$ (1,392,202)

**E) Actuarial Assumptions**

The total pension liability in the June 30, 2019, 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, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019:

**1. General Employees Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**2. Police and Fire Fund**

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018

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	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	2.0%	0.00%
Total:	100%	

**F) Discount Rate**

The discount rate used to measure the total pension liability in 2019 was 7.50 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%	\$ 12,233,807	6.50%	\$ 6,606,410
Current Discount Rate	7.50%	\$ 7,441,732	7.50%	\$ 3,022,404
1% Higher	8.50%	\$ 3,484,922	8.50%	\$ 58,486

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

**Note 15 Defined Contribution Plan**

One council member of the City is 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 2019 were:

Amount		Percentage of Covered Payroll		Required Rates
Employees	Employer	Employees	Employer	
\$490	\$490	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.

The City made a change in accounting principle in the current year to utilize the look-back period as the measurement date. This is an accepted practice and allows the City to complete its Comprehensive Annual Financial Report in a timelier manner. This change did not result in an adjustment to beginning net position, due to the immaterial difference this change in measurement period made to beginning balances.

**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 \$2,452.50 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, 2019:

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 \$161,529 in fire state aid to the CFDRAPP on behalf of the CFD for the year ended December 31, 2019, 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, 2019 totaling \$326,937. The City’s contributions exceed the required contributions as set by State Statutes. 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, 2019	\$ 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	<u>66,532</u>	<u>(246,201)</u>	<u>312,733</u>
Ending Balance - December 31, 2019	<u>\$ 5,321,449</u>	<u>\$ 5,563,879</u>	<u>\$ (242,430)</u>

**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, 2019, the CFDRAPP recognized pension expense of \$202,133. At December 31, 2019, 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	-
City contributions subsequent to the measurement date	326,937	-
State aid to the City subsequent to the measurement date	161,529	161,529
Total:	<u>\$ 871,812</u>	<u>\$ 171,042</u>

Deferred outflows of resources totaling \$488,466 related to pensions resulting from city contributions to the plan and state aid received subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Deferred inflows of resources totaling \$161,529 related to state aid received subsequent to the measurement date will be recognized for its impact on the pension liability (asset) in the year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2020	\$ 130,342
2021	31,308
2022	55,470
2023	156,560
2024	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 \$38,657.

**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	<u>134</u>
Total	<u><u>137</u></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	6.25% decreasing to 5.00% over 5 years
Mortality Assumption	RP-2014 While 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 \$1,315,172 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

	<u>Total OPEB Liability</u>
Beginning Balance - January 1, 2019	\$ 1,218,277
Changes for the Year	
Service Cost	76,026
Interest	42,360
Benefit Payments	<u>(21,491)</u>
Net Changes	<u>96,895</u>
Ending Balance - December 31, 2019	<u><u>\$ 1,315,172</u></u>

Assumption changes since the prior measurement date include the following:

- The medical trend rate was changed from 6.5 percent grading to 5.00 percent over 6 years to 6.25 percent grading to 5.00 percent over 5 years.

**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	\$ 1,428,691	\$ 1,315,172	\$ 1,209,007

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	5.25% decreasing to 4.00% over 5 years	6.25% decreasing to 5.00% over 5 years	7.25% decreasing to 6.00% over 5 years
Total OPEB Liability	\$ 1,153,072	\$ 1,315,172	\$ 1,507,797

**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 \$118,386. 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>\$ 38,657</u>	<u>\$ -</u>

A total of \$38,657 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, 2020.

**Note 18 Subsequent Events****A) Issuance of 2020A Economic Development Authority Bonds**

In March 2020, the Economic Development Authority of the City (the EDA – a blended component unit of the City) issued \$6.285 million taxable full-term installment purchase revenue bonds (Series 2020A) to finance the acquisition of park land and street right-of-way for the proposed Southwest Community Park. The bond coupon rates range from 1.75% for bonds maturing in 2022 to 3.08% for bonds maturing in 2040 (final maturity date). The true interest cost of the issued bonds is 2.82%.

**B) Issuance of 2020B Economic Development Authority Bonds Parameters Resolution**

In May 2020, the City and Economic Development Authority of the City adopted a resolution approving the issuance of taxable full-term installment purchase revenue bonds (Series 2020B) to finance the acquisition of land for the extension of Savanna Way street. The resolution established parameters for the sale in that the par amount shall not exceed \$1.7 million and true interest cost shall not exceed 4.25% per annum.

**C) COVID-19**

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread throughout the world and to the United States, including to areas impacting the City. The pandemic has caused an economic downturn as several businesses have had to temporarily halt operations or scale back. The City has also temporarily closed certain operations, including the Community Center and Curling and Event Center.

The City generally reports its investments at fair value based on standards described earlier in these notes. Subsequent to year-end, the COVID-19 pandemic has caused significant volatility in economic conditions, including substantial reductions in the quoted active-market prices of investments. The City's portfolio consists primarily of shorter-term investments, many with guaranteed maturity values. However, the potential negative impact could be heightened if increased demand on City resources and/or sustained economic downturn hampers the City's ability to hold such investments to maturity as planned. The potential future impact of these conditions on the fair value of the City's investment portfolio is not determinable at this time.

The City is evaluating the financial effects of the pandemic. The situation will likely result in revenue declines, a decrease in demand for certain services, an increase in delinquencies or uncollectible accounts receivable, and increased expenses due to the pandemic. The full extent of the pandemic will depend on future developments, including the duration and spread of the pandemic and related governmental or other regulatory actions.

**Required Supplementary Information**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

**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%
12/31/2019	06/30/2019	0.13%	7,441,732	231,323	7,673,055	9,526,900	78.11%	80.20%

**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%
12/31/2019	761,477	761,477	-	10,153,003	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, 2019**

**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%
12/31/2019	06/30/2019	0.28%	3,022,404	2,996,128	100.88%	89.30%

**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%
12/31/2019	531,854	531,854	-	3,137,782	16.95%

*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, 2019

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

City Fiscal Year-end Date Measurement Date	December 31,					
	2019 (1) 2018	2018 2018	2017 2017	2016 2016	2015 2015	2014 2014
<b><u>Total Pension Liability</u></b>						
Service Cost	\$ 97,600	\$ 97,600	\$ 76,833	\$ 74,777	\$ 76,662	\$ 74,610
Interest	323,454	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)	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
<b>Net Change in Total Pension Liability</b>	<b>66,532</b>	<b>66,532</b>	<b>110,714</b>	<b>(57,974)</b>	<b>(158,969)</b>	<b>329,466</b>
<b>Total Pension Liability – Beginning</b>	<b>5,254,917</b>	<b>5,254,917</b>	<b>5,144,203</b>	<b>5,202,177</b>	<b>5,361,146</b>	<b>5,031,680</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 5,321,449</b>	<b>\$ 5,321,449</b>	<b>\$ 5,254,917</b>	<b>\$ 5,144,203</b>	<b>\$ 5,202,177</b>	<b>\$ 5,361,146</b>
<b><u>Plan Fiduciary Net Position</u></b>						
Contributions - Employer	\$ 465,022	\$ 465,022	\$ 443,793	\$ 427,285	\$ 401,321	\$ 361,296
Net Investment Income	(342,294)	(342,294)	819,964	408,073	(220,343)	232,061
Benefit payments, Including Refunds of Member Contributions	(354,522)	(354,522)	(595,443)	(451,119)	(517,365)	(318,551)
Administrative Expense	(14,407)	(14,407)	(10,295)	(11,561)	(4,226)	(9,463)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(246,201)</b>	<b>(246,201)</b>	<b>658,019</b>	<b>372,678</b>	<b>(340,613)</b>	<b>265,343</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>5,810,080</b>	<b>5,810,080</b>	<b>5,152,061</b>	<b>4,779,383</b>	<b>5,119,996</b>	<b>4,854,653</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,563,879</b>	<b>\$ 5,563,879</b>	<b>\$ 5,810,080</b>	<b>\$ 5,152,061</b>	<b>\$ 4,779,383</b>	<b>\$ 5,119,996</b>
<b>City's Net Pension Liability (Asset) - Ending (a) - (b)</b>	<b>\$ (242,430)</b>	<b>\$ (242,430)</b>	<b>\$ (555,163)</b>	<b>\$ (7,858)</b>	<b>\$ 422,794</b>	<b>\$ 241,150</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>						
	104.56%	104.56%	110.56%	100.15%	91.87%	95.50%

(1) The City made a change in accounting principle to utilize the look-back period as of the measurement date. This is an accepted practice and allows the City to complete its CAFR in a more timely manner. This change required the use of the same actuary study and pension report for the 2018 and 2019 fiscal years.

Note: 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**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially Determined Contribution(ADC) <sup>1</sup>	\$ 165,134	\$ 165,134	\$ 265,347	\$ 265,347	\$ 267,302	\$ 267,302	\$ 293,799	\$ 293,799	\$ 246,000	\$ 246,000
Contributions in Relation to the ADC	488,466	465,022	436,793	427,285	401,321	361,296	364,512	298,250	299,930	271,345
Contribution Deficiency (Excess)	<u>\$ (323,332)</u>	<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>

**Valuation Date:**

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

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

Actuarial Cost Method	Entry Age Normal actuarial level dollar cost method
Amortization Method	Actuarial Losses - Amortize loss over ten (10) years per Minnesota 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	Thirteen (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 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 \$2.15 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 Schedule**<sup>1</sup> ADC amounts are equal to statutory requirements under Minnesota Statutes 424A.092 and 69.773.

The CFDRAPP is comprised of voluntary fire fighters. There is no covered payroll to report.

**Required Supplementary Information**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

	2019	2018
Total OPEB Liability		
Service Cost	\$ 76,026	\$ 73,812
Interest	42,360	39,586
Benefit Payments	(21,491)	(41,413)
Net Change in Total OPEB Liability	96,895	71,985
Total OPEB Liability - Beginning of Year	1,218,277	1,146,292
Total OPEB Liability - End of Year	\$ 1,315,172	\$ 1,218,277
Covered Payroll	\$ 10,694,925	\$ 10,383,422
Total OPEB Liability as a Percentage of Covered Payroll	12.3%	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 displayed as they become available.*

**PERA – GENERAL EMPLOYEES RETIREMENT FUND****2019 Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2017 to MP-2018.

**2019 Changes in Plan Provisions:**

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

**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.

**2018 Changes in Plan Provisions:**

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.5 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of living Adjustment, not less than 1.00 percent and not more than 1.5 percent, beginning January 1, 2019.
- Fore retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees; disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revisited mortality and interest assumptions

**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.

**2017 Changes in Plan Provisions:**

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The state's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

**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 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.

**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; the state's contribution of \$6.0 million, which meets the special funding situation, was due September 2015.

**PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND****2019 Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2017 to MP-2018.

**2018 Changes in Actuarial Assumptions:**

- The mortality projection scale was changed from MP-2016 to MP-2017.

**2018 Changes in Plan Provisions:**

- Post-retirement benefit increases were changed to 1.00 percent for all years, with not trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100.00 percent funding, July 1, 2048, if earlier.
- Member contributions were changed from 10.8 percent to 11.3 percent of pay, effective January 1, 2019 and 11.8 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.2 percent to 16.95 percent of pay, effective January 1, 2019, and 17.7 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to zero percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes in Actuarial Assumptions:**

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than 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. The base mortality table for disabled annuitants was changed from RP-2000 Disabled Mortality Table 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.

## Notes to Required Supplementary Information

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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- 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 per annum to 7.50 percent per annum.

### **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.
- 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 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.

### **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.

## **OTHER POST-EMPLOYMENT BENEFITS PLAN**

### **2019 Changes in Actuarial Assumptions:**

- The medical trend rate was changed from 6.50 percent grading to 5.00 percent over 6 years to 6.25 percent grading to 5.00 percent over 5 years.

### **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 Generation 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 Governmental Funds**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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**CITY OF CHASKA, MINNESOTA**

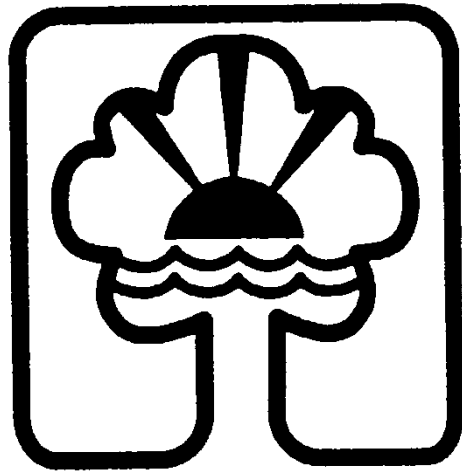
**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash And Investments	\$ 413,062	\$ 8,781,343	\$ 8,102,780	\$ 17,297,185
Cash With Escrow Agent	-	988,506	-	988,506
Receivables:				
Taxes	8,178	2,376	37,682	48,236
Special Assessments	59,471	9,763,769	2,146,405	11,969,645
Accounts	2,546	-	15,267	17,813
Interest	-	-	7,264	7,264
Lease	71,523	-	-	71,523
Notes	15,195	-	-	15,195
Due From Other Funds	-	-	5,777,324	5,777,324
Interfund Receivable	-	-	313,952	313,952
Advance To Other Funds	-	-	1,918,756	1,918,756
<b>TOTAL ASSETS</b>	<b>\$ 569,975</b>	<b>\$ 19,535,994</b>	<b>\$ 18,319,430</b>	<b>\$ 38,425,399</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 3,965	\$ 1,000	\$ 472,132	\$ 477,097
Deposits Payable	11,442	-	11,096	22,538
Due To Other Funds	996,675	-	227,383	1,224,058
Interfund Payable	-	-	110,713	110,713
Advance From Other Funds	-	-	2,250,215	2,250,215
Unearned Revenue	19,077	1,443,215	374,205	1,836,497
<b>TOTAL LIABILITIES</b>	<b>1,031,159</b>	<b>1,444,215</b>	<b>3,445,744</b>	<b>5,921,118</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable Revenue - Taxes	3,094	1,244	20,100	24,438
Unavailable Revenue - Special Assessments	40,148	8,310,801	1,769,022	10,119,971
Unavailable Revenue - Notes Receivable	15,195	-	-	15,195
Unavailable Revenue - Lease Receivable	71,523	-	-	71,523
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>129,960</b>	<b>8,312,045</b>	<b>1,789,122</b>	<b>10,231,127</b>
<b>FUND BALANCES:</b>				
Restricted	65,459	9,779,734	3,191,890	13,037,083
Committed	339,339	-	3,962,324	4,301,663
Assigned	12,238	-	8,499,066	8,511,304
Unassigned	(1,008,180)	-	(2,568,716)	(3,576,896)
<b>TOTAL FUND BALANCES</b>	<b>(591,144)</b>	<b>9,779,734</b>	<b>13,084,564</b>	<b>22,273,154</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 569,975</b>	<b>\$ 19,535,994</b>	<b>\$ 18,319,430</b>	<b>\$ 38,425,399</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECT</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 504,482	\$ 2,505,010	\$ 987,338	\$ 3,996,830
Tax Increment	-	-	1,103,080	1,103,080
Intergovernmental	85	-	1,040,431	1,040,516
Charges For Services	88,400	-	2,070,322	2,158,722
Fines And Forfeitures	8,342	-	-	8,342
Special Assessments	58,298	1,846,676	467,699	2,372,673
Investment Earnings (Charges)	(20,403)	124,039	303,300	406,936
Other Revenue	212,804	16,747	470,562	700,113
	<u>852,008</u>	<u>4,492,472</u>	<u>6,442,732</u>	<u>11,787,212</u>
<b>TOTAL REVENUES</b>				
<b><u>EXPENDITURES</u></b>				
<b>CURRENT:</b>				
General Government	-	31,326	108,143	139,469
Economic Development	370,875	-	1,219,196	1,590,071
Public Safety	7,621	-	31,898	39,519
Public Works	12,627	-	913,606	926,233
Parks, Recreation And Arts	-	-	102,286	102,286
<b>DEBT SERVICE:</b>				
Principal	12,443	3,310,000	-	3,322,443
Interest	4,357	1,615,634	97,506	1,717,497
Issuance Costs And Fiscal Agent Fees	-	63,720	185,262	248,982
<b>CAPITAL OUTLAY</b>	<u>8,640</u>	<u>-</u>	<u>3,147,379</u>	<u>3,156,019</u>
	<u>416,563</u>	<u>5,020,680</u>	<u>5,805,276</u>	<u>11,242,519</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>435,445</u>	<u>(528,208)</u>	<u>637,456</u>	<u>544,693</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	25,000	2,184,582	6,695,410	8,904,992
Transfers Out	(355,000)	(1,637,249)	(7,496,851)	(9,489,100)
Bonds Issued	-	63,466	7,631,884	7,695,350
Refunding Bonds Issued	-	1,740,000	-	1,740,000
Premium on Bonds Issued	-	230,893	702,451	933,344
Payment to Refunding Bond Escrow Agent	-	(1,360,000)	-	(1,360,000)
	<u>(330,000)</u>	<u>1,221,692</u>	<u>7,532,894</u>	<u>8,424,586</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCES</b>	105,445	693,484	8,170,350	8,969,279
<b>FUND BALANCES, JANUARY 1</b>	<u>(696,589)</u>	<u>9,086,250</u>	<u>4,914,214</u>	<u>13,303,875</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ (591,144)</u>	<u>\$ 9,779,734</u>	<u>\$ 13,084,564</u>	<u>\$ 22,273,154</u>



CHASKA

## Nonmajor Special Revenue Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2019

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Nonmajor Special Revenue funds are used to account for specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The City reports the following funds.

