

# **CITY OF CHASKA**

**STATE OF MINNESOTA**

**2003 COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**CITY OF CHASKA  
STATE OF MINNESOTA**

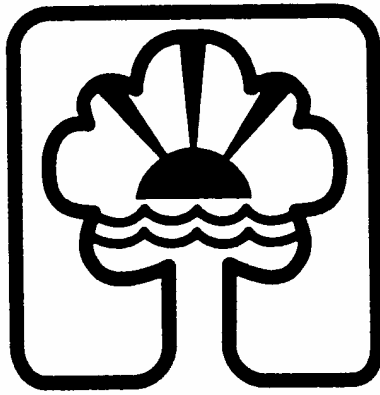
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2003**

Prepared by:  
Administrative Services Department

Noel J. Graczyk  
Administrative Services Director,  
Treasurer

Barbara J. Hand  
Assistant Finance Director



CHASKA

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**City of Chaska, Minnesota**

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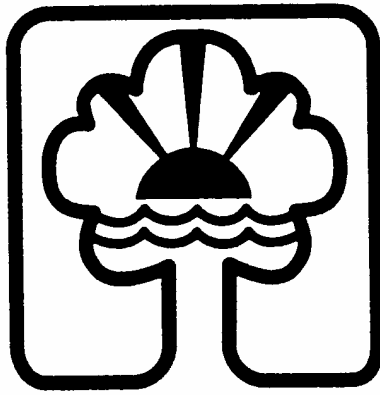
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CHASKA

June 30, 2004

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

State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) for the City of Chaska for the fiscal year ended December 31, 2003.

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

The City of Chaska's financial statements have been audited Malloy, Montague, Karnowski, Radosevich, & Co., P.A., a firm of licensed and certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Chaska for the fiscal year ended December 31, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City of Chaska's financial statements for the fiscal year ended December 31, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require 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 MD&A and should be read in conjunction with it. The City of Chaska's MD&A can be found immediately following the report of the independent auditors.



**Profile of the Government**

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

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

The primary mission of the City of Chaska is to enhance and maintain the high quality of life of its “shareholders”, the citizens of Chaska, which has been nurtured in the community since its incorporation in 1851. 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 it’s mission, the city has established five 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

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

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

**Factors Affecting Financial Condition**

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

**Local economy.** The City of Chaska currently enjoys a favorable economic environment and local indicators point to continued stability. The City is located on the Minnesota River approximately 18 miles southwest of the downtown area of Minneapolis. Access to the City from one of the “Twin Cities” areas, of either Minneapolis or St. Paul, is possible with interstate highway 494 and various state highways. Access to the downtown and other commercial and retail areas of Chaska will only be made easier in future years when Highway 312 is extended to Chaska.

The economic position of the City has continued to show strong gains through the City’s effort to increase economic development. One of the City’s current five-year priority goals is to pursue activities that will assist in the revitalization/expansion of the downtown commercial district. In the last fifteen years, 24 buildings have had storefront renovations, 292,000 square feet of new or renovated commercial space was added and 353 new living units were constructed. The Chaska Economic Development Authority has assumed a lead role in facilitating the downtown revitalization. The primary financing source for these activities will continue to be from tax increment financing, which allows the City to capture all new taxes generated by new development in excess of those previously collected in a tax increment district.

In early 2004, the City annexed Chaska Township, an area located immediately northwest of downtown Chaska. This area is 550 acres, which is guided for residential development. The economic vitality of downtown Chaska has been historically limited due to its proximity to the Minnesota River and the City’s westerly corporate limits. Due to these limitations, the downtown service radius is currently 56 percent of its optimum size. The annexation and development of adjacent Chaska Township would increase the downtown service radius to 74 percent of its optimum size. The addition of urban densities to the project area would be consistent with the downtown development pattern and would assist in the long-term economic preservation of downtown Chaska.

**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. In addition, the forecast is used to establish the City’s maximum tax levy, which is required through the Truth in Taxation public hearing process. In preparing the five-year forecast, every attempt is made to accurately and conservatively estimate revenues and expenditures. The 2004-2008 forecast was developed based on the following five criteria:

1. Maintain existing service levels recognizing that certain service levels need to be increased based on population growth and increased demands.
2. Maintain a constant tax capacity rate through the planning period.
3. Fully fund replacement of the City’s existing capital investments.

4. Fund resources for new programs only after existing, necessary programs are funded.
5. Address the fiscal reality that the State of Minnesota will no longer financially partner with cities, and local government aid will be phased out by 2008.

Key factors which impact both the costs of providing services and the City's revenue resources are changes in Chaska's population and households. As the number of households in the community increases, there are increased demands for street maintenance, snow plowing, park usage, recreation, police calls, utility bills, etc. Population and household levels also impact expected revenues from utilities, local government aid, and property tax levies.

The 2004-2008 forecast reveals that the city can maintain its existing service levels within the forecasted revenues while at the same time maintaining a low property tax rate. In comparison, Chaska's tax levy is one of the lowest in the metropolitan area and significantly lower than neighboring communities. Results of customer service evaluations indicate that citizens are very happy with the level of services provided by the City.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in accordance with Minnesota State Statutes and the City's investment policy. Investments were placed in demand deposits, certificates of deposits, obligations of the U. S. Treasury and U.S. Agencies, commercial paper and mutual funds.

At December 31, 2003, idle cash was invested as follows:

Mutual Funds	\$ 27,079,363
Investments Placed by City	
U. S. Government and Agencies	5,039,566
Commercial Paper	999,470
Negotiable Certificates of Deposit	988,459
Deposits and Petty Cash	2,105,368
Guaranteed Investment Contracts	12,385,162
Total Investments	\$ 48,597,388

The City's investment policy places a priority in safety and liquidity of principal over potential of additional yield. Thus, all deposits are insured or collateralized. All collateral for deposits was held in the City's name by a financial institution other than the depository. All investments are held by the City's agent during the year and at year-end.

**Risk management.** During 2003, the City continued to accumulate unreserved retained earnings in the Self Insurance Internal Service Fund in order to establish reserves for catastrophic losses. These designations are based on premiums returned to the City from the League of Minnesota Cities Insurance Trust (LMCIT) in the form of dividends. Reserves will be used to pay future deductible and claim costs.

**Pension and other post-employment benefits.** All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost sharing multiple-employer retirement plans.

PERF members belong to a Coordinated Plan and are covered by Social Security. All police officers and peace officers that qualify for membership by statute are covered by the PEPFF.

Minnesota State Statutes, Chapters 353 and 356 set the rates for the employer and employee contributions. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERA does not make separate measurements of assets and pension benefit obligation for individual employers.

The City also makes contributions to the Chaska Fire Department Relief Association (CFDRA) based on statutory funding requirements and an agreement between the City and the CFDRA. The CFDRA operates a single employer public employee retirement plan for volunteer fire fighters.

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the City of Chaska for its comprehensive annual financial report (CAFR) for fiscal year ended December 31, 2002. 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 for the last fourteen consecutive years (fiscal years ended 1989-2002). 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 Service Department. Special recognition is in order to Ms. Barbara J. Hand, Assistant Finance Director, who is responsible for operational oversight of the financial system, closing adjustments, annual audit, and preparation of the CAFR. Recognition is also in order to Lisa M. Nelson, Accountant who assisted in the production of this report.

**Letter Of Transmittal**

**City of Chaska, Minnesota**

**For the Year Ended December 31, 2003**

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

Respectfully Submitted,

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Noel J. Graczyk  
Administrative Services Director  
Treasurer  
City of Chaska

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Barbara J. Hand  
Assistant Finance Director  
City of Chaska

# 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, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# Organizational and Administrative Structure

**City of Chaska**

**December 31, 2003**

**ORGANIZATIONAL STRUCTURE**

City of Chaska Residents and Businesses

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

**ADMINISTRATIVE STRUCTURE [ 367 Employees (107-3-7-245) ]**

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

<p><b>Assistant to the Admin, Economic Development Coordinator (1-0-0-0)</b></p> <hr/> <p><b>Administrative Services (11-3-0-0)</b>                  (1-0-0-0) Administrative Services Director (Treasurer)                  (1-0-0-0) Assistant Finance Director                  (1-0-0-0) Accountant II                  (1-0-0-0) Senior Accounting Clerk                  (2-0-0-0) Accounting Clerk                  (1-0-0-0) Utility Billing Coordinator                  (1-1-0-0) Utility Account Clerk                  (1-2-0-0) Customer Service Representative                  (1-0-0-0) Information Systems Manager                  (1-0-0-0) Information Technology Technician</p> <hr/> <p><b>Community Development (9-0-0-0)</b>                  (2-0-0-0) Administrative Secretary                  (1-0-0-0) Administrative Support                  (1-0-0-0) Fire Marshall                  (1-0-0-0) Building Official                  (4-0-0-0) Inspector</p> <hr/> <p><b>Planning Services (2-0-0-0)</b>                  (1-0-0-0) Director of Planning and Development                  (1-0-0-0) City Planner</p> <hr/> <p><b>Engineering Services (2-0-0-0)</b>                  (1-0-0-0) City Engineer                  (1-0-0-0) Engineering Technician</p> <hr/> <p><b>Police Services (24-3-0-0) [21 licensed officers]</b>                  (1-0-0-0) Chief of Police                  (4-0-0-0) Patrol Sergeant                  (1-0-0-0) Detective Sergeant                  (1-0-0-0) Detective                  (3-0-0-0) School Resource Officer                  (11-0-0-0) Patrol Officer                  (1-3-0-0) Secretary                  (2-0-0-0) Community Service Officer</p> <hr/> <p><b>Public Works Services (15-1-3-6)</b>                  (1-0-0-0) Public Works Superintendent                  (1-0-0-0) Public Works Foreman                  (1-0-0-0) Park Leadworker                  (1-0-0-0) Mechanic Foreman                  (1-0-0-0) Mechanic                  (7-0-0-0) Maintenance III                  (1-0-0-0) Street Leadworker                  (2-0-0-0) Maintenance II                  (0-1-3-6) Laborer</p>	<p><b>Electric Utility Services (12-0-0-1)</b>                  (1-0-0-0) Electrical Director                  (1-0-0-0) Inventory/Accounting Clerk                  (1-0-0-0) Electric Foreman                  (1-0-0-0) Lineworker I                  (3-0-0-0) Lineworker III                  (2-0-0-0) Apprentice Lineworker                  (1-0-0-0) Lead Lineworker                  (1-0-0-0) Metering/Substation Lineworker                  (1-0-0-0) Utility Service/Maintenance II                  (0-0-0-1) Laborer</p> <hr/> <p><b>Water and Sewer Utility Services (8-0-0-1)</b>                  (1-0-0-0) Utility Superintendent                  (3-0-0-0) Maintenance II                  (3-0-0-0) Maintenance III                  (1-0-0-0) Water/Sewer Foreman                  (0-0-0-1) Laborer</p> <hr/> <p><b>Parks Recreation and Arts (16-1-0-178)</b></p> <hr/> <p><b>Parks, Recreation and Arts Director (1-0-0-0)</b></p> <hr/> <p><b>Parks Recreation and Arts (3-0-0-10)</b>                  (1-0-0-0) Athletic Programmer                  (1-0-0-0) Recreation Program Support                  (1-0-0-0) Cable TV Coordinator                  (0-0-0-5) Rink Attendant, Outside                  (0-0-0-2) Camera Operator                  (0-0-0-3) Program Instructors</p> <hr/> <p><b>Community Center (12-1-0-168)</b>                  (1-0-0-0) Ice Arena Manager                  (1-0-0-0) Maintenance Supervisor                  (3-1-0-22) Custodian/Maintenance                  (1-0-0-0) Arts and Special Events Coordinator                  (1-0-0-0) Facility Coordinator                  (1-0-0-0) Aquatics Coordinator                  (1-0-0-0) Front Desk Supervisor                  (1-0-0-0) Front Desk Coordinator                  (1-0-0-0) Assistant Recreational Programmer                  (1-0-0-18) Cashier                  (0-0-0-11) Rink Attendant/Monitor/Referee                  (0-0-0-62) Lifeguard                  (0-0-0-9) Day Care                  (0-0-0-6) Gym Set-Up                  (0-0-0-40) Program Instructor</p> <hr/> <p><b>Golf Courses (6-0-4-59)</b></p> <hr/> <p><b>Golf Professional (1-0-0-0)</b></p> <hr/> <p><b>Assistant Golf Professionals (1-0-1-0)</b></p> <hr/> <p><b>Chaska Town Course (3-0-3-48)</b>                  (1-0-0-0) Golf Superintendent                  (2-0-1-0) Greenskeeper                  (0-0-0-38) Course Staff                  (0-0-2-10) Seasonal Labor</p> <hr/> <p><b>Chaska Par Thirty (1-0-0-11)</b>                  (1-0-0-0) Greenskeeper                  (0-0-0-8) Course Staff</p>
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**CHASKA VOLUNTEER FIRE DEPARTMENT**