- **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 to levy ad valorem taxes to provide funds for its operations.
- **Police Forfeitures and Evidence Fund:**  
This fund is used to report the activity related to DUI and drug forfeitures. DUI forfeitures are administered in accordance with State Statute 169A.63. This fund is also used to account for evidence in the form of cash deposits, which will either be forfeited or returned to owners.
- **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

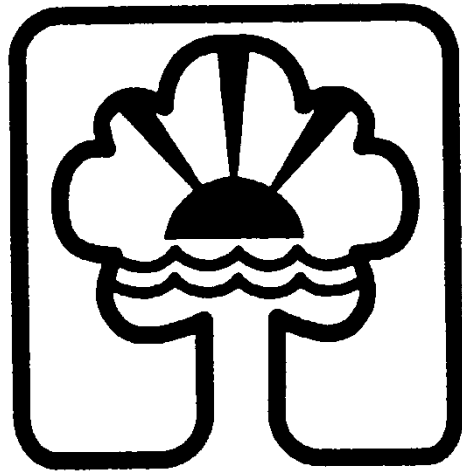
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2019

	202 & 801	251	206	210	211	803	
	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	POLICE FORFEITURES AND EVIDENCE	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
<b>ASSETS</b>							
Cash And Investments	\$ 260,181	\$ -	\$ 59,714	\$ 90,738	\$ 1,804	\$ 625	\$ 413,062
Receivables:							
Taxes:							
Unremitted	33	5,051	-	-	-	-	5,084
Delinquent	46	3,048	-	-	-	-	3,094
Special Assessments:							
Unremitted	-	246	-	-	-	-	246
Delinquent	-	1,125	-	-	-	-	1,125
Deferred:							
Certified To County	-	39,023	-	-	-	-	39,023
City Owned	-	19,077	-	-	-	-	19,077
Accounts	-	2,546	-	-	-	-	2,546
Lease	-	71,523	-	-	-	-	71,523
Notes	-	-	-	15,195	-	-	15,195
<b>TOTAL ASSETS</b>	<b>\$ 260,260</b>	<b>\$ 141,639</b>	<b>\$ 59,714</b>	<b>\$ 105,933</b>	<b>\$ 1,804</b>	<b>\$ 625</b>	<b>\$ 569,975</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts Payable	\$ -	\$ 3,965	\$ -	\$ -	\$ -	\$ -	\$ 3,965
Deposits Payable	-	2,200	9,242	-	-	-	11,442
Due To Other Funds	-	996,675	-	-	-	-	996,675
Unearned Revenue	-	19,077	-	-	-	-	19,077
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,021,917</b>	<b>9,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,031,159</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue - Taxes	46	3,048	-	-	-	-	3,094
Unavailable Revenue - Special Assessments	-	40,148	-	-	-	-	40,148
Unavailable Revenue - Notes Receivable	-	-	-	15,195	-	-	15,195
Unavailable Revenue - Lease Receivable	-	71,523	-	-	-	-	71,523
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>46</b>	<b>114,719</b>	<b>-</b>	<b>15,195</b>	<b>-</b>	<b>-</b>	<b>129,960</b>
<b>FUND BALANCES:</b>							
Restricted	-	13,183	50,472	-	1,804	-	65,459
Committed	248,239	-	-	90,738	-	362	339,339
Assigned	11,975	-	-	-	-	263	12,238
Unassigned	-	(1,008,180)	-	-	-	-	(1,008,180)
<b>TOTAL FUND BALANCES</b>	<b>260,214</b>	<b>(994,997)</b>	<b>50,472</b>	<b>90,738</b>	<b>1,804</b>	<b>625</b>	<b>(591,144)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 260,260</b>	<b>\$ 141,639</b>	<b>\$ 59,714</b>	<b>\$ 105,933</b>	<b>\$ 1,804</b>	<b>\$ 625</b>	<b>\$ 569,975</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	202 & 801	251	206	210	211	803	
	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	POLICE FORFEITURES AND EVIDENCE	COMMERCIAL REVOLVING LOAN	INDUSTRIAL REVOLVING LOAN	GRACE GIBSON	TOTALS
<b>REVENUES:</b>							
Taxes	\$ 6,000	\$ 498,482	\$ -	\$ -	\$ -	\$ -	\$ 504,482
Intergovernmental:							
State:							
Market Value Credit	1	84	-	-	-	-	85
Charges For Services	3,400	85,000	-	-	-	-	88,400
Fines And Forfeitures	-	-	8,342	-	-	-	8,342
Special Assessments	-	58,298	-	-	-	-	58,298
Investment Earnings (Charges)	5,737	(28,071)	-	1,878	39	14	(20,403)
Other Revenues	-	200,995	-	11,809	-	-	212,804
<b>TOTAL REVENUES</b>	<b>15,138</b>	<b>814,788</b>	<b>8,342</b>	<b>13,687</b>	<b>39</b>	<b>14</b>	<b>852,008</b>
<b>EXPENDITURES:</b>							
Current:							
Economic Development	-	370,579	-	296	-	-	370,875
Public Safety	-	-	7,621	-	-	-	7,621
Public Works	12,627	-	-	-	-	-	12,627
Debt Service:							
Principal	-	12,443	-	-	-	-	12,443
Interest	-	4,357	-	-	-	-	4,357
Capital Outlay	-	8,640	-	-	-	-	8,640
<b>TOTAL EXPENDITURES</b>	<b>12,627</b>	<b>396,019</b>	<b>7,621</b>	<b>296</b>	<b>-</b>	<b>-</b>	<b>416,563</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,511</b>	<b>418,769</b>	<b>721</b>	<b>13,391</b>	<b>39</b>	<b>14</b>	<b>435,445</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	-	25,000	-	-	-	-	25,000
Transfers Out	-	(355,000)	-	-	-	-	(355,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(330,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(330,000)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,511</b>	<b>88,769</b>	<b>721</b>	<b>13,391</b>	<b>39</b>	<b>14</b>	<b>105,445</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>257,703</b>	<b>(1,083,766)</b>	<b>49,751</b>	<b>77,347</b>	<b>1,765</b>	<b>611</b>	<b>(696,589)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 260,214</b>	<b>\$ (994,997)</b>	<b>\$ 50,472</b>	<b>\$ 90,738</b>	<b>\$ 1,804</b>	<b>\$ 625</b>	<b>\$ (591,144)</b>



CHASKA

## Nonmajor Debt Service Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2019

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Nonmajor debt service funds are used to account for the accumulation of resources and for the payment of principal, interest, and related costs on long-term general obligation debt of governmental funds. The individual nonmajor debt service funds are presented to distinguish between the various bond issues. The City reports the following bond types.

- **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.
- **Revenue Bond Funds:**  
These funds service debt on bonds that are supported by revenue pledged for repayment such as lease agreements.
- **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, 2019

	307	309	310	311	313	314	315	317	318	320	321	322	323
	\$3,645,000 GO IMP BONDS 2008	\$565,000 GO TAXABLE TI BONDS 2008	\$1,995,000 GO IMP REF BONDS 2009	\$3,220,000 GO IMP BONDS 2010	\$2,180,000 GO IMP BONDS 2010	\$405,000 TAXABLE GO TA BONDS 2010	\$3,455,000 GO BONDS 2011	\$2,430,000 GO IMP BONDS 2012A	\$4,675,000 GO X-OVER ADV REF BONDS 2012B	\$3,330,000 GO IMP BONDS 2013A	\$580,000 TAXABLE GO TI REF BONDS 2013B	\$915,000 GO EQUIPMENT CERTIFICATES 2013C	\$5,785,000 GO IMP BONDS 2014A
<b>ASSETS</b>													
Cash And Investments	\$ -	\$ -	\$ -	\$ 1,205,642	\$ 1,419,345	\$ 297,564	\$ 1,069,053	\$ 229,259	\$ 227,727	\$ 229,242	\$ 2,358	\$ 143,491	\$ 682,693
Cash With Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables:													
Taxes:													
Unremitted	-	-	-	-	1,132	-	-	-	-	-	-	-	-
Delinquent	-	-	-	-	-	1,239	-	5	-	-	-	-	-
Special Assessments:													
Unremitted	-	-	-	606	-	-	7,304	-	-	-	-	-	398
Delinquent	-	-	-	-	-	-	2,407	-	-	-	-	-	-
Deferred:													
Certified To County	-	-	-	744,066	213,342	-	86,032	111,308	446,168	832,298	-	-	137,910
City Owned	-	-	-	-	27,344	-	245,151	198,172	12,543	295,262	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,950,314</b>	<b>\$ 1,661,163</b>	<b>\$ 298,803</b>	<b>\$ 1,409,947</b>	<b>\$ 538,739</b>	<b>\$ 686,443</b>	<b>\$ 1,356,802</b>	<b>\$ 2,358</b>	<b>\$ 143,491</b>	<b>\$ 821,001</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>													
<b>LIABILITIES:</b>													
Accounts Payable	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	220,949	-	245,151	198,172	12,543	295,262	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>221,449</b>	<b>-</b>	<b>245,151</b>	<b>198,172</b>	<b>12,543</b>	<b>295,262</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>													
Unavailable Revenue - Taxes	-	-	-	-	-	1,239	-	-	5	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	744,066	19,737	-	88,439	111,308	446,168	832,298	-	-	137,910
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>744,066</b>	<b>19,737</b>	<b>1,239</b>	<b>88,439</b>	<b>111,308</b>	<b>446,173</b>	<b>832,298</b>	<b>-</b>	<b>-</b>	<b>137,910</b>
<b>FUND BALANCES:</b>													
Restricted	-	-	-	1,205,748	1,419,977	297,564	1,076,357	229,259	227,727	229,242	2,358	143,491	683,091
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,950,314</b>	<b>\$ 1,661,163</b>	<b>\$ 298,803</b>	<b>\$ 1,409,947</b>	<b>\$ 538,739</b>	<b>\$ 686,443</b>	<b>\$ 1,356,802</b>	<b>\$ 2,358</b>	<b>\$ 143,491</b>	<b>\$ 821,001</b>

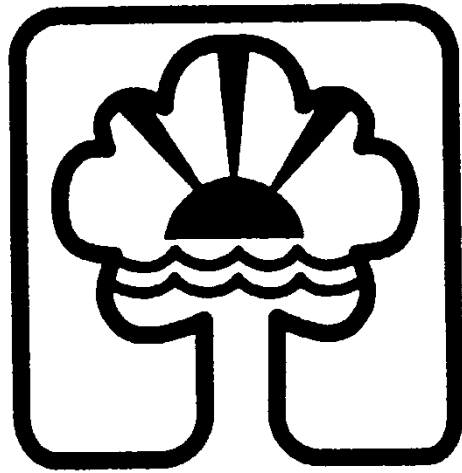
324	325	326	327	328	329	330	331	332	333 334 335	336	TOTALS		
\$9,000,000/ \$1,085,000 EDA LEASE REVENUE BONDS 2015B/2015D	\$5,940,000 GO IMP BONDS 2015B	\$9,570,000 GO IMP BONDS 2017B	\$2,035,000 TAXABLE GO BONDS 2017C	\$460,000 TAXABLE GO X-OVER REF BONDS 2017D	\$995,000 GO X-OVER REF BONDS 2017E	TEMPORARY IMPROVEMENT BONDS 2019A	\$5,680,000 GO IMP BONDS 2019B	\$1,250,000 TAXABLE GO IMP BONDS 2019D	\$2,600,000 TAXABLE GO TIF BONDS 2019D	\$1,740,000 GO IMP REF BONDS 2019E			
\$ 471,756 988,506	\$ 773,831 -	\$ 1,225,602 -	\$ 432,383 -	\$ 59,600 -	\$ 159,504 -	\$ - -	\$ 88,380 -	\$ 34,578 -	\$ 29,086 -	\$ 249 -	\$ 8,781,343 988,506	<b>ASSETS</b>	
-	-	-	-	-	-	-	-	-	-	-	1,132	Cash And Investments	
-	-	-	-	-	-	-	-	-	-	-	1,244	Cash With Escrow Agent	
-	-	899	-	-	-	-	546	-	-	-	9,753	Receivables:	
-	6,268	-	6,170	-	3,647	-	-	-	-	-	18,492	Taxes:	
-	336,422	3,214,944	1,116,669	-	30,634	-	1,216,121	-	-	-	8,485,914	Unremitted	
-	471,138	-	-	-	-	-	-	-	-	-	1,249,610	Delinquent	
\$ 1,460,262	\$ 1,587,659	\$ 4,441,445	\$ 1,555,222	\$ 59,600	\$ 193,785	\$ -	\$ 1,305,047	\$ 34,578	\$ 29,086	\$ 249	\$ 19,535,994	Special Assessments:	
												Unremitted	
												Delinquent	
												Deferred:	
												Certified To County	
												City Owned	
												TOTAL ASSETS	
													<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	<b>LIABILITIES:</b>	
-	471,138	-	-	-	-	-	-	-	-	-	1,443,215	Accounts Payable	
-	471,138	-	-	-	-	-	-	-	-	-	1,444,215	Unearned Revenue	
-	-	-	-	-	-	-	-	-	-	-	1,244	TOTAL LIABILITIES	
-	342,690	3,214,944	1,122,839	-	34,281	-	1,216,121	-	-	-	8,310,801	<b>DEFERRED INFLOWS OF RESOURCES:</b>	
-	342,690	3,214,944	1,122,839	-	34,281	-	1,216,121	-	-	-	8,312,045	Unavailable Revenue - Taxes	
												Unavailable Revenue - Special Assessments	
1,460,262	773,831	1,226,501	432,383	59,600	159,504	-	88,926	34,578	29,086	249	9,779,734	TOTAL DEFERRED INFLOWS OF RESOURCES	
\$ 1,460,262	\$ 1,587,659	\$ 4,441,445	\$ 1,555,222	\$ 59,600	\$ 193,785	\$ -	\$ 1,305,047	\$ 34,578	\$ 29,086	\$ 249	\$ 19,535,994	<b>FUND BALANCES:</b>	
												Restricted	
												TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	307	309	310	311	313	314	315	317	318	320	321	322	323
	\$3,645,000 GO IMP BONDS 2008	\$565,000 GO TAXABLE TI BONDS 2008	\$1,995,000 GO IMP REF BONDS 2009	\$3,220,000 GO IMP BONDS 2010	\$2,180,000 GO IMP BONDS 2010	\$405,000 TAXABLE GO TA BONDS 2010	\$3,455,000 GO BONDS 2011	\$2,430,000 GO IMP BONDS 2012A	\$4,675,000 GO X-OVER ADV REF BONDS 2012B	\$3,330,000 GO IMP BONDS 2013A	\$580,000 TAXABLE GO TI REF BONDS 2013B	\$915,000 GO EQUIPMENT CERTIFICATES 2013C	\$5,785,000 GO IMP BONDS 2014A
<b>REVENUES:</b>													
Taxes:													
Property	\$ 55,500	\$ -	\$ -	\$ 76,000	\$ 125,698	\$ 29,884	\$ 118,000	\$ 165,000	\$ 73,001	\$ 225,000	\$ -	\$ 123,000	\$ 485,000
Special Assessments	-	-	49,959	212,747	12,438	-	32,718	28,740	85,366	27,456	-	-	24,991
Investment Earnings	213	268	34,675	3,265	2,237	6,150	15,011	2,351	1,202	550	-	1,609	7,938
Other Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>55,713</b>	<b>268</b>	<b>84,634</b>	<b>292,012</b>	<b>140,373</b>	<b>36,034</b>	<b>165,729</b>	<b>196,091</b>	<b>159,569</b>	<b>253,006</b>	<b>-</b>	<b>124,609</b>	<b>517,929</b>
<b>EXPENDITURES:</b>													
Current:													
General Government	400	-	5,100	-	-	-	-	-	940	-	-	-	-
Debt Service:													
Principal	250,000	20,000	215,000	250,000	135,000	10,000	205,000	175,000	210,000	190,000	75,000	105,000	470,000
Interest	29,244	16,262	6,450	46,000	44,514	18,550	40,375	33,280	44,235	90,563	5,587	13,075	120,625
Issuance Costs And Fiscal Agent Fees	-	-	-	18,631	38,289	375	400	525	-	500	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>279,644</b>	<b>36,262</b>	<b>226,550</b>	<b>314,631</b>	<b>217,803</b>	<b>28,925</b>	<b>245,775</b>	<b>208,805</b>	<b>255,175</b>	<b>281,063</b>	<b>80,587</b>	<b>118,075</b>	<b>590,625</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(223,931)</b>	<b>(35,994)</b>	<b>(141,916)</b>	<b>(22,619)</b>	<b>(77,430)</b>	<b>7,109</b>	<b>(80,046)</b>	<b>(12,714)</b>	<b>(95,606)</b>	<b>(28,057)</b>	<b>(80,587)</b>	<b>6,534</b>	<b>(72,696)</b>
<b>OTHER FINANCING SOURCES (USES):</b>													
Transfers In	-	-	-	300,000	67,197	-	321,025	-	92,846	60,000	80,000	-	79,191
Transfers Out	(57,141)	(20,855)	(1,559,253)	-	-	-	-	-	-	-	-	-	-
Bonds Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	559,966	1,179,785	-	-	-	-	-	-	-	-
Premium on Refunding Bonds Issued	-	-	-	77,942	152,951	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(940,000)	(420,000)	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(997,141)</b>	<b>(440,855)</b>	<b>(1,559,253)</b>	<b>937,908</b>	<b>1,399,933</b>	<b>-</b>	<b>321,025</b>	<b>-</b>	<b>92,846</b>	<b>60,000</b>	<b>80,000</b>	<b>-</b>	<b>79,191</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,221,072)</b>	<b>(476,849)</b>	<b>(1,701,169)</b>	<b>915,289</b>	<b>1,322,503</b>	<b>7,109</b>	<b>240,979</b>	<b>(12,714)</b>	<b>(2,760)</b>	<b>31,943</b>	<b>(587)</b>	<b>6,534</b>	<b>6,495</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,221,072</b>	<b>476,849</b>	<b>1,701,169</b>	<b>290,459</b>	<b>97,474</b>	<b>290,455</b>	<b>835,378</b>	<b>241,973</b>	<b>230,487</b>	<b>197,299</b>	<b>2,945</b>	<b>136,957</b>	<b>676,596</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,205,748</b>	<b>\$ 1,419,977</b>	<b>\$ 297,564</b>	<b>\$ 1,076,357</b>	<b>\$ 229,259</b>	<b>\$ 227,727</b>	<b>\$ 229,242</b>	<b>\$ 2,358</b>	<b>\$ 143,491</b>	<b>\$ 683,091</b>

324	325	326	327	328	329	330	331	332	333	334	335	336	
\$9,000,000/ \$1,085,000 EDA LEASE REVENUE BONDS 2015B/2015D	\$5,940,000 GO IMP BONDS 2015B	\$9,570,000 GO IMP BONDS 2017B	\$2,035,000 TAXABLE GO BONDS 2017C	\$460,000 TAXABLE GO X-OVER REF BONDS 2017D	\$995,000 GO X-OVER REF BONDS 2017E	TEMPORARY IMPROVEMENT BONDS 2019A	\$5,680,000 GO IMP BONDS 2019B	\$1,250,000 TAXABLE GO IMP BONDS 2019D	\$2,600,000 TAXABLE GO TIF BONDS 2019D	\$1,740,000 GO IMP REF BONDS 2019E	TOTALS		
\$ -	\$ 492,500	\$ 480,927	\$ -	\$ -	\$ 55,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,505,010		<b>REVENUES:</b>
-	53,233	987,782	238,843	-	3,805	-	88,598	-	-	-	1,846,676		Taxes:
12,045	10,151	6,034	6,700	3,460	9,654	-	328	108	90	-	124,039		Property
-	-	16,747	-	-	-	-	-	-	-	-	16,747		Special Assessments
-	-	-	-	-	-	-	-	-	-	-	-		Investment Earnings
-	-	-	-	-	-	-	-	-	-	-	-		Other Revenue
12,045	555,884	1,491,490	245,543	3,460	68,959	-	88,926	108	90	-	4,492,472		TOTAL REVENUES
-	-	24,886	-	-	-	-	-	-	-	-	31,326		<b>EXPENDITURES:</b>
275,000	315,000	290,000	120,000	-	-	-	-	-	-	-	3,310,000		Current:
359,100	216,544	371,725	51,580	15,025	24,615	68,285	-	-	-	-	1,615,634		General Government
3,200	-	450	450	450	450	-	-	-	-	-	63,720		Debt Service:
637,300	531,544	687,061	172,030	15,475	25,065	68,285	-	-	-	-	5,020,680		Principal
-	-	-	-	-	-	-	-	-	-	-	-		Interest
-	-	-	-	-	-	-	-	-	-	-	-		Issuance Costs And Fiscal Agent Fees
(625,255)	24,340	804,429	73,513	(12,015)	43,894	(68,285)	88,926	108	90	-	(528,208)		TOTAL EXPENDITURES
634,100	-	358,700	-	66,097	57,141	68,285	-	-	-	-	2,184,582		<b>OTHER FINANCING SOURCES (USES):</b>
-	-	-	-	-	-	-	-	-	-	-	(1,637,249)		Transfers In
-	-	-	-	-	-	-	-	34,470	28,996	-	63,466		Transfers Out
-	-	-	-	-	-	-	-	-	-	249	1,740,000		Bonds Issued
-	-	-	-	-	-	-	-	-	-	-	230,893		Refunding Bonds Issued
-	-	-	-	-	-	-	-	-	-	-	(1,360,000)		Premium on Refunded Bonds Issued
-	-	-	-	-	-	-	-	-	-	-	-		Payment to Refunded Bond Escrow Agent
634,100	-	358,700	-	66,097	57,141	68,285	-	34,470	28,996	249	1,221,692		TOTAL OTHER FINANCING SOURCES (USES)
8,845	24,340	1,163,129	73,513	54,082	101,035	-	88,926	34,578	29,086	249	693,484		NET CHANGE IN FUND BALANCES
1,451,417	749,491	63,372	358,870	5,518	58,469	-	-	-	-	-	9,086,250		FUND BALANCES, JANUARY 1
\$ 1,460,262	\$ 773,831	\$ 1,226,501	\$ 432,383	\$ 59,600	\$ 159,504	\$ -	\$ 88,926	\$ 34,578	\$ 29,086	\$ 249	\$ 9,779,734		FUND BALANCES, DECEMBER 31



CHASKA

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

- **Tax Increment Funds:**

These funds receive revenue from general property taxes in the form of tax increment. Revenues are used by the Chaska Economic Development Authority (EDA) to promote affordable housing and development by providing financing aids to developers.
- **Major Road Construction Fund:**

This fund collects Minnesota State Aid (MSA) revenue designated for road construction.
- **Permanent Improvement Revolving Funds:**

These funds are used to collect development fees charged for the purpose of construction of the City's utility systems. Three separate funds are shown: the Water trunk fund, the Sewer trunk fund and the Storm Water trunk fund.
- **Highway 312 Metropolitan Council Right-of-Way Acquisition Loan Fund:**

This fund is used to account for the land acquisitions for a highway 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 collect property tax levies appropriated by budget for capital equipment acquisition.
- **Park Development Fund:**

This fund is used to collect park dedication fees for construction of City parks.
- **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 resources to support current and future improvement projects.
- **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 City street reconstruction.
- **2014 Flood Event Fund:**

This fund is used to account for the receipts and expenditures associated with the June 2014 flooding. This fund closed in 2019.

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 DECEMBER 31, 2019

	401	402	403	404	405	407	444	445	
	TAX INCREMENT	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING
<b>ASSETS</b>									
Cash And Investments	\$ 1,580,779	\$ 19,875	\$ 806,278	\$ 406,796	\$ -	\$ 154,650	\$ 9,400	\$ 73,733	\$ 3,843
Receivables:									
Taxes:									
Unremitted	-	-	-	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-	-	-	-
Special Assessments:									
Unremitted	-	-	2,073	720	72	-	-	-	246
Delinquent	-	-	-	-	-	-	-	-	7,616
Deferred:									
Certified To County	-	-	82,822	111,073	55,104	-	-	169,820	917,195
City Owned	-	-	-	-	-	-	-	-	-
Accounts									
Interest	676	3,195	569	472	-	308	-	-	-
Due From Other Funds	-	2,000,000	-	1,224,058	-	-	-	-	-
Interfund Receivable	-	-	-	-	-	5,742	4,594	-	129,901
Advance To Other Funds	-	-	-	-	-	119,258	95,406	-	398,499
<b>TOTAL ASSETS</b>	<b>\$ 1,581,455</b>	<b>\$ 2,023,070</b>	<b>\$ 891,742</b>	<b>\$ 1,743,119</b>	<b>\$ 55,176</b>	<b>\$ 279,958</b>	<b>\$ 109,400</b>	<b>\$ 243,553</b>	<b>\$ 1,457,300</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Accounts Payable	\$ 7,494	\$ -	\$ 1,330	\$ 14,072	\$ 1,820	\$ -	\$ -	\$ 16	\$ -
Deposits Payable	11,096	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	227,383	-	-	-	-
Interfund Payable	110,713	-	-	-	-	-	-	-	-
Advance From Other Funds	2,250,215	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,379,518</b>	<b>-</b>	<b>1,330</b>	<b>14,072</b>	<b>229,203</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>									
Unavailable Revenue - Taxes	-	-	-	-	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	82,822	111,073	55,104	-	-	169,820	924,811
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>82,822</b>	<b>111,073</b>	<b>55,104</b>	<b>-</b>	<b>-</b>	<b>169,820</b>	<b>924,811</b>
<b>FUND BALANCES:</b>									
Restricted	1,504,942	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	2,023,070	807,590	1,617,974	-	279,958	109,400	73,717	532,489
Unassigned	(2,303,005)	-	-	-	(229,131)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>(798,063)</b>	<b>2,023,070</b>	<b>807,590</b>	<b>1,617,974</b>	<b>(229,131)</b>	<b>279,958</b>	<b>109,400</b>	<b>73,717</b>	<b>532,489</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,581,455</b>	<b>\$ 2,023,070</b>	<b>\$ 891,742</b>	<b>\$ 1,743,119</b>	<b>\$ 55,176</b>	<b>\$ 279,958</b>	<b>\$ 109,400</b>	<b>\$ 243,553</b>	<b>\$ 1,457,300</b>

448	449	450	451	452	453	524	530		
<u>EQUIPMENT ACQUISITION</u>	<u>PARK DEVELOPMENT</u>	<u>SOUTHWEST CHASKA TRANSPORTATION</u>	<u>COMMUNITY FUND</u>	<u>HOUSING IMPROVEMENT AREA PROJECTS</u>	<u>ABATEMENT PROGRAM</u>	<u>ANNUAL STREET REPLACEMENT</u>	<u>2014 FLOOD EVENT</u>	<u>TOTALS</u>	
\$ 1,675,263	\$ 241,068	\$ 502,960	\$ 433,583	\$ 423,678	\$ 29,946	\$ 1,740,928	\$ -	\$ 8,102,780	<b>ASSETS</b>
17,582	-	-	-	-	-	-	-	17,582	Cash And Investments
20,100	-	-	-	-	-	-	-	20,100	Receivables:
-	67	-	-	-	-	-	-	3,178	Taxes:
-	-	-	-	-	-	1,559	-	9,175	Unremitted
-	421,372	2,461	-	-	-	-	-	1,759,847	Delinquent
-	-	-	-	-	-	374,205	-	374,205	Special Assessments:
551	-	-	-	-	14,716	-	-	15,267	Unremitted
-	593	-	-	484	-	967	-	7,264	Delinquent
-	-	-	-	-	-	2,553,266	-	5,777,324	Deferred:
173,715	-	-	-	-	-	-	-	313,952	Certified To County
1,305,593	-	-	-	-	-	-	-	1,918,756	City Owned
<u>\$ 3,192,804</u>	<u>\$ 663,100</u>	<u>\$ 505,421</u>	<u>\$ 433,583</u>	<u>\$ 424,162</u>	<u>\$ 44,662</u>	<u>\$ 4,670,925</u>	<u>\$ -</u>	<u>\$ 18,319,430</u>	Accounts
									Interest
									Due From Other Funds
									Interfund Receivable
									Advance To Other Funds
									<b>TOTAL ASSETS</b>
									<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>
\$ 209,598	\$ 16,171	\$ -	\$ -	\$ -	\$ 24,058	\$ 197,573	\$ -	\$ 472,132	<b>LIABILITIES:</b>
-	-	-	-	-	-	-	-	11,096	Accounts Payable
-	-	-	-	-	-	-	-	227,383	Deposits Payable
-	-	-	-	-	-	-	-	110,713	Due To Other Funds
-	-	-	-	-	-	-	-	2,250,215	Interfund Payable
-	-	-	-	-	-	374,205	-	374,205	Advance From Other Funds
<u>209,598</u>	<u>16,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,058</u>	<u>571,778</u>	<u>-</u>	<u>3,445,744</u>	Unearned Revenue
									<b>TOTAL LIABILITIES</b>
20,100	-	-	-	-	-	-	-	20,100	<b>DEFERRED INFLOWS OF RESOURCES:</b>
-	421,372	2,461	-	-	-	1,559	-	1,769,022	Unavailable Revenue - Taxes
20,100	421,372	2,461	-	-	-	1,559	-	1,789,122	Unavailable Revenue - Special Assessments
									<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>
689,629	-	-	-	-	-	997,319	-	3,191,890	<b>FUND BALANCES:</b>
469,532	-	-	355,943	-	-	3,136,849	-	3,962,324	Restricted
1,803,945	225,557	502,960	77,640	424,162	20,604	-	-	8,499,066	Committed
-	-	-	-	-	-	(36,580)	-	(2,568,716)	Assigned
<u>2,963,106</u>	<u>225,557</u>	<u>502,960</u>	<u>433,583</u>	<u>424,162</u>	<u>20,604</u>	<u>4,097,588</u>	<u>-</u>	<u>13,084,564</u>	Unassigned
									<b>TOTAL FUND BALANCES</b>
<u>\$ 3,192,804</u>	<u>\$ 663,100</u>	<u>\$ 505,421</u>	<u>\$ 433,583</u>	<u>\$ 424,162</u>	<u>\$ 44,662</u>	<u>\$ 4,670,925</u>	<u>\$ -</u>	<u>\$ 18,319,430</u>	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	401	402	403	404	405	407	444	445	
	TAX INCREMENT	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING
<b>REVENUES:</b>									
Taxes:									
General Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increment	1,103,080	-	-	-	-	-	-	-	-
Intergovernmental:									
State	-	1,039,862	-	-	-	-	-	-	-
Charges For Services:									
Connection Charges	-	-	572,586	469,721	-	-	-	-	-
Acreage Charges	-	-	147,479	197,973	206,599	-	-	-	-
Other Charges for Services	-	-	-	-	-	-	-	-	-
Special Assessments	-	-	23,343	42,926	31,088	-	-	28,683	1,285
Investment Earnings (Charges)	23,805	62,119	10,627	35,184	(5,156)	5,901	1,738	(466)	17,181
Other Revenues	253,903	-	-	325	-	-	46,959	-	-
<b>TOTAL REVENUES</b>	<b>1,380,788</b>	<b>1,101,981</b>	<b>754,035</b>	<b>746,129</b>	<b>232,531</b>	<b>5,901</b>	<b>48,697</b>	<b>28,217</b>	<b>18,466</b>
<b>EXPENDITURES:</b>									
Current:									
General Government	89,165	-	752	1,009	914	-	-	-	-
Economic Development	1,132,605	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	46,648	36,698	42,230	-	-	-	-
Parks, Recreation And Arts	-	-	-	-	-	-	-	-	-
Debt Service:									
Interest	97,506	-	-	-	-	-	-	-	-
Issuance Costs And Fiscal Agent Fees	74,313	-	-	-	-	-	-	2,218	-
Capital Outlay:									
System Improvements:									
Water	-	-	-	-	-	-	-	-	-
Sanitary Sewer	-	-	-	-	-	-	-	-	-
Streets	-	-	-	-	-	-	-	-	-
Storm Sewer	-	-	-	-	-	-	-	-	-
Other Improvements	-	-	-	-	-	-	-	-	-
Furniture And Equipment	-	-	-	-	-	-	-	-	-
Buildings And Structures	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,393,589</b>	<b>-</b>	<b>47,400</b>	<b>37,707</b>	<b>43,144</b>	<b>-</b>	<b>-</b>	<b>2,218</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(12,801)</b>	<b>1,101,981</b>	<b>706,635</b>	<b>708,422</b>	<b>189,387</b>	<b>5,901</b>	<b>48,697</b>	<b>25,999</b>	<b>18,466</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers In	-	320,080	354,823	170,272	93,053	-	-	-	-
Transfers Out	(125,242)	(1,368,408)	(956,767)	(39,481)	(544,663)	-	-	-	-
Bonds Issued	2,571,004	-	-	-	-	-	-	80,880	-
Premium On Bonds Issued	20,892	-	-	-	-	-	-	2,899	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,466,654</b>	<b>(1,048,328)</b>	<b>(601,944)</b>	<b>130,791</b>	<b>(451,610)</b>	<b>-</b>	<b>-</b>	<b>83,779</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,453,853</b>	<b>53,653</b>	<b>104,691</b>	<b>839,213</b>	<b>(262,223)</b>	<b>5,901</b>	<b>48,697</b>	<b>109,778</b>	<b>18,466</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(3,251,916)</b>	<b>1,969,417</b>	<b>702,899</b>	<b>778,761</b>	<b>33,092</b>	<b>274,057</b>	<b>60,703</b>	<b>(36,061)</b>	<b>514,023</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (798,063)</b>	<b>\$ 2,023,070</b>	<b>\$ 807,590</b>	<b>\$ 1,617,974</b>	<b>\$ (229,131)</b>	<b>\$ 279,958</b>	<b>\$ 109,400</b>	<b>\$ 73,717</b>	<b>\$ 532,489</b>