Chaska Volunteer Fire Department  
 44 Active Volunteers

Key to Number of Employees:  
 (Regular Full-Time - Regular Part-Time - Seasonal Full-Time - Seasonal Part-Time)

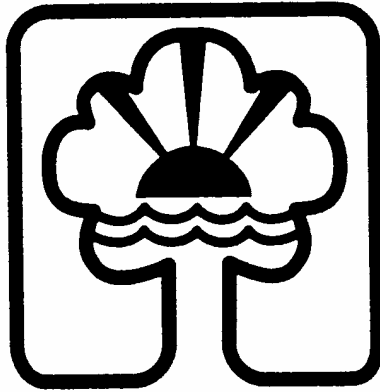
## Elected Officials

<b>MAYOR:</b>	<b>Term of Office</b>	
	<b>From</b>	<b>To</b>
Gary F. Van Eyll, Council Member at Large	01-01-2003	12-31-2004
<b>COUNCIL MEMBERS:</b>		
Randy P. Maluchnik, First Ward	01-01-2003	12-31-2006
Robert J. Lindall, Second Ward	01-01-2001	12-31-2004
Chad R. Dockter, Third Ward	01-01-2003	12-31-2006
Jay W. Rohe, Fourth Ward	01-01-2001	12-31-2004

## Administrative Officials

	<b>NAME</b>
<b>CITY STAFF:</b>	
City Administrator (City Clerk)	David Pokorney
Administrative Services Director (City Treasurer)	Noel Graczyk
Director of Planning and Development	Kevin Ringwald
City Engineer	William Monk
Chief of Police	Scott Knight
Fire Chief	Bruce Scheuing
Superintendent of Public Works	Timothy Wiebe
Director of Parks, Recreation & Arts	Thomas Redman
Electrical Director	Steve Wilker
Golf Professional	David Cahill
Executive Director of Chaska Economic Development Authority	David Pokorney
<b>INDEPENDENT CONSULTANT:</b>	
City Attorney	Luke Melchert





CHASKA

PRINCIPALS

Kenneth W. Malloy, CPA  
Thomas M. Montague, CPA  
Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA

INDEPENDENT AUDITOR'S REPORT

City Council and Residents  
City of Chaska, Minnesota

We have audited the accompanying financial statements of the governmental activities, 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, 2003, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City at December 31, 2003, as well as the respective changes, where applicable, in financial position and cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—Management's Discussion and Analysis—for State and Local Governments*, as of and for the year ended December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

(continued)

The Management's Discussion and Analysis (MD&A), which follows this report letter, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Fund Financial Statements and Schedules, and Statistical Section as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and Individual Fund Financial Statements and Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

April 29, 2004

This section of the City of Chaska's annual financial report presents management's discussion and analysis (MD & A) of the City's financial performance during the fiscal year that ended December 31, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section. The MD & A is a new element of reporting required in GASB Statement No. 34. Certain comparative information between the current year and the prior year is required to be presented in the MD & A. Statement No. 34 does, however, permit the omission of prior year data in the first year of implementation. Therefore, the City of Chaska has elected not to prepare comparative data due to the cost of adjusting prior year's financial statements to the new reporting model. This comparative data will be presented beginning with the 2004 financial reports.

### **FINANCIAL HIGHLIGHTS**

#### **Government-wide**

- The assets of the City exceeded liabilities by \$47.7 million.
- The City's total net assets increased by \$13.0 million during fiscal 2003. Net assets of governmental activities increased by \$13.8 million while net assets of the business-type activities reported a decrease of \$.8 million.

#### **Fund Level**

- The City's governmental funds reported combined ending fund balances of \$27 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2.9 million, or 42% of total general fund expenditures of \$7.0 million.
- During the year, the City's governmental expenditures were \$5.3 million more than revenues before considering other financing sources and uses. The largest expenditure was the principal retirement on outstanding debt.

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

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

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

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

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

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

**Notes to the financial statements.**

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

**Other information.**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. There is supplementary information that contains combining statements that report Nonmajor governmental funds, Nonmajor enterprise funds, and fiduciary funds.

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

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

The two government-wide statements report the City's net assets and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its' financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.
- Governmental activities – Most of the City's basic services are included here, such as the police, fire, public works and parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's Electric, Water and Sewer Utilities, Chaska Community Center, Chaska Par 30, Chaska Town Course, Turbine Generator Utility and, Internet Service Provider are included here.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the City's most significant funds (major funds) – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has three broad categories of fund types:

1. ***Governmental funds*** – Governmental funds typically are used to account for tax-supported (governmental) activities. Most of the City's basic services are included in governmental funds, which focus on (a) how cash and other financial assets that can readily be converted to cash flow in and out and (b) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explains the relationship (or differences) between them. Governmental funds typically are used to account for tax-supported (governmental) activities. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the General Obligation Tax Increment Cross-Over Advanced Refunding Bond of 1999 and the TIF District #4 Revolving Capital Project Fund, all are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements towards the end of this report.
2. ***Proprietary funds*** – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The proprietary fund financial statements provide separate information for the Electric Utility, Water Utility, Chaska Community Center and Turbine Generator Utility, all of which are considered to be major funds. Individual fund data for each of the Nonmajor proprietary funds is provided in the form of combining statements towards the end of this report. Internal Service Funds are reported in a single column in the proprietary fund financial statements.
3. ***Fiduciary funds*** – Fiduciary funds account for assets held on behalf of outside parties, including other governments, or other funds within the City. The City's only fiduciary fund type is an agency fund. Agency funds account for assets that the City holds on behalf of others as their agent and are custodial in nature. All of the City's fiduciary

activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the City's government-wide financial statement because the City cannot use these assets to finance its operations.

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

**Net Assets** The City's combined net assets were \$47.7 million on December 31, 2003.

**Table 1**  
**City of Chaska's Net Assets**

	Governmental Activities	Business-type Activities	Total
	<u>2003</u>	<u>2003</u>	<u>2003</u>
Current and other assets	41,278,863	55,548,005	96,826,868
Capital assets	<u>35,000,142</u>	<u>36,704,326</u>	<u>71,704,468</u>
Total assets	76,279,005	92,252,331	168,531,336
Long-term debt outstanding	67,610,514	49,054,970	116,665,484
Other liabilities	<u>1,738,758</u>	<u>2,459,481</u>	<u>4,198,239</u>
Total liabilities	69,349,272	51,514,451	120,863,723
Net assets:			
Invested in capital assets, net of related debt	12,017,122	31,567,896	43,585,018
Restricted	33,696,477	2,535,824	36,232,301
Unrestricted (defecit)	<u>(38,783,866)</u>	<u>6,634,160</u>	<u>(32,149,706)</u>
Total net assets	<u>\$ 6,929,733</u>	<u>\$ 40,737,880</u>	<u>\$ 47,667,613</u>

***The City as a Whole*** –As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Chaska, assets exceeded liabilities by \$47.7 million on December 31, 2003. The City has restated beginning net assets as part of the implementation of GASB #34. (Further detail can be found in Note 1.) The City's improved financial condition at year-end is the product of many factors. The increase is primarily due to an increase in capital assets related to capturing infrastructure assets that were completed in 2003, along with contributions from developers of infrastructure assets. By far the largest portion of net assets (91%) reflects the City's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Chaska's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The deficit in unrestricted net assets of \$32.1 million does not mean that the city lacks resources to pay its bills in the near future. This deficit reflects primarily two significant factors. First, the City issues general obligation tax increment bonds and distributes the proceeds to businesses to help finance redevelopment in areas of the City. These entities record the capital assets in their statements of net assets; however, the City is responsible for the repayment of the debt. The tax increment revenue that pays off the bonds is not recorded as revenue until the year that is collected. This practice allows the City to promote improved financial management by reducing bond issuance costs and obtaining more favorable financing arrangements. The second factor relating to the deficit is that the City reports the majority of the non-capital portion of net assets for most of its governmental activities' special revenue, debt service, and capital projects funds as restricted.

***Governmental activities*** - 2003 is the first year the City of Chaska has implemented GASB Statement #34 (See the Notes to the Financial Statement for detailed discussion of GASB #34), which affects the way the City prepares and presents financial information. In accordance with GASB #34, the City of Chaska has chosen to report infrastructure assets prospectively beginning in the year of implementation (2003). The government-wide financial statements for governmental activities include infrastructure assets that were completed in 2003 only. The City will retroactively report (1981–2002) all major general infrastructure assets by December 31, 2007. Because of this prospective reporting, the City has not captured (as the business-type activities have) and reported all of the capital assets that have associated debt with them. Consequently, the liabilities (debt) are greater than the assets (capital), resulting in a low net asset number for governmental activities.

The City also cross advance refunded \$6,220,000 in General Obligation Tax Increment Bonds. The crossover date of this refunding is 12/1/04; as a result, the liability for both of these bonds is reported on the financial statements as of 12/31/03 along with cash held in escrow until that time.

***Business-Type Activities*** - On May 1, 2003 the City issued \$15,150,000 in General Obligation Water Revenue Bonds to finance the City's water system including an expansion of its existing water treatment plant. Consequently, of the \$7.1 million in additions to capital assets, 79% of that is due to construction in progress related to the Water Treatment Plant. Also, long-term liabilities in the business-type activities increased due to the issuance of the Revenue Bonds. As of December 31, 2003, there was \$9.8 million in unspent bond proceeds.