448	449	450	451	452	453	524	530		
EQUIPMENT ACQUISITION	PARK DEVELOPMENT	SOUTHWEST CHASKA TRANSPORTATION	COMMUNITY FUND	HOUSING IMPROVEMENT AREA PROJECTS	ABATEMENT PROGRAM	ANNUAL STREET REPLACEMENT	2014 FLOOD EVENT	TOTALS	
\$ 903,239	\$ -	\$ -	\$ -	\$ -	\$ 84,099	\$ -	\$ -	\$ 987,338	<b>REVENUES:</b>
-	-	-	-	-	-	-	-	1,103,080	Taxes:
569	-	-	-	-	-	-	-	1,040,431	General Property
-	-	-	-	-	-	-	-	1,042,307	Tax Increment
-	463,462	8,052	-	-	-	-	-	1,023,565	Intergovernmental:
4,450	-	-	-	-	-	-	-	4,450	State
-	291,924	11,033	-	-	-	37,417	-	467,699	Charges For Services:
55,408	35,835	28,639	3,538	9,748	718	21,971	(3,490)	303,300	Connection Charges
131,546	23,113	-	-	-	14,716	-	-	470,562	Acreage Charges
									Other Charges for Services
									Special Assessments
									Investment Earnings (Charges)
									Other Revenues
1,095,212	814,334	47,724	3,538	9,748	99,533	59,388	(3,490)	6,442,732	TOTAL REVENUES
									<b>EXPENDITURES:</b>
5,410	2,462	-	-	-	-	8,431	-	108,143	Current:
-	-	-	-	-	86,591	-	-	1,219,196	General Government
31,898	-	-	-	-	-	-	-	31,898	Economic Development
17,868	-	-	-	-	-	769,292	870	913,606	Public Safety
-	102,286	-	-	-	-	-	-	102,286	Public Works
-	-	-	-	-	-	-	-	97,506	Parks, Recreation And Arts
27,287	-	-	-	-	-	81,444	-	185,262	Debt Service:
-	-	-	-	-	-	-	-	97,506	Interest
-	-	-	-	-	-	-	-	185,262	Issuance Costs And Fiscal Agent Fees
-	-	-	-	-	-	252,070	-	252,070	Capital Outlay:
-	-	-	-	-	-	424,465	-	424,465	System Improvements:
-	-	-	-	-	-	1,284,041	-	1,284,041	Water
-	-	-	-	-	-	125,768	-	125,768	Sanitary Sewer
35,225	76,088	-	-	-	-	-	-	111,313	Streets
754,749	-	-	-	-	-	-	-	754,749	Storm Sewer
194,973	-	-	-	-	-	-	-	194,973	Other Improvements
									Furniture And Equipment
									Buildings And Structures
1,067,410	180,836	-	-	-	86,591	2,945,511	870	5,805,276	TOTAL EXPENDITURES
27,802	633,498	47,724	3,538	9,748	12,942	(2,886,123)	(4,360)	637,456	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
181,195	330,000	-	2,298,000	-	-	2,630,887	317,100	6,695,410	<b>OTHER FINANCING SOURCES (USES):</b>
(686,228)	(1,275,012)	(276,663)	(2,224,387)	-	-	-	-	(7,496,851)	Transfers In
1,240,000	-	-	-	-	-	3,740,000	-	7,631,884	Transfers Out
221,034	-	-	-	-	-	457,626	-	702,451	Bonds Issued
									Premium On Bonds Issued
956,001	(945,012)	(276,663)	73,613	-	-	6,828,513	317,100	7,532,894	TOTAL OTHER FINANCING SOURCES (USES)
983,803	(311,514)	(228,939)	77,151	9,748	12,942	3,942,390	312,740	8,170,350	NET CHANGE IN FUND BALANCES
1,979,303	537,071	731,899	356,432	414,414	7,662	155,198	(312,740)	4,914,214	FUND BALANCES, JANUARY 1
\$ 2,963,106	\$ 225,557	\$ 502,960	\$ 433,583	\$ 424,162	\$ 20,604	\$ 4,097,588	\$ -	\$ 13,084,564	FUND BALANCES, DECEMBER 31

CITY OF CHASKA, MINNESOTA

COMBINING BALANCE SHEET  
 CAPITAL PROJECT FUNDS - TAX INCREMENT  
 DECEMBER 31, 2019

	426	427	428	429	431	432	433	434	435	436	
	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 HOT SPOT PROJECT	DIST #22 ERNST HOUSE PROJECT	TOTALS
<b>ASSETS</b>											
Cash And Investments	\$ 760,255	\$ 209,167	\$ 5,693	\$ 2,770	\$ 51,404	\$ 272,687	\$ 260,326	\$ 2,710	\$ 15,767	\$ -	\$ 1,580,779
Receivables:											
Interest	676	-	-	-	-	-	-	-	-	-	676
<b>TOTAL ASSETS</b>	<b>\$ 760,931</b>	<b>\$ 209,167</b>	<b>\$ 5,693</b>	<b>\$ 2,770</b>	<b>\$ 51,404</b>	<b>\$ 272,687</b>	<b>\$ 260,326</b>	<b>\$ 2,710</b>	<b>\$ 15,767</b>	<b>\$ -</b>	<b>\$ 1,581,455</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES:</b>											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 939	\$ -	\$ 48	\$ 6,507	\$ -	\$ 7,494
Deposits Payable	-	-	-	-	-	-	-	-	11,096	-	11,096
Interfund Payable	-	-	-	-	-	-	-	26,998	57,066	26,649	110,713
Advance From Other Funds	-	-	2,055,250	-	194,965	-	-	-	-	-	2,250,215
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>2,055,250</b>	<b>-</b>	<b>194,965</b>	<b>939</b>	<b>-</b>	<b>27,046</b>	<b>74,669</b>	<b>26,649</b>	<b>2,379,518</b>
<b>FUND BALANCES:</b>											
Restricted	760,931	209,167	-	2,770	-	271,748	260,326	-	-	-	1,504,942
Unassigned	-	-	(2,049,557)	-	(143,561)	-	-	(24,336)	(58,902)	(26,649)	(2,303,005)
<b>TOTAL FUND BALANCES</b>	<b>760,931</b>	<b>209,167</b>	<b>(2,049,557)</b>	<b>2,770</b>	<b>(143,561)</b>	<b>271,748</b>	<b>260,326</b>	<b>(24,336)</b>	<b>(58,902)</b>	<b>(26,649)</b>	<b>(798,063)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 760,931</b>	<b>\$ 209,167</b>	<b>\$ 5,693</b>	<b>\$ 2,770</b>	<b>\$ 51,404</b>	<b>\$ 272,687</b>	<b>\$ 260,326</b>	<b>\$ 2,710</b>	<b>\$ 15,767</b>	<b>\$ -</b>	<b>\$ 1,581,455</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECT FUNDS - TAX INCREMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	426	427	428	429	431	432	433	434	435	436	
	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 HOT SPOT PROJECT	DIST #22 ERNST HOUSE PROJECT	TOTALS
<b>REVENUES:</b>											
Taxes:											
Tax Increment	\$ 407,274	\$ 213,768	\$ 121,896	\$ 11,690	\$ 65,124	\$ 2,304	\$ 281,024	\$ -	\$ -	\$ -	\$ 1,103,080
Investment Earnings	13,606	2,241	986	3,060	565	313	3,024	3	7	-	23,805
Other Revenues	-	-	-	-	-	215,000	-	-	38,903	-	253,903
<b>TOTAL REVENUES</b>	<b>420,880</b>	<b>216,009</b>	<b>122,882</b>	<b>14,750</b>	<b>65,689</b>	<b>217,617</b>	<b>284,048</b>	<b>3</b>	<b>38,910</b>	<b>-</b>	<b>1,380,788</b>
<b>EXPENDITURES:</b>											
Current:											
General Government	-	-	-	-	-	51,546	-	10,487	26,253	879	89,165
Economic Development	523,400	145,372	4,062	159,006	9,328	18,440	204,040	2,369	40,818	25,770	1,132,605
Debt Service:											
Interest	-	-	88,504	-	9,002	-	-	-	-	-	97,506
Issuance Costs And Fiscal Agent Fees	-	-	-	-	-	47,732	-	7,431	19,150	-	74,313
<b>TOTAL EXPENDITURES</b>	<b>523,400</b>	<b>145,372</b>	<b>92,566</b>	<b>159,006</b>	<b>18,330</b>	<b>117,718</b>	<b>204,040</b>	<b>20,287</b>	<b>86,221</b>	<b>26,649</b>	<b>1,393,589</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(102,520)</b>	<b>70,637</b>	<b>30,316</b>	<b>(144,256)</b>	<b>47,359</b>	<b>99,899</b>	<b>80,008</b>	<b>(20,284)</b>	<b>(47,311)</b>	<b>(26,649)</b>	<b>(12,801)</b>
<b>OTHER FINANCING SOURCES (USES):</b>											
Transfers Out	-	-	(125,242)	-	-	-	-	-	-	-	(125,242)
Bonds Issued	-	-	-	-	-	1,647,233	-	256,318	667,453	-	2,571,004
Premium On Bonds Issued	-	-	-	-	-	17,982	-	1,141	1,769	-	20,892
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(125,242)</b>	<b>-</b>	<b>-</b>	<b>1,665,215</b>	<b>-</b>	<b>257,459</b>	<b>669,222</b>	<b>-</b>	<b>2,466,654</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(102,520)</b>	<b>70,637</b>	<b>(94,926)</b>	<b>(144,256)</b>	<b>47,359</b>	<b>1,765,114</b>	<b>80,008</b>	<b>237,175</b>	<b>621,911</b>	<b>(26,649)</b>	<b>2,453,853</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>863,451</b>	<b>138,530</b>	<b>(1,954,631)</b>	<b>147,026</b>	<b>(190,920)</b>	<b>(1,493,366)</b>	<b>180,318</b>	<b>(261,511)</b>	<b>(680,813)</b>	<b>-</b>	<b>(3,251,916)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 760,931</b>	<b>\$ 209,167</b>	<b>\$ (2,049,557)</b>	<b>\$ 2,770</b>	<b>\$ (143,561)</b>	<b>\$ 271,748</b>	<b>\$ 260,326</b>	<b>\$ (24,336)</b>	<b>\$ (58,902)</b>	<b>\$ (26,649)</b>	<b>\$ (798,063)</b>

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

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2019**

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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, 2019**

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	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Property	\$ 6,000	\$ 6,000	\$ -
Intergovernmental:			
State:			
Market Value Credit	-	1	1
Charges For Services	2,400	3,400	1,000
Investment Earnings	300	5,737	5,437
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	8,700	15,138	6,438
<b><u>EXPENDITURES:</u></b>			
Current:			
Public Works:			
Other Services And Charges	8,500	12,627	(4,127)
Capital Outlay	5,000	-	5,000
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	13,500	12,627	873
NET CHANGE IN FUND BALANCES	(4,800)	2,511	7,311
FUND BALANCES, JANUARY 1	257,703	257,703	-
FUND BALANCES, DECEMBER 31	<u>\$ 252,903</u>	<u>\$ 260,214</u>	<u>\$ 7,311</u>

**CITY OF CHASKA, MINNESOTA**

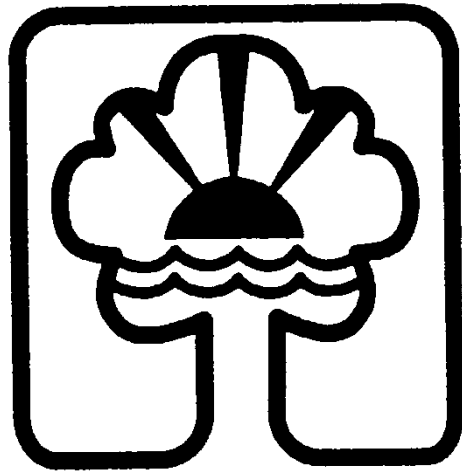
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
CHASKA EDA SPECIAL REVENUE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>ORIGINAL AND FINAL BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b><u>REVENUES:</u></b>			
Taxes:			
Property	\$ 498,843	\$ 498,482	\$ (361)
Intergovernmental:			
State:			
Market Value Credit	-	84	84
Charges For Services	85,000	85,000	-
Special Assessments	40,000	58,298	18,298
Investment Earnings (Charges)	(3,400)	(28,071)	(24,671)
Other:			
Rents	36,400	30,406	(5,994)
Payments	-	159,383	159,383
Refunds and Reimbursements	-	11,206	11,206
<b>TOTAL REVENUES</b>	<b>656,843</b>	<b>814,788</b>	<b>157,945</b>
<b><u>EXPENDITURES:</u></b>			
Current:			
Economic Development:			
Other Services And Charges	275,443	370,579	(95,136)
Debt Service:			
Principal	16,800	12,443	4,357
Interest	9,600	4,357	5,243
Capital Outlay	-	8,640	(8,640)
<b>TOTAL EXPENDITURES</b>	<b>301,843</b>	<b>396,019</b>	<b>(94,176)</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>355,000</b>	<b>418,769</b>	<b>63,769</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Transfers In	-	25,000	25,000
Transfers Out	(355,000)	(355,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(355,000)</b>	<b>(330,000)</b>	<b>25,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>88,769</b>	<b>88,769</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(1,083,766)</b>	<b>(1,083,766)</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (1,083,766)</b>	<b>\$ (994,997)</b>	<b>\$ 88,769</b>

**CITY OF CHASKA, MINNESOTA**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
EQUIPMENT ACQUISITION CAPITAL PROJECT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Taxes:			
Property	\$ 3,283,427	\$ 903,239	\$ (2,380,188)
Intergovernmental:			
State:			
Market Value Credit	-	569	569
Charges For Services	4,000	4,450	450
Other:			
Investment Earnings	-	55,408	55,408
Miscellaneous	100,000	131,546	31,546
<b>TOTAL REVENUES</b>	<b>3,387,427</b>	<b>1,095,212</b>	<b>(2,292,215)</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	-	5,410	(5,410)
Public Safety	-	31,898	(31,898)
Public Works	-	17,868	(17,868)
Debt Service:			
Issuance Costs And Fiscal Agent Fees	181,000	27,287	153,713
Capital Outlay:			
Furniture And Equipment			
Communications	4,000	-	4,000
Administrative Services	40,000	-	40,000
Data Processing	146,000	28,577	117,423
Public Works	658,500	514,959	143,541
Police	70,000	152,692	(82,692)
Fire	60,000	58,521	1,479
Other Improvements	-	35,225	(35,225)
Buildings and Structures	-	194,973	(194,973)
<b>TOTAL EXPENDITURES</b>	<b>1,159,500</b>	<b>1,067,410</b>	<b>92,090</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,227,927</b>	<b>27,802</b>	<b>(2,200,125)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	49,000	181,195	132,195
Transfers Out	(2,902,927)	(686,228)	2,216,699
Bonds Issued	626,000	1,240,000	614,000
Premium On Bonds Issued	-	221,034	221,034
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,227,927)</b>	<b>956,001</b>	<b>3,183,928</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>983,803</b>	<b>983,803</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,979,303</b>	<b>1,979,303</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,979,303</b>	<b>\$ 2,963,106</b>	<b>\$ 983,803</b>



CHASKA

## Nonmajor Enterprise Funds

City of Chaska, Minnesota

For the Year Ended December 31, 2019

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Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise. It is the intent of the City Council that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. This type of fund is also used where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The City has four 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 9-hole public golf course.
- **Chaska Town Course Fund:**  
This fund is used to account for the operation of the City's 18-hole public golf course.
- **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, 2019