Management's Discussion and Analysis

City of Chaska, Minnesota

For the Year Ended December 31, 2003

**Changes in net assets** The City's combined change in net assets was \$13.0 million.

**Table 2**  
**City of Chaska's Changes in Net Assets**

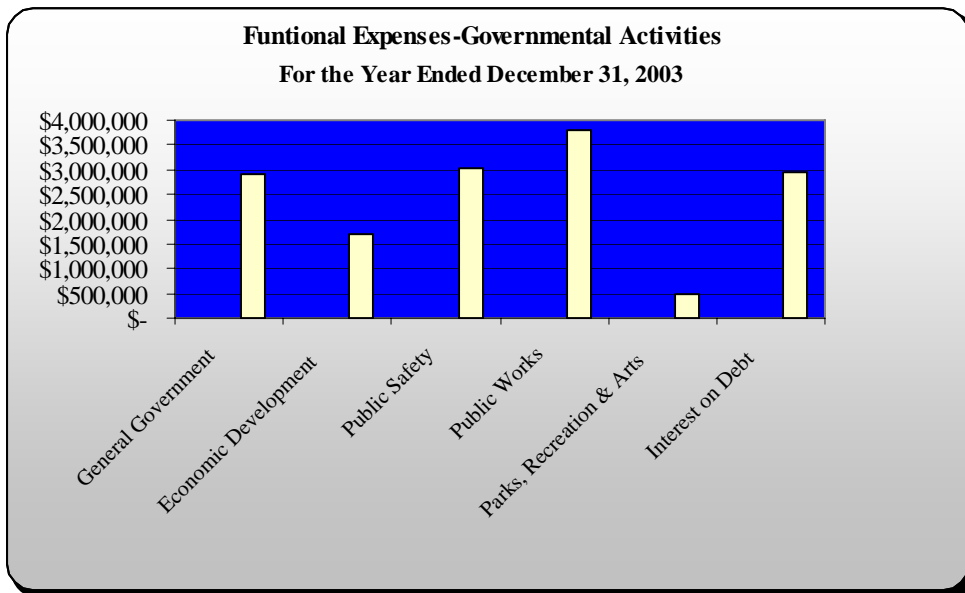
	Governmental Activities 2003	Business-type Activities 2003	Total 2003
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 5,022,401	\$ 25,778,708	\$ 30,801,109
Operating Grants & Contributions	720,716	-	720,716
Capital Grants & Contributions	10,450,514	3,193	10,453,707
General revenues:			
Property taxes	5,864,191	-	5,864,191
Other taxes	1,723,232	-	1,723,232
Grants & Contributions Not Restricted	2,282,549	-	2,282,549
Other general revenues	868,297	870,462	1,738,759
Total revenues	26,931,900	26,652,363	53,584,263
<b>Program expenses</b>			
General Government	2,924,252	-	2,924,252
Economic Development	1,696,092	-	1,696,092
Public Safety	3,011,603	-	3,011,603
Public Works	3,806,878	-	3,806,878
Parks Recreation & Arts	493,107	-	493,107
Interest on long-term debt	2,968,040	-	2,968,040
Electric Utility	-	16,095,986	16,095,986
Water Utility	-	1,052,297	1,052,297
Sewer Utility	-	1,640,848	1,640,848
Community Center	-	2,662,699	2,662,699
Par 30	-	200,229	200,229
Chaska Town Course	-	1,668,554	1,668,554
Turbine Generator	-	2,077,396	2,077,396
Internet Service Provider	-	313,030	313,030
Total expenses	14,899,972	25,711,039	40,611,011
Excess (deficiency) before transfers	12,031,928	941,324	12,973,252
Transfers	1,739,947	(1,739,947)	-
Increase (decrease) in net assets	13,771,875	(798,623)	12,973,252
Net Assets, January 1	(6,842,142)	41,536,503	34,694,361
Net Assets, December 31	\$ 6,929,733	\$ 40,737,880	\$ 47,667,613

*The City as a Whole*

- The City as a whole had total revenues of \$53.5 million for the year ended December 31, 2003. Property taxes accounted for 11% of total revenue for the year.
- The total cost of all programs and services was \$40.6 million. The City's expenses are predominantly related to providing services (police, building inspections, street maintenance, snow removal, etc.) for the citizens of Chaska. The purely administrative activities of the City accounted for just 7% of total costs.

*Governmental activities*

- The major source of revenue in governmental activities is capital grants and contributions. The most significant source of revenue in this category is special assessment revenue that is used to build infrastructure in the City.
- In addition to special assessment revenue, property tax revenue accounts for 22% of all governmental activities revenue.
- The total costs of all programs and services were \$14.9 million. The cost of providing public safety and street maintenance/construction makes up 46% of this total.
- Total revenues surpassed expenses, increasing net assets by \$13.8 million.



*Business-type activities*

- Business-type activities had an excess of revenues over expenses before special items and transfers of \$941,324. After transfers were made (due mainly to budgeted support of governmental activities or debt service requirements) net assets decreased by \$798,623.
- \$870,462 of other general revenues consists primarily of investment earnings (534,936) and insurance proceeds (289,447).

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

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

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

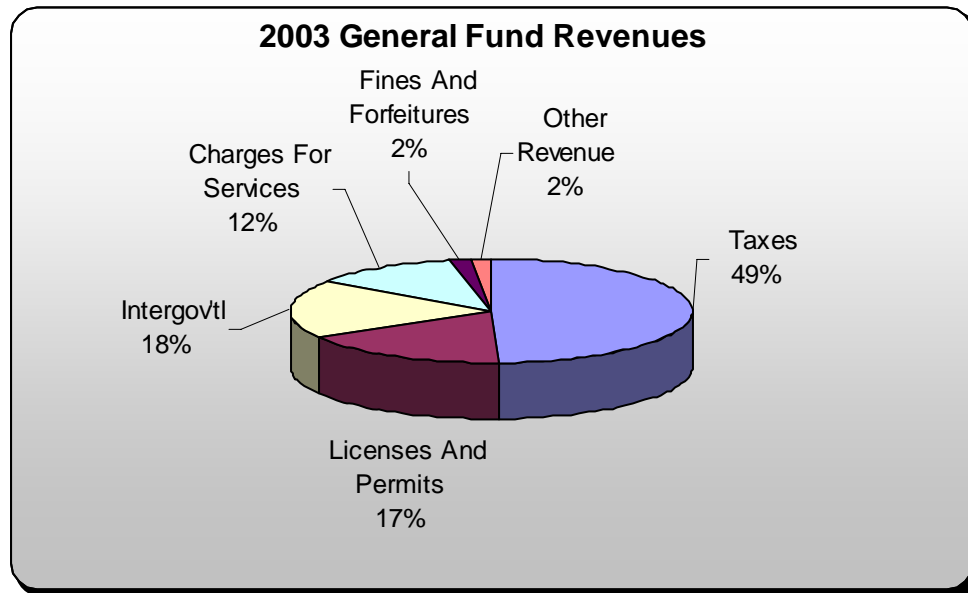
As the City completed the year, its governmental funds reported a combined fund balance of \$27.1 million.

Significant reservations of fund balances are: \$10.2 million for future debt service payments, and \$27.5 million for future construction. See Note 9 for more detail of reserved/unreserved fund balances.

Revenues for the City's governmental funds were \$21.7 million, while total expenses were \$27.0 million. During 2003, the City issued one crossover advanced refunding bond to be used for refunding existing general obligation bonds. This item was included in other financing sources and uses. As a result, the City completed the year with an increase in governmental fund balances of \$3.1 million

The **General Fund** is the chief operating fund of the City of Chaska. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2.9 million. The fund balance of the City of Chaska's general fund increased by \$280,249. Key factors in the growth are:

- The most significant source of General Fund revenue is tax revenue. For 2003, tax revenue was \$3.6 million, \$2,403 more than the original and final budgeted amount.
- License and Permit revenue was \$1.2 million which was a \$261,000 positive variance over budget. Residential building permit activity remained high with 221 new single-family homes constructed in 2003, 20 more than 2002.
- The General Fund receives a transfer from the Turbine Fund of \$105,000 as part of continued financial support for governmental activities.



The **General Obligation Tax Increment Crossover Advanced Refunding Bond of 1999** had a large debt service principal payment in 2003 of \$2,575,000. This debt service fund will make its last principal payment of \$1,200,000 in 2004.

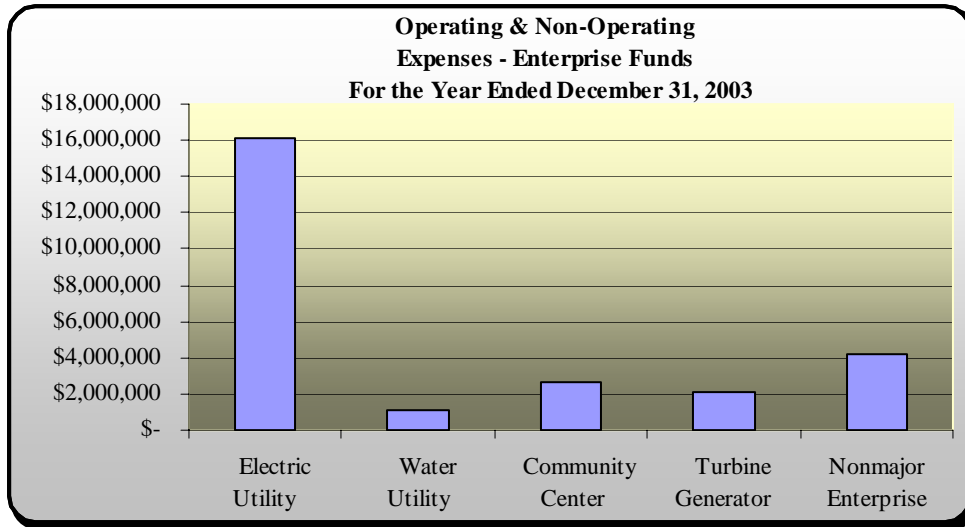
The **TIF District #4 Revolving** fund is the primary fund for collection of all tax increment revenue for all of District #4 projects, thereby producing a large revenue stream (\$3.6 million in tax increment revenue) for one particular fund. TIF District #4 Revolving Fund makes transfers out to other District #4 funds to cover project and debt service costs, therefore causing the deficit in this fund. An analysis of other revenue sources along with future tax increment revenues will reduce or eliminate this deficit in future years.

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

The combined change in net assets of enterprise funds was (\$848,485). Some of the reasons for this change in net assets are:

- As part of the budgeting process, when calculating what the fees will be for charge for service, depreciation expense is not considered. As a direct result of this process, the Chaska Community Center reports Operating Revenue of \$2.1 million and Operating Expense (without Depreciation) of \$2.0 million; resulting in operating income before depreciation of \$76,000. When factoring in depreciation expense (\$648,000), an operating loss results of (\$572,000).
- The Electric Fund had operating income of \$335,792. Much of this increase is attributable to Chaska's increasing utility customer base.
- The Water Fund had \$121,000 in investment earnings that represents earnings on bond proceeds that were placed in a guaranteed investment contract. These dollars are earnings that are restricted for use in building the new Water Treatment Plant.

- The Turbine Generator had a change in net assets of (\$16,356) due to originally scheduled 2003 lease revenue payments from Minnesota Municipal Power Agency (MMPA) being reduced due to a prior year overpayment.
- The Turbine Generator fund has restricted net assets of \$2.5 million, which represents a restriction for debt service.



**General Fund Budgetary Highlights**

The 2003 budget was based on certified local government aid of \$1,038,950 and following action taken in the 2003 Tax Bill, Chaska's 2003 certified aid was reduced to \$720,549. To implement this significant aid loss, measures taken were as follows:

1. Defer hiring new Public Works employee
2. Defer park capital improvement
3. Reduce pavement management maintenance expenditure
4. Eliminate appropriation for Commitment to Community Thinking Grant
5. Plan check fee increase
6. Defer replacement of Community Service Officer

The change in fund balance of \$0.00 for the original budget and (\$22,250) for the final budget is the result of the changes of expenditures and revenues mentioned above as well as additional maintenance responsibilities in the Public Works Department in the General Fund. In summary the changes from original to final budget are as follows:

Revenue adjustments (decrease)	(165,386)
Expenditure adjustments (decrease)	100,836
Transfer adjustments (increase)	<u>42,300</u>
Final budget - Change in Fund Balance	<u>(\$22,250)</u>

While the City's final budget for the general fund anticipated that expenditures would exceed revenues by \$22,250, the City's general fund actually had an excess of revenues over expenditures of \$280,249.

- Total revenues were \$347,427 more than expected, due largely to the increase in permit revenue as discussed above.
- The actual expenditures were \$46,899 more than final budget due to an increase in personnel costs in Public Safety.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

As shown in Table 3 below, at the end of 2003, the City had \$71.7 million invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities and electric and water and sewer lines. More detailed information on the City of Chaska's capital assets can be found in **Note 5** of the basic financial statements.