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	STORM WATER	TOTALS
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash And Investments	\$ 823,620	\$ -	\$ 85,032	\$ 858,490	\$ 1,767,142
<b>Receivables:</b>					
Special Assessments	-	-	-	32,156	32,156
<b>Accounts</b>					
Current	304,741	1,000	-	144,388	450,129
Unbilled	231,128	-	-	-	231,128
Allowance For Uncollectible Accounts	(9,059)	-	-	(4,253)	(13,312)
Interest	983	-	-	994	1,977
Due From Other Funds	500,000	-	170,179	769,628	1,439,807
Inventories	8,028	307	67,236	-	75,571
<b>Total Current Assets</b>	<b>1,859,441</b>	<b>1,307</b>	<b>322,447</b>	<b>1,801,403</b>	<b>3,984,598</b>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	-	-	-	139,982	139,982
Buildings	255,000	111,537	8,013,896	-	8,380,433
Other Improvements	-	27,970	359,201	-	387,171
Furniture And Equipment	1,010,728	33,779	2,236,588	436,503	3,717,598
Infrastructure	1,453,375	-	-	2,572,563	4,025,938
Construction In Progress	503,475	-	36,570	139,520	679,565
Less: Accumulated Depreciation	(1,517,687)	(154,719)	(8,680,149)	(674,462)	(11,027,017)
<b>Total Net Capital Assets</b>	<b>1,704,891</b>	<b>18,567</b>	<b>1,966,106</b>	<b>2,614,106</b>	<b>6,303,670</b>
<b>TOTAL ASSETS</b>	<b>3,564,332</b>	<b>19,874</b>	<b>2,288,553</b>	<b>4,415,509</b>	<b>10,288,268</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Plan Deferments	39,323	5,662	50,802	15,434	111,221
OPEB Plan Deferments	919	514	1,882	156	3,471
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>40,242</b>	<b>6,176</b>	<b>52,684</b>	<b>15,590</b>	<b>114,692</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,604,574</b>	<b>\$ 26,050</b>	<b>\$ 2,341,237</b>	<b>\$ 4,431,099</b>	<b>\$ 10,402,960</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 3,678	\$ 10,819	\$ -	\$ 54,444	\$ 68,941
Salaries Payable	26,068	2,273	29,244	5,106	62,691
Deposits Payable	-	-	147,764	-	147,764
Compensated Absences	42,323	2,712	52,213	2,817	100,065
Accrued Interest Payable	37,288	-	-	24,441	61,729
Due To Other Funds	-	170,179	-	-	170,179
Due To Other Governments	27,569	1	4,785	6,350	38,705
Interfund Payable	13,783	-	88,816	57,333	159,932
Revenue Bonds Payable	125,000	-	-	80,000	205,000
Unearned Revenue	-	-	-	190,904	190,904
<b>Total Current Liabilities</b>	<b>275,709</b>	<b>185,984</b>	<b>322,822</b>	<b>421,395</b>	<b>1,205,910</b>
<b>Noncurrent Liabilities:</b>					
Compensated Absences	10,044	2,236	40,889	3,440	56,609
Advance From Other Funds	117,587	-	836,084	234,335	1,188,006
Revenue Bonds Payable	3,853,727	-	-	2,380,183	6,233,910
Other Post Employment Benefits	31,254	17,497	64,034	5,322	118,107
Net Pension Liability	377,296	54,325	487,433	148,090	1,067,144
<b>Total Noncurrent Liabilities</b>	<b>4,389,908</b>	<b>74,058</b>	<b>1,428,440</b>	<b>2,771,370</b>	<b>8,663,776</b>
<b>TOTAL LIABILITIES</b>	<b>4,665,617</b>	<b>260,042</b>	<b>1,751,262</b>	<b>3,192,765</b>	<b>9,869,686</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension Plan Deferments	67,602	9,734	87,336	26,534	191,206
<b>NET POSITION</b>					
Net Investment In Capital Assets	1,704,891	18,567	1,966,106	1,537,190	5,226,754
Unrestricted	(2,833,536)	(262,293)	(1,463,467)	(325,390)	(4,884,686)
<b>TOTAL NET POSITION</b>	<b>(1,128,645)</b>	<b>(243,726)</b>	<b>502,639</b>	<b>1,211,800</b>	<b>342,068</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 3,604,574</b>	<b>\$ 26,050</b>	<b>\$ 2,341,237</b>	<b>\$ 4,431,099</b>	<b>\$ 10,402,960</b>

**CITY OF CHASKA, MINNESOTA**

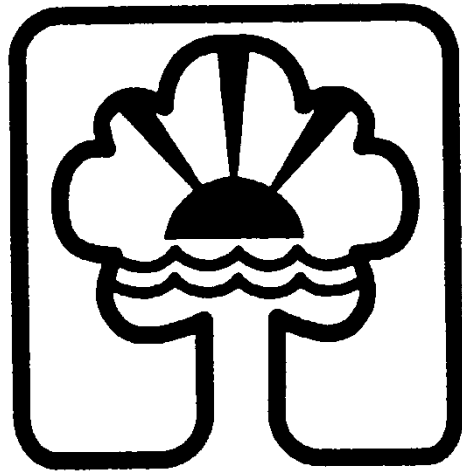
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>SEWER</u>	<u>PAR 30 GOLF</u>	<u>CHASKA TOWN COURSE</u>	<u>STORM WATER</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>					
Sales	\$ 4,136,124	\$ 136,903	\$ 2,105,154	\$ 1,688,118	\$ 8,066,299
<b>OPERATING EXPENSES:</b>					
Production	2,453,778	-	-	-	2,453,778
Distribution / Collections	596,081	-	-	485,641	1,081,722
Administration	788,950	182,297	2,028,328	425,515	3,425,090
Depreciation	124,554	3,939	449,265	175,709	753,467
<b>TOTAL OPERATING EXPENSES</b>	<b>3,963,363</b>	<b>186,236</b>	<b>2,477,593</b>	<b>1,086,865</b>	<b>7,714,057</b>
<b>OPERATING INCOME (LOSS)</b>	<b>172,761</b>	<b>(49,333)</b>	<b>(372,439)</b>	<b>601,253</b>	<b>352,242</b>
<b>NON-OPERATING REVENUES:</b>					
Investment Earnings (Charges)	22,198	(3,299)	(2,708)	26,133	42,324
Intergovernmental	134,740	126	1,135	345	136,346
<b>TOTAL NON-OPERATING REVENUES</b>	<b>156,938</b>	<b>(3,173)</b>	<b>(1,573)</b>	<b>26,478</b>	<b>178,670</b>
<b>NON-OPERATING EXPENSES:</b>					
Interest	85,633	-	21,757	61,915	169,305
Issuance Costs And Fiscal Agent Fees	36,454	-	-	17,996	54,450
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>122,087</b>	<b>-</b>	<b>21,757</b>	<b>79,911</b>	<b>223,755</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>207,612</b>	<b>(52,506)</b>	<b>(395,769)</b>	<b>547,820</b>	<b>307,157</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110,400</b>	<b>110,400</b>
<b>TRANSFERS IN (OUT)</b>					
Transfers In	104,081	-	1,977	207,768	313,826
Transfers Out	(1,511,157)	-	(6,666)	(933,400)	(2,451,223)
<b>TOTAL TRANSFERS IN (OUT)</b>	<b>(1,407,076)</b>	<b>-</b>	<b>(4,689)</b>	<b>(725,632)</b>	<b>(2,137,397)</b>
<b>CHANGE IN NET POSITION</b>	<b>(1,199,464)</b>	<b>(52,506)</b>	<b>(400,458)</b>	<b>(67,412)</b>	<b>(1,719,840)</b>
<b>NET POSITION, JANUARY 1</b>	<b>70,819</b>	<b>(191,220)</b>	<b>903,097</b>	<b>1,279,212</b>	<b>2,061,908</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ (1,128,645)</b>	<b>\$ (243,726)</b>	<b>\$ 502,639</b>	<b>\$ 1,211,800</b>	<b>\$ 342,068</b>

## CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	STORM WATER	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts From Customers and Users	\$ 4,137,424	\$ 135,903	\$ 2,146,771	\$ 1,733,901	\$ 8,153,999
Payments to Suppliers	(3,117,584)	(86,450)	(918,905)	(623,480)	(4,746,419)
Payments to Employees	(664,787)	(122,471)	(1,116,980)	(256,891)	(2,161,129)
Net Cash Provided (Used) By Operating Activities	355,053	(73,018)	110,886	853,530	1,246,451
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers From Other Funds	104,081	-	1,977	207,768	313,826
Transfers To Other Funds	(1,511,157)	-	(6,666)	(933,400)	(2,451,223)
Due From Other Funds	350,000	-	(170,179)	(259,280)	(79,459)
Due To Other Funds	-	70,179	-	-	70,179
Intergovernmental	134,740	126	1,135	345	136,346
Net Cash Provided (Used) By Non-Capital Financing Activities	(922,336)	70,305	(173,733)	(984,567)	(2,010,331)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds From Revenue Bonds	1,366,231	-	-	668,746	2,034,977
Capital Contributions	-	-	-	110,400	110,400
Principal Paid On Bonds	(121,000)	-	-	(80,000)	(201,000)
Interest And Fiscal Charges	(113,098)	-	-	(71,335)	(184,433)
Construction And Acquisition of Capital Assets	(503,475)	-	(158,795)	(41,099)	(703,369)
Interfund Loan Payments To Other Funds	(11,630)	-	275,552	(52,333)	211,589
Interest Payments On Interfund Loans	(6,859)	-	(21,757)	(8,850)	(37,466)
Net Cash Provided (Used) By Capital And Related Financing Activities	610,169	-	95,000	525,529	1,230,698
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest (Charges) On Investments	22,398	(3,299)	(2,708)	25,139	41,530
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	65,284	(6,012)	29,445	419,631	508,348
CASH AND CASH EQUIVALENTS, January 1	758,336	6,012	55,587	438,859	1,258,794
CASH AND CASH EQUIVALENTS, December 31	\$ 823,620	\$ -	\$ 85,032	\$ 858,490	\$ 1,767,142
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 172,761	\$ (49,333)	\$ (372,439)	\$ 601,253	\$ 352,242
<b>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:</b>					
Depreciation Expense	124,554	3,939	449,265	175,709	753,467
Allowance For Uncollectible Accounts	4,051	-	-	1,908	5,959
<b>(Increase) Decrease In Assets And Deferred Outflows:</b>					
Special Assessments	-	-	-	9,532	9,532
Accounts Receivable	(4,088)	(1,000)	256	11,942	7,110
Due From Other Governments	1,337	-	-	26,539	27,876
Inventory	5	(171)	(14,219)	-	(14,385)
Deferred Outflows	32,029	8,462	48,825	13,201	102,517
<b>Increase (Decrease) In Liabilities And Deferred Inflows:</b>					
Accounts Payable	(4,003)	10,703	-	29,131	35,831
Salaries Payable	3,852	91	6,718	(5,168)	5,493
Deposits Payable	-	-	41,361	-	41,361
Compensated Absences Payable	9,977	(13,981)	8,947	(30)	4,913
Net Pension Liability	9,768	(19,181)	(27,106)	1,079	(35,440)
Due To Other Governments	27,569	1	4,188	2,100	33,858
Unearned Revenue	-	-	-	(4,138)	(4,138)
Other Post Employment Benefits	753	(4,059)	5,314	384	2,392
Deferred Inflows	(23,512)	(8,489)	(40,224)	(9,912)	(82,137)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 355,053</b>	<b>\$ (73,018)</b>	<b>\$ 110,886</b>	<b>\$ 853,530</b>	<b>\$ 1,246,451</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Amortization Of Bond Premiums	\$ 2,686	\$ -	\$ -	\$ 2,127	\$ 4,813



CHASKA

This part of the City of Chaska’s comprehensive annual financial report (CAFR) represents detailed information as a context for understanding this year’s financial statements, note disclosures and supplementary information. This information has not been audited by the independent auditor.

**Content**

• **Financial Trends:**

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over-time.

- Table 1 – Net Position by Component
- Table 2 – Changes in Net Position
- Table 3 – Governmental Activities Tax Revenues by Source
- Table 4 – Fund Balances of Governmental Funds
- Table 5 – Changes in Fund Balances of Governmental Funds

• **Revenue Capacity:**

These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.

- Table 6 – General Governmental Tax Revenues by Source
- Table 7 – Tax Capacity Value and Estimated Actual Value of Real and Personal Property
- Table 8 – Property Tax Rates
- Table 9 – Principal Property Taxpayers
- Table 10 – Property Tax Levies and Collections

• **Debt Capacity:**

These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue debt in the future.

- Table 11 – Ratios of Outstanding Debt by Type
- Table 12 – Ratios of General Bonded Debt Outstanding to Estimated Actual Taxable Value
- Table 13 – Direct and Overlapping Governmental Activities Debt
- Table 14 – Legal Debt Margin Information
- Table 15 – Pledged Revenue Coverage

• **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.

- Table 16 – Demographic and Economic Statistics
- Table 17 – Principal Employers

- **Operating Information:**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report related to the services the City provides and the activities that it performs.

Table 18 – Full-Time Equivalent City Government Employees by Function/Program

Table 19 – Operating Indicators by Function/Program

Table 20 – Capital Asset Statistics by Function/Program

- **Sources:**

Unless otherwise noted, the information in these schedules derives from the 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			
	2010	2011	2012 (Restated) (1)	2013
<b>Governmental Activities</b>				
Net Investment In Capital Assets	\$ 123,268,713	\$ 121,056,422	\$ 120,219,510	\$ 118,818,535
Restricted	14,860,130	20,932,146	24,295,547	25,069,356
Unrestricted	<u>(5,999,214)</u>	<u>(6,614,940)</u>	<u>(6,014,472)</u>	<u>(2,173,764)</u>
<b>Total Governmental Activities Net Position:</b>	<b><u>\$ 132,129,629</u></b>	<b><u>\$ 135,373,628</u></b>	<b><u>\$ 138,500,585</u></b>	<b><u>\$ 141,714,127</u></b>
<b>Business-Type Activities</b>				
Net Investment In Capital Assets	\$ 25,788,072	\$ 24,905,043	\$ 25,075,383	\$ 25,818,904
Restricted	3,013,936	3,271,085	3,396,858	4,451,868
Unrestricted	<u>11,459,338</u>	<u>12,961,398</u>	<u>13,265,298</u>	<u>13,378,058</u>
<b>Total Business-Type Activities Net Position:</b>	<b><u>\$ 40,261,346</u></b>	<b><u>\$ 41,137,526</u></b>	<b><u>\$ 41,737,539</u></b>	<b><u>\$ 43,648,830</u></b>
<b>Primary Government</b>				
Net Investment In Capital Assets	\$ 149,056,785	\$ 145,961,465	\$ 145,294,893	\$ 144,637,439
Restricted	17,874,066	24,203,231	27,692,405	29,521,224
Unrestricted	<u>5,460,124</u>	<u>6,346,458</u>	<u>7,250,826</u>	<u>11,204,294</u>
<b>Total Primary Government Net Position:</b>	<b><u>\$ 172,390,975</u></b>	<b><u>\$ 176,511,154</u></b>	<b><u>\$ 180,238,124</u></b>	<b><u>\$ 185,362,957</u></b>

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

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

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

Table 1

FISCAL YEAR					
2014	2015 (2)	2016	2017	2018 (3)	2019
\$ 125,511,881	\$ 127,278,758	\$ 132,552,673	\$ 137,122,192	\$ 146,659,763	\$ 143,383,394
24,001,479	14,955,015	14,175,353	19,807,677	20,434,329	19,254,366
<u>(3,712,091)</u>	<u>(20,840)</u>	<u>(640,332)</u>	<u>(2,060,473)</u>	<u>(11,503,698)</u>	<u>(12,136,611)</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>	<u>\$ 150,501,149</u>
\$ 27,939,635	\$ 33,274,260	\$ 31,821,470	\$ 30,523,279	\$ 33,206,537	\$ 32,618,078
4,030,287	5,190,437	5,609,821	17,986,742	16,111,606	16,407,157
<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>(8,973,291)</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>	<u>\$ 40,051,944</u>
\$ 153,451,516	\$ 160,553,018	\$ 164,374,143	\$ 167,645,471	\$ 179,866,300	\$ 176,001,472
28,031,766	20,145,452	19,785,174	37,794,419	36,545,935	35,661,523
<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>(21,109,902)</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>	<u>\$ 190,553,093</u>