**Table 3  
Capital Assets at Year-end  
Net of Depreciation**

	Governmental Activities <u>2003</u>	Business-type Activities <u>2003</u>	Total <u>2003</u>
Land	\$ 4,011,024	\$ 364,805	\$ 4,375,829
Works of Art/Historical Treasures	25,425	-	25,425
Buildings	6,970,294	20,505,098	27,475,392
Improvements Other than Bldgs	3,340,033	154,843	3,494,876
Equipment	2,719,184	1,555,399	4,274,583
Infrastructure	6,462,434	7,994,742	14,457,176
Construction in Progress	11,471,748	6,129,439	17,601,187
<b>Totals</b>	<b><u>\$ 35,000,142</u></b>	<b><u>\$ 36,704,326</u></b>	<b><u>\$ 71,704,468</u></b>

This year's major additions included:

<p>\$2,699,000</p> <p>6,042,000</p> <p>1,092,000</p> <p>2,512,000</p> <p>437,000</p> <p><u>6,287,000</u></p> <p><u>\$19,069,000</u></p>	<ul style="list-style-type: none"> <li>• Hundertmark Road Improvements paid for with proceeds of General Obligation bonds issued in 2000</li> <li>• Construction on the Water Treatment Plant</li> <li>• Victoria Field Test well</li> <li>• Pioneer Widening at Commons was paid for with proceeds of General Obligation Bonds issued in 2001</li> <li>• Park improvements</li> <li>• Streets, water mains and hydrants constructed and contributed by developers</li> </ul>
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The City's fiscal-year 2004 capital budget calls for it to spend another approximately \$24,639,698 for capital projects, principally for First and Hickory street reconstruction, paving of Bavaria Road, and continuing the construction of the Water Treatment Plant.

**Long-Term Debt**

At year-end, the City had \$115.8 million in bonds and notes outstanding, as shown in Table 4. More detailed information about the City's long-term liabilities is presented in **Note 7** to the financial statements.

**Table 4**  
**City of Chaska's Outstanding Debt**  
 (Does Not Include Premiums or Compensated Absences)

	Governmental Activities <u>2003</u>	Business-type Activities <u>2003</u>	Total <u>2003</u>
<b>General Obligation Bonds</b> (Backed by the City)	\$ 760,000	\$ 15,265,000	\$ 16,025,000
<b>General Obligation TI Bonds</b> (Backed by the City)	44,762,133	-	44,762,133
<b>General Obligation Improvement Debt</b> (Backed by the City)	8,275,000	-	8,275,000
<b>Revenue bonds and notes</b> (Backed by specific tax and fee revenues)	13,270,000	33,545,000	46,815,000
<b>Totals</b>	<b>\$ 67,067,133</b>	<b>\$ 48,810,000</b>	<b>\$ 115,877,133</b>

New debt resulted from issuing \$15.1 million in GO Water Revenue bonds for the new Water Treatment Plant. In addition, to improve cash flow and to take advantage of lower interest rates, the City's management issued \$6.2 million of general obligation tax increment crossover refunding debt. The purpose of the refunding is to enable the City to achieve a debt service savings of \$254,550, a present value savings of \$240,183. The maturity date of the new bonds is December 1, 2006. The City continues to pay down its debt, retiring \$10.1 million of outstanding bonds and other long-term debt in 2003.

The City of Chaska's general obligation bonds carry a rating, as of last review, of an A by Standard and Poor's Corporation and a Baa rating by Moody's Investors Services. The City's Electric revenue bonds were rated an A by Standard and Poor's and A3 by Moody's.

Under Minnesota State Statutes, the general obligation bonded debt issued by the City is subject to a legal debt limitation based on 2% of market value. At December 31, 2003, the City's legal debt limit was \$25,469,069. 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 2004 budget. One of the key factors that impact both the costs of providing services and the City's revenue resources is a change in Chaska's population and households. As the number of households in the community increases, there are increased demands for street maintenance, snow plowing, park usage, recreation, police calls, utility bills, etc. Population and household levels also impact expected revenues from utilities, local government aid, and property tax levies. A significant evolving trend is the increased rate of residential development in the City. Through the past decade, Chaska's residential development has remained relatively stable with an average of 200 new living units per year. Chaska's population has increased from 11,339 in 1990 to 18,960 in 2002. Over the past two years, in excess of 2200 new living units have been approved within new residential subdivisions. In addition, the type of development has shifted from detached single-family homes as the primary new living unit design to townhouses or nontraditional smaller detached single-family homes. Based on these trends, we are now estimating that 500 new living units will be added annually to Chaska's housing stock through the coming five-year period. Population is forecast to increase to 27,200 by 2008.

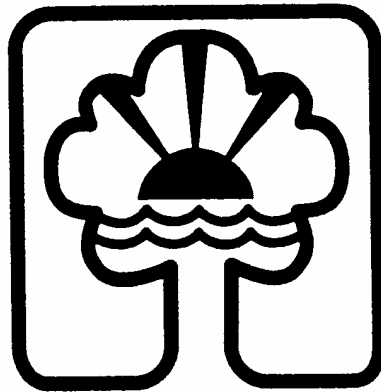
These indicators were taken into account when adopting the General Fund budget for 2004. Projected revenues and other financing sources available for appropriation in the General Fund budget are \$7,376,612, an increase of 5.30% over the final 2003 budget of \$7,005,439. Property taxes, licenses and permits and franchise fees are expected to lead this increase. The City will use these increases in revenues to finance programs we currently offer and the effect that we expect inflation to have on program costs. Budgeted expenditures are expected to rise nearly 5.7% to \$7,376,612, an increase of \$396,623 over the final 2003 budget. General assumptions that were used to calculate general fund expenditures were:

- On average, personnel costs would increase at an overall rate of 3% annually.
- Operating costs would increase at a rate of 2%, which is slightly less than the rate of inflation.
- The City would maintain its current levels of service and implement additional personnel and programs as outlined in the five-year plan.
- The City would fully fund its equipment replacement schedule.
- Debt service costs for new facilities, particularly those for the fire station and an addition to the municipal services building will be funded from sources other than general property tax levies.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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





CHASKA

**Government-Wide Financial Statements**

**City of Chaska**

**December 31, 2003**

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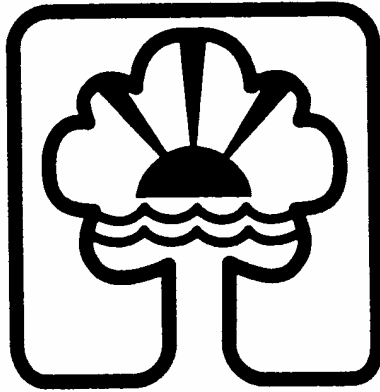
CITY OF CHASKA, MINNESOTA

STATEMENT OF NET ASSETS  
DECEMBER 31, 2003

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash And Investments	\$ 19,646,882	\$ 18,591,224	\$ 38,238,106
Receivables:			
Taxes	373,197	-	373,197
Special Assessments	7,333,447	890	7,334,337
Accounts	94,541	2,489,796	2,584,337
Other Receivables	1,566,928	69,601	1,636,529
Internal Balances	(1,866,066)	1,866,066	-
Due From Other Governments	5,262,106	186,044	5,448,150
Lease Receivable - Current	-	266,970	266,970
Inventories	-	853,151	853,151
Prepaid Items	-	82,918	82,918
Long Term Lease Receivable	-	27,591,124	27,591,124
Restricted Cash & Investments			
Cash with Escrow Agent - Capital Outlay	1,261,152	-	1,261,152
Cash with Escrow Agent - Debt Service	6,361,027	2,535,824	8,896,851
Deferred Charges	59,961	1,014,397	1,074,358
Land Held For Resale	1,185,688	-	1,185,688
Capital Assets (net of accumulated depreciation):			
Land	4,011,024	364,805	4,375,829
Works of Art & Historical Treasures	25,425	-	25,425
Buildings	6,970,294	20,505,098	27,475,392
Other Improvements	3,340,033	154,843	3,494,876
Furniture & Equipment	2,719,184	1,555,399	4,274,583
Infrastructure	6,462,434	7,994,742	14,457,176
Construction in Progress	11,471,748	6,129,439	17,601,187
<b>TOTAL ASSETS</b>	<b>76,279,005</b>	<b>92,252,331</b>	<b>168,531,336</b>
<b>LIABILITIES</b>			
Accounts Payable	742,337	764,333	1,506,670
Salaries Payable	172,808	91,227	264,035
Deposits Payable	-	125,176	125,176
Accrued Interest Payable	209,345	542,401	751,746
Due To Other Governments	100,487	936,344	1,036,831
Unearned Revenue	513,781	-	513,781
Non-current Liabilities:			
Due Within One Year	11,112,395	973,187	12,085,582
Due in More than One Year	56,498,119	48,081,783	104,579,902
<b>TOTAL LIABILITIES</b>	<b>69,349,272</b>	<b>51,514,451</b>	<b>120,863,723</b>
<b>NET ASSETS</b>			
Invested In Capital Net of Related Debt	12,017,122	31,567,896	43,585,018
Restricted for:			
Other Purposes	1,778,395	-	1,778,395
Debt Service	14,981,089	2,535,824	17,516,913
Capital Projects	16,936,993	-	16,936,993
Unrestricted	(38,783,866)	6,634,160	(32,149,706)
<b>TOTAL NET ASSETS</b>	<b>\$ 6,929,733</b>	<b>\$ 40,737,880</b>	<b>\$ 47,667,613</b>

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





CHASKA

The City reports the following major governmental funds:

- **General Fund** – This fund is the general operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.
- **General Obligation Tax Increment Crossover Advance Refunding Bond of 1999** - This fund was established in 1999 to cross refund \$4,990,000 of 1994 GO Tax Increment Bonds. This fund qualified (as required by GASB #34) as a major fund based on a large debt service payment that was made in 2003.
- **TIF District #4 Revolving Fund** - This fund was established in 1985 within the Chaska Flood Control Project Area. This fund is the primary fund for collection of all District #4 tax revenue which is used in turn to finance expenditures in other District #4 Funds that the City uses as a means to account for project costs.

CITY OF CHASKA, MINNESOTA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2003

	GENERAL	GO TI X-OVER ADV REF BOND OF 1999	TIF DISTRICT #4 REVOLVING	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash And Investments	\$ 2,940,750	\$ 31,949	\$ -	\$ 13,925,816	\$ 16,898,515
Investment With Escrow Agent	-	-	-	7,622,179	7,622,179
Receivables:					
Taxes	234,094	-	91,231	47,872	373,197
Special Assessments	8,689	51,618	393,936	6,879,204	7,333,447
Accounts	65,680	-	-	28,861	94,541
Other Receivables	99,951	-	770,757	694,147	1,564,855
Due from Other Funds	-	-	-	12,755,221	12,755,221
Due From Other Governments	111,791	-	1,440,000	3,710,315	5,262,106
Interfund Receivable	-	-	-	347,626	347,626
Advance to Other Funds	-	-	-	1,382,288	1,382,288
Land Held for Resale	-	-	-	1,185,688	1,185,688
<b>TOTAL ASSETS</b>	<b>\$ 3,460,955</b>	<b>\$ 83,567</b>	<b>\$ 2,695,924</b>	<b>\$ 48,579,217</b>	<b>\$ 54,819,663</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts Payable	\$ 108,030	\$ -	\$ 417	\$ 632,690	\$ 741,137
Salaries Payable	172,808	-	-	-	172,808
Due To Other Funds	-	-	9,697,851	4,773,574	14,471,425
Due To Other Governments	95,401	-	-	5,086	100,487
Interfund Payable	-	-	141,045	231,581	372,626
Deferred and Unearned Revenue	135,815	51,618	2,684,841	7,553,679	10,425,953
Advance from Other Funds	-	-	503,415	953,873	1,457,288
<b>TOTAL LIABILITIES</b>	<b>512,054</b>	<b>51,618</b>	<b>13,027,569</b>	<b>14,150,483</b>	<b>27,741,724</b>
<b>FUND BALANCES:</b>					
Reserved	-	31,949	-	37,861,991	37,893,940
Unreserved, designated	2,942,252	-	-	1,424,125	4,366,377
Unreserved, undesignated reported in:					
General Fund	6,649	-	-	-	6,649
Special Revenue Funds	-	-	-	36,259	36,259
Capital Project Funds	-	-	(10,331,645)	(4,893,641)	(15,225,286)
<b>TOTAL FUND BALANCES</b>	<b>2,948,901</b>	<b>31,949</b>	<b>(10,331,645)</b>	<b>34,428,734</b>	<b>27,077,939</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,460,955</b>	<b>\$ 83,567</b>	<b>\$ 2,695,924</b>	<b>\$ 48,579,217</b>	<b>\$ 54,819,663</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 ASSETS  
DECEMBER 31, 2003