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

	FISCAL YEAR									
	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017	2018 (4)	2019
<b>EXPENSES</b>										
<b>Governmental Activities</b>										
General Government	\$ 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	\$ 6,466,463
Economic Development	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	1,682,326
Public Safety	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	6,805,386
Public Works	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	26,781,348
Parks, Recreation And Arts	787,377	709,781	727,482	779,705	765,955	1,210,234	1,067,514	1,286,155	1,526,003	1,636,562
Interest On Long-Term Debt	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	1,522,276
<b>Total Governmental Activities Expenses:</b>	<b>19,819,092</b>	<b>18,422,818</b>	<b>19,429,967</b>	<b>22,641,663</b>	<b>22,444,866</b>	<b>30,199,779</b>	<b>24,991,104</b>	<b>26,265,755</b>	<b>29,732,409</b>	<b>44,894,361</b>
<b>Business-type Activities</b>										
Electric	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	35,599,483
Water	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	3,391,370
Sewer	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	4,091,831
Chaska Community Center	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	4,716,992
Par 30 Golf Course	186,362	171,720	186,681	151,575	163,112	183,136	240,047	193,856	189,814	187,568
Chaska Town Course	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	2,505,095
Turbine Generator	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	1,023,865
Internet Service Provider (5)	778,440	639,021	665,909	604,813	488,728	293,951	168,783	184,840	159,357	-
Storm Water	190,380	435,892	586,774	541,700	536,364	760,340	993,816	980,334	1,072,424	1,173,012
Chaska Curling Center (3)	-	-	-	-	3,391	835,012	1,516,260	2,330,918	2,635,334	2,419,331
<b>Total Business-type Activities Expenses:</b>	<b>39,448,286</b>	<b>41,143,300</b>	<b>43,503,128</b>	<b>45,503,315</b>	<b>47,275,077</b>	<b>49,544,114</b>	<b>52,180,830</b>	<b>53,880,459</b>	<b>57,991,257</b>	<b>55,108,547</b>
<b>Total Primary Government Expenses:</b>	<b>\$ 59,267,378</b>	<b>\$ 59,566,118</b>	<b>\$ 62,933,095</b>	<b>\$ 68,144,978</b>	<b>\$ 69,719,943</b>	<b>\$ 79,743,893</b>	<b>\$ 77,171,934</b>	<b>\$ 80,146,214</b>	<b>\$ 87,723,666</b>	<b>\$ 100,002,908</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities</b>										
<b>Charges For Services</b>										
General Government	\$ 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	\$ 4,522,047
Economic Development	154,000	154,000	160,222	163,426	167,000	70,340	77,421	76,000	80,000	85,000
Public Safety	232,360	205,390	257,365	267,962	271,613	219,590	180,603	263,033	331,251	240,462
Public Works	443,436	562,000	863,058	1,290,754	1,328,059	1,876,750	2,516,820	1,882,531	2,178,832	1,794,876
Parks, Recreation And Arts	44,601	40,004	37,606	462,884	281,805	132,621	317,749	182,462	429,577	652,394
Operating Grants And Contributions	487,171	463,082	514,856	1,234,843	854,330	667,025	628,278	1,477,224	777,833	10,909,953
Capital Grants And Contributions	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	2,644,120
<b>Total Governmental Activities Program Revenues:</b>	<b>11,697,843</b>	<b>7,169,613</b>	<b>7,995,561</b>	<b>11,171,304</b>	<b>10,419,240</b>	<b>13,144,411</b>	<b>15,328,780</b>	<b>21,684,633</b>	<b>15,964,709</b>	<b>20,848,852</b>
<b>Business-type Activities</b>										
<b>Charges for Services</b>										
Electric	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	41,203,336
Water	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	2,921,859
Sewer	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	4,136,124
Chaska Community Center	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	3,264,746
Par 30 Golf Course	166,251	144,726	158,381	155,706	151,454	192,164	170,732	167,726	154,621	136,903
Chaska Town Course	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	2,105,154
Turbine Generator	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	1,576,467
Internet Service Provider (5)	747,703	689,673	603,826	489,466	397,692	173,816	103,569	117,718	100,033	-
Storm Water	504,988	504,604	756,516	782,202	840,052	912,936	969,248	1,097,344	1,581,812	1,688,118
Chaska Curling Center (3)	-	-	-	-	-	65,022	1,173,795	1,221,472	1,299,997	1,240,291
Operating Grants And Contributions	-	-	-	-	-	-	100,379	1,626	99,052	142,669
Capital Grants And Contributions	150,453	54,092	139,416	351,542	693,238	181,839	647,918	704,759	198,433	678,369
<b>Total Business-type Activities Program Revenues:</b>	<b>38,602,231</b>	<b>42,008,178</b>	<b>45,710,336</b>	<b>47,717,454</b>	<b>49,246,244</b>	<b>50,071,231</b>	<b>53,458,880</b>	<b>54,239,153</b>	<b>57,981,471</b>	<b>59,094,046</b>
<b>Total Primary Government Program Revenues:</b>	<b>\$ 50,300,074</b>	<b>\$ 49,177,791</b>	<b>\$ 53,705,897</b>	<b>\$ 58,888,758</b>	<b>\$ 59,665,484</b>	<b>\$ 63,215,642</b>	<b>\$ 68,787,660</b>	<b>\$ 75,923,786</b>	<b>\$ 73,966,180</b>	<b>\$ 79,942,898</b>

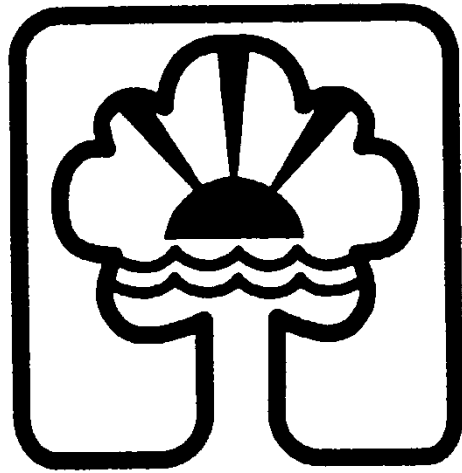
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	FISCAL YEAR									
	2010	2011	2012 (Restated) (1)	2013	2014	2015 (2)(3)	2016	2017	2018 (4)	2019
<b>NET EXPENSE / REVENUE</b>										
Governmental Activities	\$ (8,121,249)	\$ (11,253,205)	\$ (11,434,406)	\$ (11,470,359)	\$ (12,025,626)	\$ (17,055,368)	\$ (9,662,324)	\$ (4,581,122)	\$ (13,747,700)	\$ (24,045,509)
Business-type Activities	(846,055)	864,878	2,207,208	2,214,139	1,971,167	527,117	1,278,050	358,694	(9,786)	3,985,499
<b>Total Primary Government Net Expense:</b>	<b>\$ (8,967,304)</b>	<b>\$ (10,388,327)</b>	<b>\$ (9,227,198)</b>	<b>\$ (9,256,220)</b>	<b>\$ (10,054,459)</b>	<b>\$ (16,528,251)</b>	<b>\$ (8,384,274)</b>	<b>\$ (4,222,428)</b>	<b>\$ (13,757,486)</b>	<b>\$ (20,060,010)</b>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
<b>Governmental Activities</b>										
Taxes										
Property Taxes	\$ 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	\$ 10,805,084
Franchise Taxes	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	752,914
Unrestricted Grants and Contributions	235,662	247,716	62,608	58,761	491,545	530,868	585,679	310,188	26,334	42,379
Investment Earnings	54,613	82,462	139,907	41,179	429,177	264,180	247,978	253,578	400,814	428,710
Other	356,659	265,898	491,536	267,711	365,919	545,596	510,860	416,642	366,702	277,822
Transfers	794,132	508,805	758,219	855,816	466,155	5,086,416	(221,383)	(1,007,167)	(769,471)	6,649,355
<b>Total Governmental Activities:</b>	<b>14,775,504</b>	<b>14,497,204</b>	<b>15,185,322</b>	<b>14,683,901</b>	<b>16,112,768</b>	<b>19,570,207</b>	<b>13,537,085</b>	<b>13,362,824</b>	<b>14,731,362</b>	<b>18,956,264</b>
<b>Business-type Activities</b>										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	41,184	211	283
Investment Earnings	1,203,275	393,721	438,195	419,145	550,131	455,526	241,753	260,708	362,111	407,297
Other	-	126,386	72,567	133,823	84,301	63,440	63,277	59,226	82,857	138,006
Transfers	(794,132)	(508,805)	(758,219)	(855,816)	(466,155)	(5,086,416)	221,383	1,007,167	769,471	(6,649,355)
<b>Total Business-type Activities:</b>	<b>409,143</b>	<b>11,302</b>	<b>(247,457)</b>	<b>(302,848)</b>	<b>168,277</b>	<b>(4,567,450)</b>	<b>526,413</b>	<b>1,368,285</b>	<b>1,214,650</b>	<b>(6,103,769)</b>
<b>Total Primary Government:</b>	<b>\$ 15,184,647</b>	<b>\$ 14,508,506</b>	<b>\$ 14,937,865</b>	<b>\$ 14,381,053</b>	<b>\$ 16,281,045</b>	<b>\$ 15,002,757</b>	<b>\$ 14,063,498</b>	<b>\$ 14,731,109</b>	<b>\$ 15,946,012</b>	<b>\$ 12,852,495</b>
<b>CHANGE IN NET POSITION</b>										
Governmental Activities	\$ 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	\$ (5,089,245)
Business-type Activities	(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	(2,118,270)
<b>Total Primary Government:</b>	<b>\$ 6,217,343</b>	<b>\$ 4,120,179</b>	<b>\$ 5,710,667</b>	<b>\$ 5,124,833</b>	<b>\$ 6,226,586</b>	<b>\$ (1,525,494)</b>	<b>\$ 5,679,224</b>	<b>\$ 10,508,681</b>	<b>\$ 2,188,526</b>	<b>\$ (7,207,515)</b>

Change In Net Position is explained in the Management's Discussion &amp; 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 was established in 2015.
- (4) The City implemented GASB Statement No. 75 in 2018. Change in Net Position for previous years have not been restated.
- (5) The Internet Service Provider fund closed in 2018.



CHASKA

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

FISCAL YEAR	PROPERTY TAXES		FRANCHISE TAXES			TOTAL TAXES
	LEVIED	TAX INCREMENT	ELECTRIC (2)	CABLE	GAS (1)	
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
2019	9,702,004	1,103,080	-	302,522	450,392	11,557,998

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

(2) Beginning in 2019, the City did not assess a franchise fee on the City-owned electric.

**CITY OF CHASKA, MINNESOTA**

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

	FISCAL YEAR			
	2010	2011 (1)	2012	2013
<b>General Fund</b>				
Nonspendable	\$ -	\$ -	\$ 241	\$ -
Committed	-	597,734	620,774	739,540
Unassigned	-	2,134,923	2,418,419	1,965,790
Unreserved (2010)	<u>2,566,483</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total General Fund:</b>	<u><u>\$ 2,566,483</u></u>	<u><u>\$ 2,732,657</u></u>	<u><u>\$ 3,039,434</u></u>	<u><u>\$ 2,705,330</u></u>
<b>General Fund % Change</b>	2.82%	6.47%	11.23%	-10.99%
<b>All Other Governmental Funds</b>				
Restricted	\$ -	\$ 9,738,589	\$ 18,546,504	\$ 15,968,896
Committed	-	279,176	913,595	1,068,969
Assigned	-	3,383,331	3,144,950	4,732,649
Unassigned, Reported In:				
Special Revenue Funds	-	(194,924)	-	(259,844)
Capital Project Funds	-	(7,462,984)	(8,003,881)	(7,456,476)
Reserved (2010)	10,613,705	-	-	-
Unreserved, Reported In (2010):				
Special Revenue Funds	803,856	-	-	-
Capital Project Funds	<u>(7,237,917)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total All Other Governmental Funds:</b>	<u><u>\$ 4,179,644</u></u>	<u><u>\$ 5,743,188</u></u>	<u><u>\$ 14,601,168</u></u>	<u><u>\$ 14,054,194</u></u>
<b>All Other Governmental Funds % Change</b>	85.51%	37.41%	154.23%	-3.75%
<b>Total Governmental Funds</b>				
Nonspendable	\$ -	\$ -	\$ 241	\$ -
Restricted	-	9,738,589	18,546,504	15,968,896
Committed	-	876,910	1,534,369	1,808,509
Assigned	-	3,383,331	3,144,950	4,732,649
Unassigned	-	(5,522,985)	(5,585,462)	(5,750,530)
Reserved (2010)	10,613,705	-	-	-
Unreserved (2010)	<u>(3,867,578)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Funds:</b>	<u><u>\$ 6,746,127</u></u>	<u><u>\$ 8,475,845</u></u>	<u><u>\$ 17,640,602</u></u>	<u><u>\$ 16,759,524</u></u>
<b>Total Governmental Funds % Change</b>	42.05%	25.64%	108.13%	-4.99%

(1) The City implemented GASB 54 in 2011, resulting in a significant reclassification of the components of fund balance. Fund balance for 2010 has not been restated.

Table 4

FISCAL YEAR					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
891,416	852,664	924,378	908,494	1,010,606	1,133,435
1,644,738	2,232,766	1,615,179	1,103,421	1,078,348	777,426
-	-	-	-	-	-
<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>	<u>\$ 1,910,861</u>
-6.25%	21.66%	-17.69%	-20.78%	-17.74%	-8.53%
\$ 19,114,183	\$ 11,557,173	\$ 8,022,515	\$ 11,726,442	\$ 10,712,645	\$ 13,546,921
1,912,764	3,368,508	2,456,381	2,889,920	3,746,951	4,487,945
5,529,159	6,845,131	6,646,255	8,571,632	8,011,826	8,511,304
(1,242,278)	(1,451,333)	(701,789)	(793,665)	(1,096,949)	(1,008,180)
(11,708,398)	(6,914,737)	(5,224,315)	(5,637,984)	(15,082,217)	(8,565,055)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 16,972,935</u>
-3.19%	-1.48%	-16.45%	49.62%	-43.81%	169.74%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,114,183	11,557,173	8,022,515	11,726,442	10,712,645	13,546,921
2,804,180	4,221,172	3,380,759	3,798,414	4,757,557	5,621,380
5,529,159	6,845,131	6,646,255	8,571,632	8,011,826	8,511,304
(11,305,938)	(6,133,304)	(4,310,925)	(5,328,228)	(15,100,818)	(8,795,809)
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 18,883,796</u>
-3.69%	2.16%	-16.69%	36.61%	-55.34%	125.31%

**CITY OF CHASKA, MINNESOTA**

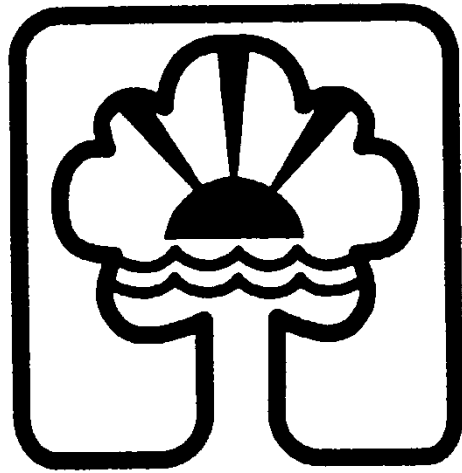
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)**

	FISCAL YEAR			
	2010	2011	2012	2013
<b><u>REVENUES</u></b>				
Taxes	\$ 13,386,635	\$ 13,387,904	\$ 13,888,797	\$ 13,502,612
Licenses and Permits	677,005	1,171,745	880,815	1,135,211
Intergovernmental	2,302,128	1,666,505	2,955,101	2,919,055
Charges for Services	1,648,242	1,950,742	2,409,242	3,388,069
Fines and Forfeitures	145,979	139,988	123,411	123,687
Special Assessments	1,576,743	1,531,259	1,911,524	3,918,217
Other Revenue	553,365	585,553	911,462	1,237,814
Total Revenue	<u>20,290,097</u>	<u>20,433,696</u>	<u>23,080,352</u>	<u>26,224,665</u>
<b><u>EXPENDITURES</u></b>				
General Government	3,086,599	3,392,089	3,512,005	4,077,218
Economic Development	926,307	757,932	809,892	1,460,259
Public Safety	3,697,083	3,971,147	4,068,057	4,411,566
Public Works	3,985,799	3,529,127	4,756,685	6,249,199
Parks, Recreation and Arts	589,998	532,953	488,078	517,843
Debt Service:				
Principal	5,200,488	5,396,218	4,422,243	5,427,723
Interest	1,687,636	1,578,987	1,421,230	1,396,806
Issuance Costs & Fiscal Agent Fees	168,964	91,276	121,126	112,905
Capital Outlay	5,650,639	2,591,145	3,149,178	4,075,585
Total Expenditures	<u>24,993,513</u>	<u>21,840,874</u>	<u>22,748,494</u>	<u>27,729,104</u>
Excess of Revenues Over (Under) Expenditures	(4,703,416)	(1,407,178)	331,858	(1,504,439)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	7,240,297	7,211,564	10,943,484	7,641,975
Transfers Out	(6,422,978)	(6,702,759)	(9,551,265)	(6,786,159)
Bonds Issued	5,805,000	2,375,000	2,430,000	4,245,000
Refunding Bonds Issued	880,000	2,290,000	4,675,000	580,000
Premium on Bonds Issued	39,071	168,217	195,481	123,513
Capital Lease Issued	-	-	-	-
Payments to Refunded Bond Escrow Agent	(849,512)	(2,320,000)	-	(5,210,000)
Sale of Capital Assets	8,466	114,874	140,199	29,032
Total Other Financing Sources (Uses)	<u>6,700,344</u>	<u>3,136,896</u>	<u>8,832,899</u>	<u>623,361</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,996,928</u>	<u>\$ 1,729,718</u>	<u>\$ 9,164,757</u>	<u>\$ (881,078)</u>
Expenditures for Capitalized Assets (1)	\$ 8,517,344	\$ 3,349,841	\$ 3,972,487	\$ 5,063,042
Debt Service as a Percentage of Noncapital Expenditures	41.81%	37.72%	31.12%	30.11%

(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.