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Total fund balances - governmental funds \$ 27,077,939

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

Issuance costs are recorded as expenditures in the current period in the governmental funds.  
Under full accrual, the expenditures are recorded as deferred charges and amortized over the life of the debt. 59,961

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.  
Cost of Capital Assets 44,864,049  
Less: Accumulated Depreciation (9,863,907)

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. 9,912,172

Internal service funds are used by management to charge the costs of property & liability insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. 2,749,240

Internal balances from business-type activities for internal service fund services. (49,862)

Interest on long-term debt is included in the change in net assets as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due. (209,345)

Long-term liabilities, including bonds payable and compensated absences, are not payable with current financial resources and, therefore, are not reported in governmental funds.  
Due within one year (11,112,395)  
Due in more than one year (56,498,119)

Net assets of governmental activities \$ 6,929,733

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, 2003

	GENERAL	GO TI X-OVER ADV REF BOND OF 1999	TIF DISTRICT #4 REVOLVING	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes:					
Property	\$ 1,851,471	\$ -	\$ 3,630,543	\$ 425,269	\$ 5,907,283
Franchise Fee	1,723,232	-	-	-	1,723,232
Licenses and Permits	1,237,583	-	-	-	1,237,583
Intergovernmental	1,322,095	-	-	3,289,557	4,611,652
Charges for Services	870,907	-	-	2,346,878	3,217,785
Fines and Forfeitures	120,025	-	-	-	120,025
Special Assessments	7,705	22,758	36,654	2,278,908	2,346,025
Other Revenue	107,348	-	587,940	1,826,246	2,521,534
<b>TOTAL REVENUES</b>	<b>7,240,366</b>	<b>22,758</b>	<b>4,255,137</b>	<b>10,166,858</b>	<b>21,685,119</b>
<b>EXPENDITURES</b>					
<b>CURRENT:</b>					
General Government	2,352,891	-	-	364,337	2,717,228
Economic Development	-	-	571,932	742,664	1,314,596
Public Safety	2,649,588	-	-	23,703	2,673,291
Public Works	1,675,301	-	-	872,454	2,547,755
Parks, Recreation and Arts	328,235	-	-	33,455	361,690
<b>DEBT SERVICE:</b>					
Principal	-	2,575,000	-	6,870,000	9,445,000
Interest	-	142,763	158,081	2,678,570	2,979,414
Issuance Costs & Fiscal Agent Fees	-	-	-	84,162	84,162
<b>CAPITAL OUTLAY</b>	<b>20,873</b>	<b>-</b>	<b>-</b>	<b>4,834,140</b>	<b>4,855,013</b>
<b>TOTAL EXPENDITURES</b>	<b>7,026,888</b>	<b>2,717,763</b>	<b>730,013</b>	<b>16,503,485</b>	<b>26,978,149</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>213,478</b>	<b>(2,695,005)</b>	<b>3,525,124</b>	<b>(6,336,627)</b>	<b>(5,293,030)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	119,046	2,717,763	-	7,214,473	10,051,282
Transfers Out	(52,275)	-	(6,240,863)	(2,018,197)	(8,311,335)
Bonds Issued	-	-	-	6,220,000	6,220,000
Premium on Bonds Issued	-	-	-	244,170	244,170
Sale of Capital Assets	-	-	-	187,304	187,304
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>66,771</b>	<b>2,717,763</b>	<b>(6,240,863)</b>	<b>11,847,750</b>	<b>8,391,421</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>280,249</b>	<b>22,758</b>	<b>(2,715,739)</b>	<b>5,511,123</b>	<b>3,098,391</b>
<b>FUND BALANCES, January 1</b>	<b>2,668,652</b>	<b>9,191</b>	<b>(7,615,906)</b>	<b>28,917,611</b>	<b>23,979,548</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 2,948,901</b>	<b>\$ 31,949</b>	<b>\$ (10,331,645)</b>	<b>\$ 34,428,734</b>	<b>\$ 27,077,939</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, 2003

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Total net change in fund balances - governmental funds	\$ 3,098,391
Amounts reported for governmental activities in the Statement of Activities are different because:	
Issuance costs are recorded as expenditures in the current period in the governmental funds.	
Under full accrual, the expenditures are recorded as deferred charges and amortized over the life of the debt.	59,961
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/decreases can be found in the note on capital assets. (Increases include donations of capital assets and Construction in Progress that is reclassified.)	
Capital Outlay	4,515,792
Less: Depreciation Expense	(1,433,885)
Donations of capital assets typically are not reported in the governmental funds. Such donations must be reported, however, in both of the government-wide financial statements. This amount represents revenue from developer donated capital assets.	
	6,287,809
In the governmental funds, proceeds from the sale of capital assets are recorded as revenue in the current year. However, on the government-wide reports, the gain or loss on the sale is reflected as a revenue or expense.	
	(200,441)
Certain revenues are recognized as soon as it is earned. Under modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
	(1,130,003)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Further detail on the additions and reductions can be found in the note on long-term debt.	
Additions to long-term debt (reduces governmental fund balances)	(7,447,585)
Reductions to long-term debt (increases governmental fund balances)	9,860,189
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.	
	11,374
Internal service funds are used by management to charge the costs of property & liability insurance to individual funds. This amount represents the change in net assets of internal service funds, which is reported with governmental activities.	
	<u>150,273</u>
Change in net asset - governmental activities	<u>\$ 13,771,875</u>

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

**CITY OF CHASKA, MINNESOTA**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Taxes:				
Property	\$ 1,830,300	\$ 1,830,300	\$ 1,851,471	\$ 21,171
Franchise Fee	1,742,000	1,742,000	1,723,232	(18,768)
Licenses And Permits	922,957	976,207	1,237,583	261,376
Intergovernmental	1,584,616	1,266,215	1,322,095	55,880
Charges For Services	831,572	918,337	870,907	(47,430)
Fines And Forfeitures	49,980	59,980	120,025	60,045
Special Assessments	2,500	2,500	7,705	5,205
Other Revenue	94,400	97,400	107,348	9,948
<b>TOTAL REVENUES</b>	<b>7,058,325</b>	<b>6,892,939</b>	<b>7,240,366</b>	<b>347,427</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	2,444,830	2,386,150	2,352,891	33,259
Public Safety	2,546,243	2,509,847	2,649,588	(139,741)
Public Works	1,743,687	1,739,927	1,675,301	64,626
Parks, Recreation and Arts	335,131	333,131	328,235	4,896
Capital Outlay	10,934	10,934	20,873	(9,939)
<b>TOTAL EXPENDITURES</b>	<b>7,080,825</b>	<b>6,979,989</b>	<b>7,026,888</b>	<b>(46,899)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(22,500)</b>	<b>(87,050)</b>	<b>213,478</b>	<b>300,528</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	87,500	112,500	119,046	6,546
Transfers Out	(65,000)	(47,700)	(52,275)	(4,575)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>22,500</b>	<b>64,800</b>	<b>66,771</b>	<b>1,971</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(22,250)</b>	<b>280,249</b>	<b>302,499</b>
<b>FUND BALANCES, January 1</b>	<b>2,668,652</b>	<b>2,668,652</b>	<b>2,668,652</b>	<b>-</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 2,668,652</b>	<b>\$ 2,646,402</b>	<b>\$ 2,948,901</b>	<b>\$ 302,499</b>

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

The City reports the following four major enterprise funds:

<b>Electric Fund</b>	This fund is used to accounts for revenues and expenses of the City's Electric Utility.
<b>Water Fund</b>	This fund is used to account for revenues and expenses of the City's Water Utility.
<b>Chaska Community Center</b>	This fund is used to account for revenues and expenses of the Chaska Community Center.
<b>Turbine Generator</b>	This fund is used to account for the operations of the City's Turbine Generator Utility.

The City has one internal service fund:

<b>Self Insurance Fund</b>	This fund is used to account for the purchase of property, liability, workers' compensation, life and health insurance for all City departments. Costs are allocated to the departments.
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**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2003**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>ELECTRIC</b>	<b>WATER</b>	<b>COMMUNITY CENTER</b>
<b>ASSETS</b>			
<b>Current:</b>			
Cash And Investments	\$ 4,710,301	\$ 9,849,338	\$ 867,494
Receivables:			
Special Assessments:			
Delinquent	890	-	-
Accounts:			
Current	1,427,530	48,683	126,598
Unbilled	642,634	35,233	7,078
Allowance For Uncollectible Accounts	(12,472)	(481)	(165)
Other	6,880	15,587	1,014
Due From Other Funds	2,720,104	-	-
Due From Other Governments	23,277	5,980	156,587
Interfund:			
Receivable	25,000	-	-
Lease Receivable	-	-	-
Inventories	741,339	62,965	-
Prepaid Items	-	-	-
<b>Total Current Assets</b>	<b>10,285,483</b>	<b>10,017,305</b>	<b>1,158,606</b>
<b>Long-Term Receivable:</b>			
Lease Receivable	-	-	-
Advance To Other Funds	75,000	-	-
<b>Total Long-Term Receivable</b>	<b>75,000</b>	<b>-</b>	<b>-</b>
<b>Restricted Assets:</b>			
Cash And Investments with Escrow Agent	-	-	-
<b>Deferred Charges</b>			
	-	279,754	-
<b>Capital Assets:</b>			
Land	240,721	33,618	90,466
Buildings	5,079,032	1,724,525	16,194,594
Other Improvements	-	-	179,656
Furniture & Equipment	1,295,310	366,380	567,596
Infrastructure:			
Lines, Poles, Transformers and Others	10,563,335	-	-
Pumps, Mains and Others	-	2,888,425	-
Construction In Progress	-	6,129,439	-
<b>Total Capital Assets</b>	<b>17,178,398</b>	<b>11,142,387</b>	<b>17,032,312</b>
Less: Accumulated Depreciation	(7,415,265)	(3,242,264)	(5,974,954)
<b>Total Net Capital Assets</b>	<b>9,763,133</b>	<b>7,900,123</b>	<b>11,057,358</b>
<b>TOTAL ASSETS</b>	<b>20,123,616</b>	<b>18,197,182</b>	<b>12,215,964</b>

<u>TURBINE GENERATOR</u>	<u>NONMAJOR ENTERPRISE</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND</u>
\$ 1,567,065	\$ 1,597,026	\$ 18,591,224	\$ 2,748,367
-	-	890	-
-	136,251	1,739,062	-
-	80,251	765,196	-
-	(1,344)	(14,462)	-
44,742	1,378	69,601	2,073
-	-	2,720,104	-
-	200	186,044	-
21,393	-	46,393	-
266,970	-	266,970	-
-	48,847	853,151	-
-	82,918	82,918	-
<u>1,900,170</u>	<u>1,945,527</u>	<u>25,307,091</u>	<u>2,750,440</u>
27,591,124	-	27,591,124	-
1,349,899	-	1,424,899	-
<u>28,941,023</u>	<u>-</u>	<u>29,016,023</u>	<u>-</u>
<u>2,535,824</u>	<u>-</u>	<u>2,535,824</u>	<u>-</u>
<u>734,643</u>	<u>-</u>	<u>1,014,397</u>	<u>-</u>
-	-	364,805	-
-	8,366,157	31,364,308	-
-	21,313	200,969	-
-	1,575,341	3,804,627	-
-	-	10,563,335	-
-	2,410,559	5,298,984	-
-	-	6,129,439	-
-	12,373,370	57,726,467	-
-	(4,389,658)	(21,022,141)	-
-	7,983,712	36,704,326	-
<u>34,111,660</u>	<u>9,929,239</u>	<u>94,577,661</u>	<u>2,750,440</u>

(Continued)

**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2003**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b><u>ELECTRIC</u></b>	<b><u>WATER</u></b>	<b><u>COMMUNITY CENTER</u></b>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	6,019	655,345	53,325
Salaries Payable	29,774	9,213	31,194
Deposits Payable	88,460	-	-
Compensated Absences	79,036	15,265	46,929
Accrued Interest Payable	-	47,894	-
Due To Other Funds	-	506,491	-
Due To Other Governments	909,789	2,982	14,885
Interfund Payable	21,393	-	-
Revenue Bonds Payable	-	280,000	-
Total Current Liabilities	<u>1,134,471</u>	<u>1,517,190</u>	<u>146,333</u>
Non-current Liabilities:			
Advance From Other Funds	1,349,899	-	-
Revenue Bonds Payable	-	15,037,390	-
Total Non-current Liabilities	<u>1,349,899</u>	<u>15,037,390</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,484,370</u>	<u>16,554,580</u>	<u>146,333</u>
<b><u>NET ASSETS</u></b>			
Invested in Capital Net of Related Debt	9,763,133	2,763,693	11,057,358
Restricted	-	-	-
Unrestricted	<u>7,876,113</u>	<u>(1,121,091)</u>	<u>1,012,273</u>
TOTAL NET ASSETS	<u>\$ 17,639,246</u>	<u>\$ 1,642,602</u>	<u>\$ 12,069,631</u>

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

(Continued)

<u>TURBINE GENERATOR</u>	<u>NONMAJOR ENTERPRISE</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND</u>
-	49,644	764,333	1,200
-	21,046	91,227	-
-	36,716	125,176	-
-	51,350	192,580	-
494,507	-	542,401	-
-	497,409	1,003,900	-
-	8,688	936,344	-
-	-	21,393	-
555,000	-	835,000	-
<u>1,049,507</u>	<u>664,853</u>	<u>4,512,354</u>	<u>1,200</u>
-	-	1,349,899	-
32,990,000	-	48,027,390	-
<u>32,990,000</u>	<u>-</u>	<u>49,377,289</u>	<u>-</u>
<u>34,039,507</u>	<u>664,853</u>	<u>53,889,643</u>	<u>1,200</u>
-	7,983,712	31,567,896	-
2,535,824	-	2,535,824	-
<u>(2,463,671)</u>	<u>1,280,674</u>	<u>6,584,298</u>	<u>2,749,240</u>
<u>\$ 72,153</u>	<u>\$ 9,264,386</u>	<u>\$ 40,688,018</u>	<u>\$ 2,749,240</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<u>49,862</u>	
Net assets of business-type activities		<u>\$ 40,737,880</u>	



**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>ELECTRIC</b>	<b>WATER</b>	<b>COMMUNITY CENTER</b>
<b>OPERATING REVENUES:</b>			
Sales	\$ 16,363,577	\$ 991,408	\$ 2,104,864
<b>OPERATING EXPENSES:</b>			
Production	12,340,739	178,303	-
Distribution / Collections	1,045,074	410,190	-
Administration	444,115	154,151	2,028,899
Franchise Fees	1,594,000	-	-
Depreciation	603,677	199,308	648,416
<b>TOTAL OPERATING EXPENSES</b>	<b>16,027,605</b>	<b>941,952</b>	<b>2,677,315</b>
<b>OPERATING INCOME (LOSS)</b>	<b>335,972</b>	<b>49,456</b>	<b>(572,451)</b>
<b>NON-OPERATING REVENUES:</b>			
Special Assessments	3,193	-	-
Investment Earnings	167,003	120,567	21,484
Intergovernmental	18,726	5,980	108,110
Payments	2,667	-	-
Gain On Disposal Of Capital Assets	8,000	-	-
Insurance Proceeds	-	-	-
<b>TOTAL NON-OPERATING REVENUES</b>	<b>199,589</b>	<b>126,547</b>	<b>129,594</b>
<b>NON-OPERATING EXPENSES:</b>			
Interest	84,045	117,993	-
Issuance Costs & Fiscal Agent Fees	-	889	-
<b>TOTAL NON-OPERATING EXPENSES</b>	<b>84,045</b>	<b>118,882</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>451,516</b>	<b>57,121</b>	<b>(442,857)</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>252,436</b>	<b>7,218</b>	<b>-</b>
<b>TRANSFER IN (OUT)</b>			
Transfers In	-	29,627	100,000
Transfers Out	(531,518)	(53,400)	(261,256)
<b>Total Transfers In (Out)</b>	<b>(531,518)</b>	<b>(23,773)</b>	<b>(161,256)</b>
<b>CHANGE IN NET ASSETS</b>	<b>172,434</b>	<b>40,566</b>	<b>(604,113)</b>
<b>NET ASSETS, January 1</b>	<b>17,466,812</b>	<b>1,602,036</b>	<b>12,673,744</b>
<b>NET ASSETS, December 31</b>	<b>\$ 17,639,246</b>	<b>\$ 1,642,602</b>	<b>\$ 12,069,631</b>

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

			GOVERNMENTAL
			ACTIVITIES -
			INTERNAL
			SERVICE
			FUND
TURBINE GENERATOR	OTHER NONMAJOR ENTERPRISE	TOTALS	
\$ 2,337,487	\$ 3,524,372	\$ 25,321,708	\$ 487,077
-	1,151,331	13,670,373	-
-	278,513	1,733,777	-
49,783	1,762,123	4,439,071	330,996
-	-	1,594,000	-
-	641,739	2,093,140	-
49,783	3,833,706	23,530,361	330,996
2,287,704	(309,334)	1,791,347	156,081
-	-	3,193	-
194,508	31,374	534,936	44,054
-	-	132,816	-
84,045	-	86,712	-
-	9,907	17,907	-
-	289,447	289,447	-
278,553	330,728	1,065,011	44,054
1,997,904	-	2,199,942	-
29,709	-	30,598	-
2,027,613	-	2,230,540	-
538,644	21,394	625,818	200,135
-	5,990	265,644	-
-	-	129,627	-
(555,000)	(468,400)	(1,869,574)	-
(555,000)	(468,400)	(1,739,947)	-
(16,356)	(441,016)	(848,485)	200,135
88,509	9,705,402	41,536,503	2,549,105
\$ 72,153	\$ 9,264,386	\$ 40,688,018	\$ 2,749,240
Change in net assets - total Enterprise Funds		\$ (848,485)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		49,862	
Change in net assets - Business-type Activities		\$ (798,623)	

**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>ELECTRIC</b>	<b>WATER</b>	<b>COMMUNITY CENTER</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts From Customers And Users	\$ 16,291,567	\$ 984,154	\$ 1,999,034
Payments To Suppliers	(14,287,619)	(332,138)	(973,193)
Payments To Employees	(786,432)	(294,856)	(1,048,554)
Net Cash Provided (Used) By Operating Activities	<u>1,217,516</u>	<u>357,160</u>	<u>(22,713)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers From Other Funds	-	29,627	100,000
Transfers To Other Funds	(531,518)	(53,400)	(261,256)
Advance To Other Funds	(21,393)	-	-
Interfund Loans From Other Funds	335,000	-	-
Interfund Loans To Other Funds	(1,943,912)	(242,635)	-
Intergovernmental	18,726	5,980	108,110
Miscellaneous Refunds/Reimbursements	2,667	-	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(2,140,430)</u>	<u>(260,428)</u>	<u>(53,146)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from Revenue Bonds	-	15,202,390	-
Deferred Issuance Charges	-	(277,455)	-
Capital Contributions	252,436	7,218	-
Trade In Of Capital Assets	-	-	-
Principal Paid On Bonds	-	(35,000)	-
Interest And Fiscal Charges	(84,045)	(87,163)	-
Insurance Proceeds From Fire	-	-	-
Proceeds From Sales Of Capital Assets	8,000	-	-
Construction And Acquisition of Capital Assets	(1,011,423)	(5,177,951)	(111,245)
Special Assessments	3,193	-	-
Lease Principal Received	-	-	-
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(831,839)</u>	<u>9,632,039</u>	<u>(111,245)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest On Investments	<u>174,173</u>	<u>120,567</u>	<u>22,443</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,580,580)</b>	<b>9,849,338</b>	<b>(164,661)</b>
<b>CASH AND CASH EQUIVALENTS, January 1</b>	<b>6,290,881</b>	<b>-</b>	<b>1,032,155</b>
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<b><u>\$ 4,710,301</u></b>	<b><u>\$ 9,849,338</u></b>	<b><u>\$ 867,494</u></b>
<b>CASH AND CASH EQUIVALENTS:</b>			
Cash And Investments	\$ 4,710,301	\$ 9,849,338	\$ 867,494
Restricted Assets-Revenue Bonds:			
Cash And Investments	-	-	-
Total Cash And Cash Equivalents	<u>\$ 4,710,301</u>	<u>\$ 9,849,338</u>	<u>\$ 867,494</u>

			GOVERNMENTAL
			ACTIVITIES -
			INTERNAL
			SERVICE
			FUND
<u>TURBINE</u>	<u>OTHER</u>	<u>TOTALS</u>	
<u>GENERATOR</u>	<u>NONMAJOR</u>		
	<u>ENTERPRISE</u>		
\$ 2,337,487	\$ 3,508,621	\$ 25,120,863	\$ 487,077
(165,177)	(2,255,403)	(18,013,530)	(360,335)
-	(1,011,134)	(3,140,976)	-
<u>2,172,310</u>	<u>242,084</u>	<u>3,966,357</u>	<u>126,742</u>
-	-	129,627	-
(555,000)	(468,400)	(1,869,574)	-
-	-	(21,393)	-
21,393	171,562	527,955	-
(1,219)	-	(2,187,766)	-
1,173,276	814	1,306,906	-
-	-	2,667	-
<u>638,450</u>	<u>(296,024)</u>	<u>(2,111,578)</u>	<u>-</u>
-	-	15,202,390	-
(2,500)	-	(279,955)	-
-	5,990	265,644	-
-	9,907	9,907	-
(530,000)	-	(565,000)	-
(2,004,529)	-	(2,175,737)	-
-	289,447	289,447	-
-	-	8,000	-
-	(278,226)	(6,578,845)	-
-	-	3,193	-
245,145	-	245,145	-
<u>(2,291,884)</u>	<u>27,118</u>	<u>6,424,189</u>	<u>-</u>
<u>278,553</u>	<u>32,458</u>	<u>628,194</u>	<u>45,892</u>
797,429	5,636	8,907,162	172,724
3,305,460	1,591,390	12,219,886	2,575,733
<u>\$ 4,102,889</u>	<u>\$ 1,597,026</u>	<u>\$ 21,127,048</u>	<u>\$ 2,748,367</u>
\$ 1,567,065	\$ 1,597,026	\$ 18,591,224	\$ 2,748,367
2,535,824	-	2,535,824	-
<u>\$ 4,102,889</u>	<u>\$ 1,597,026</u>	<u>\$ 21,127,048</u>	<u>\$ 2,748,367</u>

(Continued)

**CITY OF CHASKA, MINNESOTA**

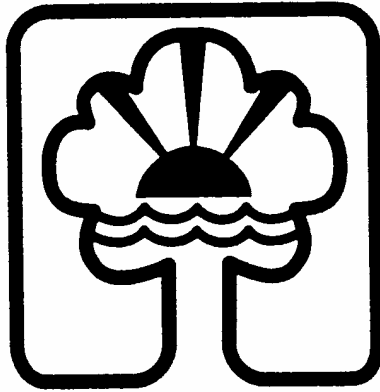
**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</b>		
	<b>ELECTRIC</b>	<b>WATER</b>	<b>COMMUNITY CENTER</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)                  TO NET CASH PROVIDED (USED) BY                  OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ 335,972	\$ 49,456	\$ (572,451)
<b>Adjustments To Reconcile Operating Income (Loss) To                  Net Cash Provided (Used) By Operating Activities:</b>			
Depreciation Expense	603,677	199,308	648,416
Allowance For Uncollectible Accounts	1,933	(135)	(211)
<b>(Increase) Decrease In Assets:</b>			
Special Assessments Deferred	1,841	-	-
Accounts Receivable	(151,015)	(6,187)	16,686
Due From Other Governments	77,962	(932)	(122,305)
Inventory	265,474	16,046	-
Prepaid Items	-	-	-
<b>Increase (Decrease) In Liabilities:</b>			
Accounts Payable	(49,537)	93,673	(8,920)
Contracts Payable	-	-	-
Salaries Payable	17,081	4,743	16,680
Deposits Payable	(492)	-	-
Deferred Revenue	(2,731)	-	-
Due To Other Governments	117,351	1,188	(608)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,217,516</b>	<b>\$ 357,160</b>	<b>\$ (22,713)</b>