Table 5

FISCAL YEAR						
2014	2015	2016	2017	2018	2019	
\$ 14,386,746	\$ 13,150,434	\$ 12,470,764	\$ 13,420,767	\$ 14,709,783	\$ 11,550,747	
995,263	1,259,621	1,033,383	1,302,593	928,825	910,342	
2,568,108	2,678,760	2,772,705	2,653,945	1,726,502	11,747,098	
3,470,471	4,387,691	5,316,461	5,717,156	6,220,296	6,299,265	
128,966	95,736	104,226	113,158	109,319	72,456	
2,867,959	2,076,637	2,121,412	2,835,792	2,350,349	2,535,593	
794,135	1,103,179	600,089	659,861	1,151,947	1,165,778	
<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>	<u>34,281,279</u>	
4,361,531	4,889,132	5,228,459	5,630,604	5,696,448	5,986,973	
1,899,514	8,766,389	1,070,364	1,919,188	3,183,480	1,590,071	
4,513,886	4,837,862	5,270,617	5,738,341	6,193,049	6,498,679	
7,269,352	6,686,444	4,537,040	5,213,582	7,699,681	6,922,693	
837,886	1,086,472	828,065	1,140,929	1,062,569	1,052,775	
4,948,206	5,398,720	3,013,768	3,061,302	2,901,859	3,323,855	
1,109,996	1,115,857	1,429,478	1,380,700	1,618,919	1,718,079	
95,788	353,521	4,725	250,271	11,850	319,028	
7,367,993	13,778,776	5,633,034	9,808,124	8,295,131	20,187,457	
<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>	<u>47,599,610</u>	
(7,192,504)	(22,161,115)	(2,596,510)	(7,439,769)	(9,465,965)	(13,318,331)	
6,622,433	14,212,528	6,242,220	4,624,645	4,297,144	17,758,206	
(6,156,278)	(8,968,112)	(6,423,134)	(5,617,190)	(5,252,205)	(10,082,386)	
5,785,000	16,025,000	-	10,870,000	-	14,735,000	
-	-	-	1,455,000	-	1,740,000	
317,245	1,156,342	-	1,125,229	-	1,015,807	
-	-	-	-	-	14,290	
-	-	-	-	-	(1,360,000)	
6,164	83,945	25,856	11,741	33,976	-	
<u>6,574,564</u>	<u>22,509,703</u>	<u>(155,058)</u>	<u>12,469,425</u>	<u>(921,085)</u>	<u>23,820,917</u>	
\$ (617,940)	\$ 348,588	\$ (2,751,568)	\$ 5,029,656	\$ (10,387,050)	\$ 10,502,586	
\$ 12,451,676	\$ 19,782,837	\$ 12,340,550	\$ 16,094,547	\$ 16,582,006	\$ 6,758,755	
30.36%	24.01%	30.28%	24.61%	22.51%	12.35%	



CHASKA

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

FISCAL YEAR	PROPERTY TAXES		FRANCHISE TAXES			TOTAL TAXES
	LEVIED	TAX INCREMENT	ELECTRIC (4)	CABLE	GAS (1)	
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
2019	9,694,753	1,103,080	-	302,522	450,392	11,550,747

(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) Three (3) TIF districts were decertified in 2014.

(4) Beginning in 2019, the City did not assess a franchise fee on the City-owned electric.

**CITY OF CHASKA, MINNESOTA**

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

<b>TAXES PAYABLE YEAR</b>	<b>REAL PROPERTY - TAX CAPACITY VALUE</b>			<b>PERSONAL PROPERTY TAX CAPACITY VALUE</b>	<b>FISCAL DISPARITIES</b>	
	<b>RESIDENTIAL PROPERTY</b>	<b>COMMERCIAL PROPERTY</b>	<b>OTHER REAL PROPERTY</b>		<b>CONTRIBUTION</b>	<b>DISTRIBUTION</b>
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
2019	24,058,344	9,060,705	395,846	428,354	(3,523,591)	3,946,302

Source: Carver County Auditor

Table 7

<u>TAX INCREMENT ADJUSTED TO TAX CAPACITY VALUE</u>	<u>ADJUSTED TAX CAPACITY VALUE</u>	<u>CITY TOTAL DIRECT TAX RATE</u>	<u>EDA TOTAL DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL MARKET VALUE REAL &amp; PERSONAL</u>	<u>ADJ TAX CAPACITY VALUE AS A PERCENTAGE OF ACTUAL VALUE</u>
\$ (5,793,917)	\$ 22,884,050	21.886	0.327	\$ 2,445,124,600	0.94%
(5,388,088)	21,265,429	23.484	0.357	2,271,392,000	0.94%
(4,906,333)	19,417,427	25.785	0.391	2,162,908,900	0.90%
(4,543,317)	18,362,108	28.075	0.411	2,020,207,000	0.91%
(4,464,026)	19,371,587	26.586	0.391	2,121,003,200	0.91%
(535,631)	26,325,639	24.928	1.574	2,380,806,300	1.11%
(572,333)	28,212,129	26.118	1.519	2,573,342,000	1.10%
(658,411)	29,097,139	27.564	1.557	2,652,305,300	1.10%
(973,689)	31,516,766	27.234	1.503	2,847,274,600	1.11%
(1,052,097)	33,313,863	27.678	1.497	3,007,913,300	1.11%

**CITY OF CHASKA, MINNESOTA**

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

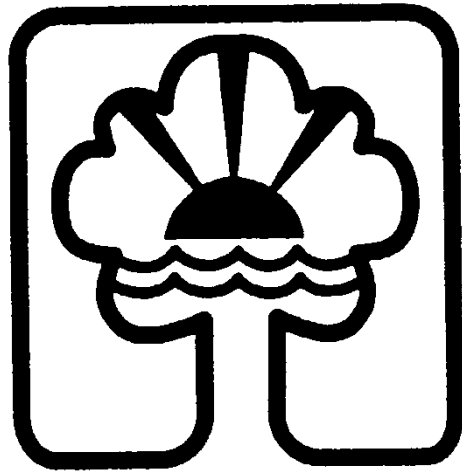
TAXES PAYABLE YEAR	DIRECT RATES				
	CITY URBAN			RURAL (1)	CITY HOUSING DEVELOPMENT AUTHORITY
	OPERATING	DEBT	TOTAL		
2010	21.778	0.108	21.886	10.997	0.327
2011	23.484	0.000	23.484	11.742	0.357
2012	25.785	0.000	25.785	12.892	0.391
2013	28.075	0.000	28.075	14.038	0.411
2014	26.586	0.000	26.586	13.293	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
2019	27.678	0.000	27.678	27.678	1.497

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 area was 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.
- (4) Since 2014, rates no longer include the Carver County Water Management Organization.

Table 8

OVERLAPPING RATES (2)				
COUNTY	COUNTY COMMUNITY DEVELOPMENT AUTHORITY	INDEPENDENT SCHOOL DISTRICT #112	SPECIAL DISTRICTS (3)	TOTAL DIRECT AND OVERLAPPING RATES (1)
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	4.072	(4) 122.936
40.488	1.589	39.120	3.422	111.122
38.880	1.701	39.245	3.614	111.077
38.851	1.731	37.005	3.615	110.323
37.436	1.640	33.837	3.347	104.997
36.488	1.626	33.631	3.300	104.220



CHASKA

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

TAXPAYER	ASSESSED 2018 - PAYABLE 2019				ASSESSED 2009 - PAYABLE 2010			
	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	\$ 24,341,200	\$ 485,324	1	1.45%	*	*	*	*
Aurora Investments LLC	20,345,900	387,670	2	1.16%	19,287,500	354,471	2	1.28%
Hazeltine Natl Golf Club	18,766,900	323,806	3	0.97%	*	*	*	*
Ameriprise Financial Inc	16,896,200	302,059	4	0.90%	23,405,400	429,586	1	1.55%
CenterPoint Energy Minnegasco	14,352,100	286,292	5	0.85%	*	*	*	*
Chaska Heights Senior Living LLC	22,356,100	279,451	6	0.83%	*	*	*	*
Target Corp	12,808,800	255,426	7	0.76%	15,930,800	317,866	3	1.14%
Aurora-Chaska Medical LLC	27,664,200	242,694	8	0.72%	*	*	*	*
Via West Inc	12,164,500	242,540	9	0.72%	*	*	*	*
SB Chaska Partners LLC	16,605,400	207,568	10	0.62%	*	*	*	*
Entegris	*	*		*	13,568,400	268,903	4	0.97%
Chaska Investment LP	*	*		*	17,505,800	248,639	5	0.89%
Kohl's Illinois, Inc	*	*		*	11,032,900	219,908	6	0.79%
Lifecore Biomedical Inc.	*	*		*	10,154,500	202,340	7	0.73%
Home Depot USA, Inc	*	*		*	9,912,100	197,492	8	0.71%
Northern Star Co.	*	*		*	8,703,900	173,328	9	0.62%
Lake Region Mfg Co., Inc	*	*		*	8,715,700	172,064	10	0.62%
	<u>\$ 186,301,300</u>	<u>\$ 3,012,830</u>		<u>8.99%</u>	<u>\$ 138,217,000</u>	<u>\$ 2,584,597</u>		<u>9.30%</u>

Source: Carver County Auditor

(1) Assessed 2019 values are determined as of January 2, 2018

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)**

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TAXES PAYABLE YEAR	LEVY FOR CALCULATION OF TAX RATE			LEVY ADJUSTMENT AFTER RATE CALCULATION	COUNTY ADJUSTED NET TAX LEVY
	CERTIFIED LEVY	CREDITS AND ADJUSTMENTS	COUNTY ADJUSTED TAX LEVY		
2010	\$ 4,955,218	\$ (175,356)	\$ 4,779,862	\$ 16,689	\$ 4,796,551
2011	4,955,217	(186,714)	4,768,503	(7,186)	4,761,317
2012	4,955,196	(805)	4,954,391	(19,989)	4,934,402
2013	5,107,919	(767)	5,107,152	(33,561)	5,073,591
2014	5,222,224	(802)	5,221,422	(5,276)	5,216,146
2015	6,951,262	(1,390)	6,949,872	(1,590)	6,948,282
2016	7,728,287	(1,462)	7,726,825	(35,220)	7,691,605
2017	8,396,405	(1,611)	8,394,794	(20,108)	8,374,686
2018	9,057,344	(1,614)	9,055,730	21,726	9,077,456
2019	9,700,652	(1,655)	9,698,997	(28,286)	9,670,711

Source: Carver County Auditor

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

Table 10

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COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS AND ABATEMENTS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
\$ 4,690,752	97.79%	\$ 105,533	\$ 4,796,285	99.99%
4,704,646	98.81%	56,548	4,761,194	100.00%
4,890,418	99.11%	43,981	4,934,399	100.00%
5,011,429	98.77%	61,939	5,073,368	100.00%
5,179,682	99.30%	35,959	5,215,641	99.99%
6,889,114	99.15%	53,622	6,942,736	99.92%
7,649,215	99.45%	41,897	7,691,112	99.99%
8,348,563	99.69%	23,353	8,371,916	99.97%
9,053,269	99.73%	19,443	9,072,712	99.95%
9,642,349	99.71%	-	9,642,349	99.71%

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	GENERAL OBLIGATION REVENUE BONDS	REVENUE BONDS	NOTES PAYABLE	CAPITAL LEASES
2010	\$ 1,300,000	\$ -	\$ 16,180,000	\$ 405,000	\$ 19,230,000	\$ -	\$ -	\$ -	\$ -
2011	1,000,000	3,455,000	13,050,000	405,000	16,155,000	-	-	159,960	-
2012	690,000	3,455,000	10,500,000	405,000	21,705,000	-	-	152,717	-
2013	1,320,000	3,120,000	7,235,000	405,000	18,870,000	-	-	144,994	-
2014	1,190,000	2,755,000	3,835,000	405,000	23,610,000	-	-	136,788	-
2015	975,000	2,315,000	945,000	405,000	27,705,000	-	10,085,000	128,068	-
2016	740,000	1,835,000	850,000	405,000	25,510,000	-	10,085,000	119,300	-
2017	2,605,000	1,635,000	1,220,000	2,430,000	30,995,000	-	9,815,000	107,998	-
2018	2,505,000	1,880,000	1,125,000	630,000	29,405,000	720,000	9,545,000	96,139	-
2019 (2)	3,480,000	6,795,000	3,210,000	620,000	33,595,000	645,000	9,270,000	83,696	12,878

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.

(2) Governmental Activities Other General Obligation Bonds include Temporary GO Bonds issued in 2019 with an outstanding balance of \$5,205,000.

GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES							PERCENTAGE OF PERSONAL INCOME <sup>(1)</sup>	PER CAPITA <sup>(1)</sup>
DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)	TOTAL GOVERNMENTAL ACTIVITIES DEBT	GENERAL OBLIGATION REVENUE BONDS	REVENUE BONDS	CAPITAL LEASES	DEBT ISSUANCE PREMIUMS/ (DISCOUNTS)	TOTAL BUSINESS-TYPE ACTIVITIES DEBT	TOTAL PRIMARY GOVERNMENT			
\$ 320,871	\$ 37,435,871	\$ 12,700,000	\$ 33,125,000	\$ -	\$ 806,195	\$ 46,631,195	\$ 84,067,066	6.53%	3,537	
442,980	34,667,940	12,335,000	35,720,000	-	982,767	49,037,767	83,705,707	6.03%	3,487	
569,374	37,477,091	12,020,000	34,575,000	-	929,875	47,524,875	85,001,966	5.81%	3,511	
610,991	31,705,985	11,700,000	37,125,000	-	894,630	49,719,630	81,425,615	5.29%	3,282	
842,462	32,774,250	11,370,000	35,625,000	-	840,869	47,835,869	80,610,119	5.32%	3,190	
1,908,544	44,466,612	16,170,000	46,970,000	-	3,524,126	66,664,126	111,130,738	6.86%	4,340	
1,783,175	41,327,475	15,745,000	45,435,000	-	3,289,591	64,469,591	105,797,066	6.21%	4,002	
2,785,053	51,593,051	15,820,000	52,015,000	-	3,572,665	71,407,665	123,000,716	6.75%	4,566	
2,587,041	48,493,180	15,100,000	47,050,000	145,571	3,305,892	65,601,463	114,094,643	6.10%	4,131	
3,400,438	61,112,012	17,220,000	44,125,000	101,541	3,169,083	64,615,624	125,727,636	6.38%	4,552	

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)				
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%	1,863
2018	36,265,000	2,070,891	15,100,000	281,020	7,634,833	46,082,078	1.62%	1,668
2019	48,345,000	2,917,966	17,220,000	387,246	8,319,472	60,550,740	2.01%	2,192

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 taxable abatement 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.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 DECEMBER 31, 2019  
 (UNAUDITED)

	DEBT OUTSTANDING	PERCENT OF DEBT APPLICABLE TO CITY	AMOUNT OF DEBT APPLICABLE TO CITY
<b>DIRECT DEBT</b>			
City of Chaska and Chaska EDA	\$ 61,112,012 (1)	100.00%	\$ 61,112,012
<b>OVERLAPPING DEBT</b>			
Carver County	25,579,006	21.65%	5,538,424
Carver County CDA	26,815,000 (2)	-	-
Independent School District 112	147,130,000	37.58%	55,287,576
Metropolitan Council	5,375,000 (3)	0.85%	45,688
Mosquito Control District	646,883	21.65%	140,065
Total Overlapping Debt	205,545,889		61,011,751
Total Direct and Overlapping Debt	\$ 266,657,901		\$ 122,123,763

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.
- (2) No percentage of the Carver County CDA bonds is applicable because the bonds will be repaid primarily from housing revenues.
- (3) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation, governmental activities general obligation bonds, and notes payable.

**CITY OF CHASKA, MINNESOTA**

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

	2010	2011	2012	2013
Market Value	\$ 2,445,124,600	\$ 2,271,392,000	\$ 2,162,908,900	\$ 2,020,207,000
Debt Limit - 3% of Market Value (A)	73,353,738	68,141,760	64,887,267	60,606,210
Amount of Debt Applicable to Debt Limit:				
GO Equipment Certificates	1,470,000	1,180,000	875,000	1,480,000
Capital Improvement Plan Refunding	2,450,000	2,050,000	1,635,000	1,195,000
Lease Obligations issued by the EDA	2,900,000	2,900,000	2,900,000	6,610,000
Total Debt Applicable to Debt Limit	6,820,000	6,130,000	5,410,000	9,285,000
Legal Debt Margin	\$ 66,533,738	\$ 62,011,760	\$ 59,477,267	\$ 51,321,210
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit (B)	9.30%	9.00%	8.34%	15.32%

Source: Carver County Auditor (Market Value)

(A) Sec. 475.53 MN Statutes - Generally. Except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the taxable property in the municipality.