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

(Continued)

<u>TURBINE GENERATOR</u>	<u>OTHER NONMAJOR ENTERPRISE</u>	<u>TOTALS</u>	<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND</u>
\$ 2,287,704	\$ (309,334)	\$ 1,791,347	\$ 156,081
-	641,739	2,093,140	-
-	(127)	1,460	-
-	-	1,841	-
-	(15,624)	(156,140)	-
-	-	(45,275)	-
-	11,852	293,372	-
-	12,651	12,651	-
(114,475)	(10,140)	(89,399)	(29,339)
-	(98,382)	(98,382)	-
-	13,522	52,026	-
-	(7,846)	(8,338)	-
-	-	(2,731)	-
(919)	3,773	120,785	-
<u>\$ 2,172,310</u>	<u>\$ 242,084</u>	<u>\$ 3,966,357</u>	<u>\$ 126,742</u>



CHASKA

The City's only Fiduciary Fund type is an Agency Fund. Agency funds account for assets that the City holds on behalf of others as their agent and are custodial in nature



**CITY OF CHASKA, MINNESOTA**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2003**

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	<b>AGENCY FUNDS</b>
<b><u>ASSETS</u></b>	
Cash And Cash Equivalents	\$ 201,279
Receivables:	
Accounts	8,296
Other	2,451
Due From Other Funds	2,086
Due From Other Governments	101
	<hr/>
TOTAL ASSETS	<b>\$ 214,213</b>
	<hr/> <hr/>
<b><u>LIABILITIES</u></b>	
Accounts Payable	\$ 8,762
Due To Other Funds	2,086
Due To Other Governments	49,725
Deposits Payable	153,640
	<hr/>
TOTAL LIABILITIES	<b>\$ 214,213</b>
	<hr/> <hr/>

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

























































Notes To The Financial Statements

City of Chaska, Minnesota

December 31, 2003

**Note 8 Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of December 31, 2003 are as follows:

*Due to/from other funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Nonmajor Governmental	District #4 Revolving	\$ 9,697,851	1
Other Nonmajor Governmental	Other Nonmajor Governmental	3,057,370	1
Electric	Other Nonmajor Governmental	1,716,204	2
Electric	Water	506,491	1
Electric	Chaska Town Course	223,391	1
Electric	Other Nonmajor Business-Type	274,018	1
Fiduciary	Fiduciary	2,086	1
<b>Total</b>		<b><u>\$ 15,477,411</u></b>	

*Interfund receivables/payables:*

*Advances from/to other funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Electric Fund	Other Nonmajor Governmental	\$ 100,000	3
Other Nonmajor Governmental	District #4 Revolving	644,460	4
Other Nonmajor Governmental	Other Nonmajor Governmental	1,085,454	4
Turbine	Electric Fund	1,371,292	5
<b>Total</b>		<b><u>\$ 3,201,206</u></b>	

*Interfund transfers:*

	Transfers In:						<u>Total</u>
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			
	General Fund	X-Over Adv Ref Bond	Other Nonmajor	Water	Community Center		
Transfers Out:							
General Fund	\$ -	\$ -	\$ 52,275	\$ -	\$ -	\$ -	\$ 52,275
District #4 Revolving	-	2,717,763	3,523,100	-	-	-	6,240,863
Electric	-	-	426,731	4,787	100,000	-	531,518
Water	-	-	53,400	-	-	-	53,400
Community Center	-	-	261,256	-	-	-	261,256
Turbine	105,000	-	450,000	-	-	-	555,000
Other Nonmajor Governmental	14,046	-	1,979,311	24,840	-	-	2,018,197
Other Nonmajor Business-Type	-	-	468,400	-	-	-	468,400
	<u>\$ 119,046</u>	<u>\$ 2,717,763</u>	<u>\$ 7,214,473</u>	<u>\$ 29,627</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 10,180,909</u>

**Explanation of Purpose for Receivables/Payables & Advances to/from other funds:**

- (1) The City's interfund receivables and payables eliminates what would have been a negative cash balance in the fund. The City settled the interfund payables in early 2004.
- (2) TIF District #15 (Downtown Redevelopment) has financed first year project costs with a loan from the Electric Fund. The loan, plus interest, will be paid in full when bonds are sold to finance the project in 2004.
- (3) The Electric Fund made a loan to Public Facilities Improvement Fund in 1994 for Facility Construction. \$75,000 of the amount outstanding amount will be not be paid within the year.
- (4) This receivable/payable represents a loan between the City of Chaska and Chaska EDA in order to redevelop Tax Increment Districts. Repayment of the loan principal and interest has and will be made from tax increment generated from the Districts. Of this amount, \$1,382,288 will not be paid within the next year.
- (5) A long-term interfund loan made between the Electric Fund and the Turbine Fund was made in 2001 to finance a substation. Of the \$1,371,292 owed at 12/31/03, \$1,349,899 represents the portion that will not be paid within the year.

**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.

Notes To The Financial Statements

City of Chaska, Minnesota

December 31, 2003

**Note 9 Reserved and Unreserved-Designated Fund Balance**

The following table identifies fund balances of the Governmental Funds in greater detail than is presented on the face of the financial statements:

	GO TI						
	<u>General</u>	<u>X-Over</u>	<u>Adv Ref</u>	<u>Dist #4</u>	<u>Nonmajor</u>	<u>Nonmajor</u>	<u>Nonmajor</u>
		<u>Bond of 1999</u>	<u>Revolving</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Fund Balances:							
Reserved for Community Center	\$ -	\$ -	\$ -	\$ 35,095	\$ -	\$ -	
Reserved for Debt Requirements	-	31,949	-	-	3,872,173	-	
Reserved for Refunding Bonds	-	-	-	-	6,362,818	-	
Reserved for Advance to Other Funds	-	-	-	-	-	1,382,288	
Reserved for Construction	-	-	-	-	-	24,934,587	
Reserved for Mt. Pleasant Perpetual Care	-	-	-	88,982	-	-	
Reserved for Grace Gibson Foundation	-	-	-	360	-	-	
Reserved for Redevelopment	-	-	-	-	-	1,185,688	
Total Reserved Fund Balances:	-	31,949	-	124,437	10,234,991	27,502,563	
Unreserved Fund Balances:							
Designated for Capital Outlay Acquisition	-	-	-	1,424,125	-	-	
Designated for Compensated Balances	360,252	-	-	-	-	-	
Designated for Working Capital	2,582,000	-	-	-	-	-	
Total Designated Fund Balances:	2,942,252	-	-	1,424,125	-	-	
Undesignated	6,649	-	(10,331,645)	36,259	-	(4,893,641)	
Total Unreserved Fund Balances:	2,948,901	-	(10,331,645)	1,460,384	-	(4,893,641)	
Total Fund Balances	\$2,948,901	\$ 31,949	\$ (10,331,645)	\$ 1,584,821	\$10,234,991	\$ 22,608,922	

**Note 10 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 11 Committed Contracts**

At December 31, 2003, the City had commitments for ten uncompleted construction contracts with a remaining balance of \$7,714,058.

#### **Note 12 Right-of-Way**

At December 31, 2003 the City had acquired in name eighteen properties for a total cost of \$6,434,698 for State Highway 312 right-of-way under the Metropolitan Council Right-of-Way Acquisition Loan Fund (RALF).

Under the RALF program, the City is obligated to return to the Metropolitan Council the proceeds of all RALF properties sold to the State of Minnesota. These RALF obligations and related properties have not been recorded since they do not represent true resources or liabilities of the City.

#### **Note 13 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 14 Jointly Governed Organization**

The City, in conjunction with seven other municipalities that provide distribution of electric services, created the Minnesota Municipal Power Agency (MMPA). MMPA began operations on July 1, 1995. MMPA purchases power that is purchased and distributed by the eight 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, 2003 were \$ 12,225,033. MMPA issues an annual financial report which may be obtained by writing MMPA, P.O. Box 339, 2015 First Avenue, Anoka, MN 55303, or by calling (763) 323-3337.

#### **Note 15 Subsequent Events**

On March 1st, 2004 the City issued General Obligation Capital Improvement Plan Refunding Bonds in the aggregate principal amount of \$2,780,000, with a net effective interest rate of 3.127% (1.10% to 3.70%) to refund the remaining outstanding maturities of the City Economic Development Authority's \$4,175,000 Public Facilities Lease Revenue Bonds, Series 1995 and to finance the acquisition of the fire department building and the driver and vehicle services building. The maturity date is December 1, 2015. These bonds are backed by the full faith and credit of the City.

On June 2<sup>nd</sup>, 2004 the City will issue \$6,650,000 in General Obligation Improvement Bonds with a net effective interest rate of 3.4998% (1.75% - 4.50%). Proceeds of the Improvements Bonds, together with funds from the Metropolitan Council and the City, will be used to finance street improvements projects in the City, including Bavaria Road and First Street. The maturity date is December 1, 2020. These bonds are backed by the full faith and credit of the City.

On June 2<sup>nd</sup>, 2004 the City will issue \$2,470,000 in General Obligation Tax Increment Refunding Bonds with a net effective interest rate of 3.7522% (3.60% - 3.75%). Proceeds of the Refunding Bonds will be used to refund, in advance of their maturity, the Series 1998 Bonds, currently outstanding in the aggregate principal amount of \$3,050,000. This refunding is being undertaken to allow the City to take advantage of lower interest rates and to restructure its annual debt service requirements. The maturity date is December 1, 2013. These bonds are backed by the full faith and credit of the City.

On June 2<sup>nd</sup>, 2004 the City will issue \$890,000 in Taxable General Obligation Tax Increment Bonds with a net effective interest rate of 5.9338% (4.00% - 6.20%). Proceeds of the Taxable Bonds, will be used to finance public improvements to Block 53 in the City's Tax Increment District No. 14. The Taxable Bonds are being used as taxable obligations under state and federal tax laws as a result of contractual commitments by private entities regarding minimum assessed values of properties benefiting from the proceeds of the Taxable Bonds. The maturity date is December 1, 2021. These bonds are backed by the full faith and credit of the City.

On June 2<sup>nd</sup>, 2004 the City will issue \$815,000 in General Obligation Equipment Certificates with a net effective interest rate of 2.7121% (2.10%-3.00%). Proceeds of the Certificates will be used to finance the acquisition of various items of capital equipment for City departments. The maturity date is December 1, 2008. These bonds are backed by the full faith and credit of the City.

## **Note 16 Defined Benefit Pension Plans - Statewide**

### **1. Plan Description**

All full-time and certain part-time employees of the City of Chaska are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statute*, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which



will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained from their website at mnpera.org, by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103 or by calling (651) 296-7460 or 1-800-652-9026.

## 2. Funding Policy

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.10%, respectively, of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. The City of Chaska is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 5.53% for Coordinated Plan PERF members, and 9.3% for PEPFF members. The City's contributions were equal to the contractually required contributions for each year as set by state statute and were as follows:

	<u>PERF</u>	<u>PEPFF</u>
<b>December 31, 2001</b>	\$ 197,018	\$ 90,173
<b>December 31, 2002</b>	225,369	105,420
<b>December 31, 2003</b>	241,193	129,104

## Note 17 Defined Contribution Plan – Statewide

Two council members of the City of Chaska are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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 the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible

City of Chaska, Minnesota

December 31, 2003

elected official who decides to participate contributes 5 percent of salary, which is matched by the elected official's employer. For salaried employees, employer contributions are a fixed percentage of salary. 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 2 percent of employer contributions and four-tenths of one percent of the assets in each members account annually.