(B) Sec. 475.51 MN Statutes - Definitions: Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the aggregate of the principal of the following:

- (1) Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
- (2) Warrants or orders having no definite or fixed maturity.
- (3) Obligations payable wholly from the income from revenue producing conveniences.
- (4) Obligations issued to create or maintain a permanent improvement revolving fund.
- (5) Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
- (6) Debt service loans and capital loans made to a school district under the provisions of sections 126C.68 and 126C.69.
- (7) Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
- (8) Obligations to repay loans made under section 216C.37.
- (9) Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
- (10) Obligations issued to pay pension fund or other postemployment benefit liabilities under section 475.52, subdivision 6, or any charter authority.
- (11) Obligations issued to pay judgments against the municipality under section 475.52, subdivision 6, or any charter authority.
- (12) All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Table 14

2014	2015	2016	2017	2018	2019
\$ 2,121,003,200	\$ 2,380,806,300	\$ 2,573,342,000	\$ 2,652,305,300	\$ 2,847,274,600	\$ 3,007,913,300
63,630,096	71,424,189	77,200,260	79,569,159	85,418,238	90,237,399
3,895,000	3,680,000	3,180,000	4,765,000	4,385,000	5,070,000
750,000	295,000	-	-	-	-
6,315,000	32,360,000	32,045,000	32,390,000	28,690,000	27,105,000
10,960,000	36,335,000	35,225,000	37,155,000	33,075,000	32,175,000
\$ 52,670,096	\$ 35,089,189	\$ 41,975,260	\$ 42,414,159	\$ 52,343,238	\$ 58,062,399
17.22%	50.87%	45.63%	46.70%	38.72%	35.66%

**CITY OF CHASKA, MINNESOTA**

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

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
<b>DEBT SERVICE FUNDS - REVENUE BONDS: LAST TEN FISCAL YEARS</b>							
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)
2019	2,546	3,200	(654)	275,000	359,100	634,100	(0.00)
<b>ELECTRIC ENTERPRISE FUND: NINE FISCAL YEARS</b>							
2011 (1)	\$ 29,085,312	\$ 26,155,497	\$ 2,929,815	\$ -	\$ 2,397	\$ 2,397	1,222.28
2012	31,888,910	28,538,119	3,350,791	170,000	93,881	263,881	12.70
2013	34,068,387	30,140,170	3,928,217	145,000	90,607	235,607	16.67
2014	35,013,104	31,617,219	3,395,885	145,000	87,707	232,707	14.59
2015	35,859,710	32,487,115	3,372,595	140,000	84,832	224,832	15.00
2016	37,703,918	34,201,984	3,501,934	150,000	83,870	233,870	14.97
2017	37,751,011	34,381,108	3,369,903	145,000	80,870	225,870	14.92
2018	41,513,669	37,413,217	4,100,452	395,000	336,161	731,161	5.61
2019	41,565,560	34,058,548	7,507,012	420,000	309,145	729,145	10.30
<b>WATER ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>							
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
2019	2,999,645	2,181,688	817,957	594,000	362,430	956,430	0.86
<b>SEWER ENTERPRISE FUND: FIVE FISCAL YEARS</b>							
2015 (1)	\$ 3,275,998	\$ 3,062,822	\$ 213,176	\$ -	\$ -	\$ -	-
2016	3,433,187	3,110,423	322,764	-	45,259	45,259	7.13
2017	3,612,296	3,340,582	271,714	104,000	73,473	177,473	1.53
2018	3,809,359	3,610,519	198,840	116,000	73,973	189,973	1.05
2019	4,158,322	3,838,809	319,513	121,000	76,644	197,644	1.62
<b>COMMUNITY CENTER ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>							
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)
2019	3,215,817	3,786,406	(570,589)	330,000	160,795	490,795	(1.16)

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS (4)			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
<b>TURBINE GENERATOR ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>							
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
2019	1,657,288	389,787	1,267,501	1,195,000	886,150	2,081,150	0.61
<b>STORM WATER ENTERPRISE FUND: FIVE FISCAL YEARS</b>							
2015 (1)	\$ 913,884	\$ 698,036	\$ 215,848	\$ -	\$ 7,502	\$ 7,502	28.77
2016	969,639	802,266	167,373	-	29,770	29,770	5.62
2017	1,099,143	752,510	346,633	74,000	59,766	133,766	2.59
2018	1,587,676	841,372	746,304	75,000	48,572	123,572	6.04
2019	1,714,251	911,156	803,095	80,000	47,076	127,076	6.32
<b>CURLING CENTER ENTERPRISE FUND: FIVE FISCAL YEARS</b>							
2015 (1)	\$ 65,663	\$ 208,181	\$ (142,518)	\$ -	\$ 290,781	\$ 290,781	(0.49)
2016	1,175,144	925,311	249,833	-	484,225	484,225	0.52
2017	1,224,086	1,177,073	47,013	940,000	523,917	1,463,917	0.03
2018	1,223,657	1,497,227	(273,570)	965,000	514,389	1,479,389	(0.18)
2019	1,133,372	1,295,609	(162,237)	980,000	495,446	1,475,446	(0.11)

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.

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)
2010	23,770 (6)	8,816 (6)	\$ 1,286,622,560	\$ 54,128	33.8 (6)	6,140	6.75%
2011	24,002	8,874	1,388,035,660	57,830	34.2	6,072	5.54%
2012	24,211	8,941	1,463,990,748	60,468	34.2	6,185	4.83%
2013	24,811	9,143	1,539,795,471	62,061	34.2	6,086	4.31%
2014	25,270	9,278	1,515,795,680	59,984	35.6	5,797	3.62%
2015	25,607	9,492	1,620,692,637	63,291	35.7	5,854	3.20%
2016	26,439	9,823	1,704,601,647	64,473	36.2	5,700	3.33%
2017	26,941	10,012	1,823,366,880	67,680	36.1	5,662	3.06%
2018	27,622	10,136	1,970,829,700	71,350	36.1 (8)	5,561	2.50%
2019	27,622 (7)	10,136 (7)	1,970,829,700 (7)	71,350 (7)	36.1 (8)	5,725	2.80%

(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) Source: Minnesota Planning and U.S. Census Bureau, Census 2010 data.

(7) 2019 data is not available at this time. Data is from 2018, and will be updated as it becomes available.

(8) 2018 and 2019 data are not available. Amounts are based on 2017 data.

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

EMPLOYER	2019			2010		
	ESTIMATED EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	ESTIMATED EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Entegris Inc	1,000	1	7.18%	350	7	3.07%
Beckman-Coulter, Inc	925	2	6.64%	750	4	6.59%
ISD #112/Eastern Carver County	880	3	6.31%	1,100	1	9.66%
TEL-FSI, Inc (2)	850	4	6.10%	850	2	7.47%
Carver County	700	5	5.02%	815	3	7.16%
The Bernard Group	646	6	4.64%	*	*	*
Lake Region Manufacturing Co., Inc	600	7	4.31%	745	5	6.54%
Old National Bank (3)	560	8	4.02%	*	*	*
City of Chaska (4)	509	9	3.65%	*	*	*
Apex International, MFG	400	10	2.87%	*	*	*
Sanofi Diagnostics Pasteur, Inc	*	*	*	415	6	3.64%
Century Link	*	*	*	210	8	1.84%
Maximum Graphics	*	*	*	190	9	1.67%
Lifecore Biomedical	*	*	*	185	10	1.62%
Total:	<u>7,070</u>		<u>50.73%</u>	<u>5,610</u>		<u>49.27%</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) Formerly known as FSI International

(3) Formerly known as Klein Financial, Inc

(4) Includes seasonal and part-time employees

\* 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			
	2010	2011	2012	2013
General Government	24.7	(2) 23.9	25.8	(2) 28.8
Public Safety				
Police Department	31.5	32.0	32.4	32.8
Fire Department (1)	3.9	4.1	5.2	6.4
Public Works	22.8	20.0	19.8	21.2
Parks, Recreation and Arts	5.6	5.4	5.0	5.7
Electric	16.8	16.8	16.7	15.9
Water	6.3	6.7	6.8	7.0
Sewer	6.4	6.8	6.8	6.7
Chaska Community Center	39.3	39.3	38.9	37.7
Par 30 Golf Course	3.1	2.7	3.1	2.4
Chaska Town Course	18.9	17.9	18.4	17.9
Internet Service Provider	2.0	2.3	2.3	2.3
Storm Water (3)	N/A	2.5	2.8	2.3
Curling/Event Center	N/A	N/A	N/A	N/A
Total	<u>181.3</u>	<u>180.4</u>	<u>183.9</u>	<u>186.9</u>

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.
- (6) KPMG Golf Tournament 2019 required extra Police & Fire Hours

Table 18

FULL-TIME EQUIVALENT EMPLOYEES AS OF DECEMBER 31											
2014		2015		2016		2017		2018		2019	
29.4	(2)	30.2		31.2	(2)	29.7		32.2	(2)	32.2	
30.0		30.0		31.9		31.5		32.7	(6)	35.1	
8.8		11.5		11.1		12.3		14.1	(6)	16.1	
20.3		19.5		20.9		22.1		24.6		25.0	
5.6		4.6		7.2		7.0		7.7		9.4	
17.0		17.6		17.6		17.4		16.0		17.2	
7.4		7.6		7.1		7.1		6.8		6.8	
7.2		7.0		6.9		7.1		6.9		6.8	
37.1		37.7		38.8		39.0		38.1		39.1	
2.3		2.6		2.7		2.6		2.4		2.5	
17.9		18.6		19.3		18.5		18.4		18.7	
1.0		0.0	(4)	0.0		0.0		0.0		0.0	
2.6		2.7		3.1		3.2		2.9		2.9	
N/A		1.0	(5)	6.0		8.6		9.2		9.6	
<u>186.4</u>		<u>190.6</u>		<u>203.5</u>		<u>206.0</u>		<u>211.9</u>		<u>221.5</u>	

CITY OF CHASKA, MINNESOTA

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

FUNCTION / PROGRAM	FISCAL YEAR			
	2010	2011	2012	2013
<b>Electric</b>				
Number of Connections (Billed)	9,481	9,526	9,586	9,887
Purchased KWH Power Wholesale				
From MMPA	307,054,699	322,849,265	348,581,737	355,358,125
Total kWh Sales	294,637,535	311,031,667	336,913,874	342,701,568
Total kWh Received (8)	-	-	-	-
Peak kW Demand	66,697	71,330	72,549	76,147
<b>Water</b>				
Number of Connections (Billed)	6,253	6,296	6,322	6,448
Total Water Pumped (Gallons)	1,060,500,000	1,106,505,000	1,212,283,000	1,089,134,000
Total Water Sold (Gallons)	1,036,960,000	1,044,693,000	1,158,300,000	1,031,696,000
Average Daily Usage (Gallons Per Day)	2,841,000	3,032,000	3,173,000	2,827,000
System Peak Day (Gallons Per Day)	5,500,000	6,000,000	7,800,000	6,847,000
<b>Sewer</b>				
Number of Connections (Billed)	6,139	6,154	6,257	6,380
Total Gallons Treated (Gallons)	888,893,000	923,511,000	916,374,000	920,399,000
Sewer Service through Metropolitan Council Environmental Services				
<b>Storm Water</b>				
Number of Utility Customers (Billed)	7,870	7,866	7,882	7,954
<b>Internet Service Provider (5)</b>				
Number of Connections (Billed)	1,935	1,667	1,439	1,080
<b>Golf Courses</b>				
Town Course Rounds / Golfers	32,760	30,400	33,042	28,519
Par 30 Rounds / Golfers	15,804	13,210	15,652	14,982
Par 30 Rounds / Foot Golf (4)	-	-	-	-
<b>General Government / Building Department</b>				
<b>Building Permits And Market Value</b>				
<b>Commercial, Industrial And Public (1)</b>				
Permits	53	46	44	44
Market Value (7)	\$ 23,016,775	\$ 54,355,421	\$ 14,310,190	\$ 37,794,640
<b>Single Family Homes And Townhomes (2)</b>				
Permits	43	54	115	130
Market Value	\$ 11,016,526	\$ 13,638,503	\$ 30,700,695	\$ 34,957,157
<b>Condos, Apartments And Multi-Family Homes (2)</b>				
Permits	-	-	5	8
Market Value	\$ -	\$ -	\$ 7,500,728	\$ 3,317,416
<b>Misc. Residential And Other Bldgs (3)</b>				
Permits	716	744	784	620
Market Value (6)	\$ 7,306,368	\$ 9,897,138	\$ 7,891,683	\$ 6,337,948
Total Building Permits:	812	844	948	802
Total Market Value:	\$ 41,339,669	\$ 77,891,062	\$ 60,403,296	\$ 82,407,161

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.
- (8) In 2017 started tracking annual kWh Sales Received on a Gross basis rather than a Net basis

Table 19

FISCAL YEAR						
2014	2015	2016	2017	2018	2019	
10,054	9,912	10,002	10,240	10,296	10,488	
360,570,327	360,908,813	367,267,226	364,637,712	383,993,272	388,005,113	
347,410,769	350,780,886	355,853,340	354,994,175	371,631,841	374,349,964	
-	-	-	1,267	29,118	38,945	
72,641	70,061	77,637	73,472	78,428	77,413	
6,613	6,797	6,912	7,063	7,151	7,260	
1,036,324,000	1,030,518,000	1,040,547,000	1,071,455,000	1,037,845,000	1,030,142,000	
972,503,000	991,284,000	1,016,915,000	1,029,698,000	981,943,000	986,551,000	
2,664,392	2,715,847	2,786,000	2,821,000	2,843,411	2,822,000	
6,429,000	6,007,000	7,047,000	6,554,000	6,579,000	5,939,000	
6,545	6,710	6,827	6,916	6,999	7,093	
930,431,000	931,203,000	924,965,000	912,076,000	845,848,000	870,838,000	
8,051	8,153	8,292	8,364	8,438	8,517	
730	2	2	2	2	-	
31,199	34,253	33,403	32,642	30,157	29,374	
14,907	15,560	14,810	14,130	13,206	13,020	
-	1,925	1,108	681	647	380	
51	43	38	45	49	34	
\$ 11,117,620	\$ 26,204,786	\$ 14,769,385	\$ 69,759,098	\$ 14,207,139	\$ 6,587,100	
138	135	134	103	78	114	
\$ 35,216,150	\$ 35,690,048	\$ 34,199,578	\$ 24,339,375	\$ 18,788,936	\$ 31,901,390	
6	1	10	-	1	-	
\$ 5,005,291	\$ 17,000,000	\$ 6,303,563	\$ -	\$ 17,500,000	\$ -	
591	658	1,234	678	570	636	
\$ 6,642,933	\$ 8,275,817	\$ 15,058,650	\$ 11,310,594	\$ 7,125,660	\$ 7,365,467	
786	837	1,416	826	698	784	
\$ 57,981,994	\$ 87,170,651	\$ 70,331,176	\$ 105,409,067	\$ 57,621,735	\$ 45,853,957	

**CITY OF CHASKA, MINNESOTA**

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

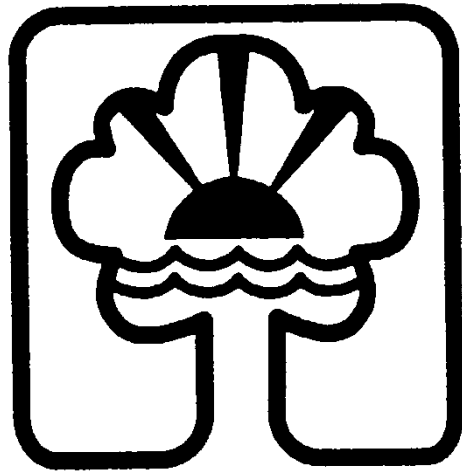
FUNCTION/PROGRAM	FISCAL YEAR			
	2010	2011	2012	2013
<b>Public Safety</b>				
Police:				
Stations	1	1	1	1
Fire:				
Stations	1	1	1	1
Number of Fire Hydrants (Private)	1,826	1,836	1,850	1,865
Number of Fire Hydrants (Public)				
<b>Public Works</b>				
Miles of Streets:				
City / Local	75.93	76.11	76.84	78.19
City MSA	16.10	20.47	20.47	20.47
<b>Parks, Recreation and Arts</b>				
Number of Parks	23	23	26	26
Acres of Parks	964	964	970	970
Miles of Trails	46.2 (1)	46.5 (1)	66	66
Golf Courses	2	2	2	2
<b>Electric</b>				
Number of Substations	3	3	4	4
<b>Water</b>				
Water Mains (Miles)	148	148	149	151
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	4,800,000

Source: City Departments

- (1) 2010 and 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.
- (5) 2019 .7 Miles of Additional Trails Added.  
Also Additional Park 12.11 Acres, to be named Savanna Park

Table 20

FISCAL YEAR						
2014	2015	2016	2017	2018	2019	
1	1	1	1	1	1	1
1	1	1	1	1	1	1
414 (3)	416	422	494	517	518	
1,371 (3)	1,390	1,393	1,393	1,431	1,450	
76.81 (2)	77.78	78.36	79.17	79.36	80.71	
20.95	20.95	20.94	20.94	20.79	20.79	
26	26	26	26	26	28	
970	970	973	973	973	985	
66	67	67	68	68	69	
2	2	2	2	2	2	
4	3 (4)	3	3	4	4	
153	154	155	155	160	163	
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