Amount		Percentage of Covered Payroll		Required
Employees	Employer	Employees	Employer	Rates
\$ 414	\$ 414	5.00%	5.00%	5.00%

### **Note 18 Defined Benefit Pension Plans – Local**

#### **A) Plan Description**

The City of Chaska contributes to the Chaska Fire Department Relief Association Pension Plan (CFDRAPP); a single-employer defined benefit pension plan administered by the Chaska Fire Department Relief Association (CFDRA) and governed by a board of nine trustees. The members of the CFDRA elect six trustees, each to a three year term. The Fire Chief, Mayor and Chief Financial Officer of the City are appointed by the City as ex-officio trustees. Ex-officio trustees are not permitted to hold any additional office in the CFDRA. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. These benefit provisions are established and can be amended by the CFDRA's Board of Trustees with approval by the Chaska City Council. The CFDRA issues a publicly available financial report that includes financial statements and required supplementary information for CVFDRAPP. That report may be obtained by writing to City of Chaska, One City Hall Plaza, Chaska, MN 55318-1962 or by calling (952) 448-9200.

#### **B) Funding Policy**

The contribution requirements are established and may be amended by the Minnesota State Legislature. The CFDRA is comprised of volunteers; therefore, there are no covered payroll amounts or member contributions required.

#### **C) Annual Pension Cost and Net Pension Obligations**

For 2002, the City of Chaska's annual pension cost of \$202,230 was equal to the City's required and actual contribution. The annual required contribution for the year was determined as part of the December 31, 2000 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return, (b) no projected salary increases and (c) no cost-of-living adjustments. Both (a) and (b) include an inflation component of 0.0%. The actuarial value of assets was determined using fair value based on current market value. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2002 was 14 years (December 31, 2016).

Notes To The Financial Statements

City of Chaska, Minnesota

December 31, 2003

Total annual pension costs for the CFDRAPP for the year ended December 31, 2002 were as follows:

<u>Contribution</u>	<u>Amount</u>
State of Minnesota	\$ 72,232
City of Chaska:	
Tax Levy	64,998
Additional	65,000
Total City Contribution	<u>129,998</u>
Total Annual Pension Cost	<u>\$ 202,230</u>

**D) Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/2000	165,225	100.0%	-
12/31/2001	197,269	100.0%	-
12/31/2002	202,230	100.0%	-

**E) Required Supplementary Information, Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Total Unfunded Actuarial Liability</u>	<u>Funded Ratio</u>	<u>Pension Benefit per Month</u>	
					<u>Per Month of Service</u>	<u>Estimated Per Year of Service</u>
01/01/00 (1)	2,561,022	3,580,316	1,019,294	71.5%	1.8000	21.60
12/31/00	2,610,018	3,812,238	1,202,220	68.5%	1.8000	21.60
12/31/02	2,358,094	4,017,005	1,658,911	58.7%	1.8000	21.60

Notes: (1) Changes in plan benefit provisions and revised economic assumptions.

The CFDR is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll amounts or percentage calculations.)

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

**City of Chaska**

**December 31, 2003**

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**CITY OF CHASKA, MINNESOTA**

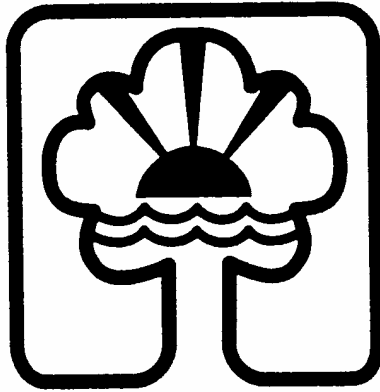
**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2003**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash And Investments	\$ 1,644,937	\$ 2,575,000	\$ 9,705,879	\$ 13,925,816
Investments with Escrow Agent	-	7,622,179	-	7,622,179
Receivables:				
Taxes	47,872	-	-	47,872
Special Assessments	189,270	5,016,684	1,673,250	6,879,204
Accounts	8,903	-	19,958	28,861
Other Receivables	1,087	326,900	366,160	694,147
Due from Other Funds	1,769	-	12,753,452	12,755,221
Due From Other Governments	3,804	31,808	3,674,703	3,710,315
Interfund Receivable	-	-	347,626	347,626
Advance to Other Funds	-	-	1,382,288	1,382,288
Land Held for Resale	-	-	1,185,688	1,185,688
<b>TOTAL ASSETS</b>	<b>\$ 1,897,642</b>	<b>\$ 15,572,571</b>	<b>\$ 31,109,004</b>	<b>\$ 48,579,217</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 113,423	\$ -	\$ 519,267	\$ 632,690
Due To Other Funds	1,769	-	4,771,805	4,773,574
Due To Other Governments	4,055	1,031	-	5,086
Interfund Payable	-	-	231,581	231,581
Deferred Revenue	193,574	5,336,549	2,023,556	7,553,679
Advance from Other Funds	-	-	953,873	953,873
<b>TOTAL LIABILITIES</b>	<b>312,821</b>	<b>5,337,580</b>	<b>8,500,082</b>	<b>14,150,483</b>
<b>FUND BALANCES:</b>				
Reserved	124,437	10,234,991	27,502,563	37,861,991
Unreserved, designated	1,424,125	-	-	1,424,125
Unreserved, undesignated reported in:				
Special Revenue Funds	36,259	-	-	36,259
Capital Project Funds	-	-	(4,893,641)	(4,893,641)
<b>TOTAL FUND BALANCES</b>	<b>1,584,821</b>	<b>10,234,991</b>	<b>22,608,922</b>	<b>34,428,734</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,897,642</b>	<b>\$ 15,572,571</b>	<b>\$ 31,109,004</b>	<b>\$ 48,579,217</b>

**CITY OF CHASKA, MINNESOTA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<b><u>REVENUES</u></b>				
Taxes:				
Property	\$ 396,316	\$ -	\$ 28,953	\$ 425,269
Intergovernmental	507,205	648,659	2,133,693	3,289,557
Charges for Services	394,443	-	1,952,435	2,346,878
Special Assessments	86,015	1,638,619	554,274	2,278,908
Other Revenue	207,585	864,314	754,347	1,826,246
	<u>1,591,564</u>	<u>3,151,592</u>	<u>5,423,702</u>	<u>10,166,858</u>
<b>TOTAL REVENUES</b>				
<b><u>EXPENDITURES</u></b>				
<b>CURRENT:</b>				
General Government	-	1,547	362,790	364,337
Economic Development	333,887	-	408,777	742,664
Public Safety	685	-	23,018	23,703
Public Works	7,980	-	864,474	872,454
Parks, Recreation and Arts	33,455	-	-	33,455
<b>DEBT SERVICE:</b>				
Principal	-	6,856,375	13,625	6,870,000
Interest	-	2,585,061	93,509	2,678,570
Issuance Costs & Fiscal Agent Fees	-	84,162	-	84,162
<b>CAPITAL OUTLAY</b>	<u>1,380,074</u>	<u>-</u>	<u>3,454,066</u>	<u>4,834,140</u>
	<u>1,756,081</u>	<u>9,527,145</u>	<u>5,220,259</u>	<u>16,503,485</u>
<b>TOTAL EXPENDITURES</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(164,517)</u>	<u>(6,375,553)</u>	<u>203,443</u>	<u>(6,336,627)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	361,300	6,314,989	538,184	7,214,473
Transfers Out	(431,807)	(51)	(1,586,339)	(2,018,197)
Bonds Issued	-	6,220,000	-	6,220,000
Premium on Bonds Issued	-	244,170	-	244,170
Sale of Capital Assets	-	-	187,304	187,304
	<u>(70,507)</u>	<u>12,779,108</u>	<u>(860,851)</u>	<u>11,847,750</u>
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>				
<b>NET CHANGE IN FUND BALANCES</b>				
	(235,024)	6,403,555	(657,408)	5,511,123
<b>FUND BALANCES, January 1</b>	<u>1,819,845</u>	<u>3,831,436</u>	<u>23,266,330</u>	<u>28,917,611</u>
<b>FUND BALANCES, December 31</b>	<u>\$ 1,584,821</u>	<u>\$ 10,234,991</u>	<u>\$ 22,608,922</u>	<u>\$ 34,428,734</u>



CHASKA

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

<b>Ambulance Fund</b>	This fund accounts for grants to be used for the replacement of the ambulance.
<b>Forfeited Drug Property Fund</b>	This fund is used to account for forfeited property from criminal drug related activity.
<b>Mount Pleasant Maintenance &amp; Care Fund</b>	This fund is used to account for property tax levies and lot sales that are legally restricted to the maintenance of the cemetery and principal amounts received and related interest income for the care of the Mt. Pleasant Cemetery.
<b>Chaska EDA Fund</b>	This fund is used to report the administrative activities associated with the Chaska Economic Development Authority. The authority is authorized and levies ad valorem taxes to provide funds for operations.
<b>Park Development Fund</b>	This fund is used to account for grants and other dedicated revenues appropriated by budget for park and trail development.
<b>Equipment Acquisition Fund</b>	This fund is used to account for property tax levies appropriated by budget for capital equipment acquisition.
<b>Grace Gibson Fund</b>	This fund is used to account for assets received and related revenues and expenditures associated with Grace Gibson activities.
<b>Community Land Trust</b>	This fund is used to account for grants and other dedicated revenues appropriated for the Community Land Trust.



CITY OF CHASKA, MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

	<u>AMBULANCE</u>	<u>FORFEITED DRUG PROPERTY</u>	<u>MOUNT PLEASANT MAINTENANCE &amp; CARE</u>	<u>CHASKA EDA</u>
<b>ASSETS</b>				
Cash And Investments	\$ 12,718	\$ -	\$ 152,412	\$ -
Receivables:				
Taxes:				
Unremitted	-	-	601	474
Delinquent	-	-	93	73
Special Assessments:				
Unremitted	-	-	-	-
Delinquent	-	-	-	-
Deferred:				
Certified To County	-	-	-	-
Accounts:				
Current	-	-	-	8,560
Other	-	-	-	-
Due From Other Funds	-	-	-	-
Due From Other Governments	3,500	-	-	304
<b>TOTAL ASSETS</b>	<u>\$ 16,218</u>	<u>\$ -</u>	<u>\$ 153,106</u>	<u>\$ 9,411</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ 1,330	\$ 46,495
Contracts Payable	-	-	-	-
Due To Other Funds	-	-	-	1,231
Due To Other Governments	-	-	-	3,734
Deferred Revenue	-	-	93	73
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>1,423</u>	<u>51,533</u>
<b>FUND BALANCES (Deficit):</b>				
<b>Reserved:</b>				
Reserved For Community Center	-	-	-	-
Reserved For Mt. Pleasant Perpetual Care	-	-	88,982	-
Reserved For Concerts In The Park	-	-	-	-
<b>Unreserved:</b>				
Designated For Capital Outlay Acquisition	-	-	-	-
Undesignated	16,218	-	62,701	(42,122)
<b>TOTAL FUND BALANCES (Deficit)</b>	<u>16,218</u>	<u>-</u>	<u>151,683</u>	<u>(42,122)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 16,218</u>	<u>\$ -</u>	<u>\$ 153,106</u>	<u>\$ 9,411</u>

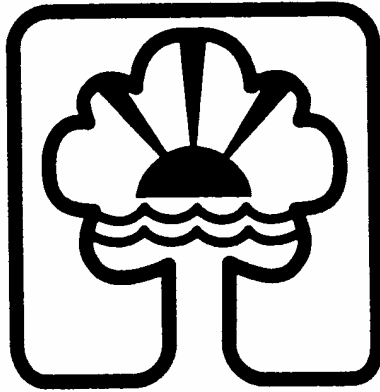
<u>PARK DEVELOPMENT</u>	<u>EQUIPMENT ACQUISITION</u>	<u>GRACE GIBSON</u>	<u>COMMUNITY LAND TRUST</u>	<u>TOTALS</u>
\$ 1,105,195	\$ 374,252	\$ 360	\$ -	\$ 1,644,937
-	40,464	-	-	41,539
-	6,167	-	-	6,333
2,029	-	-	-	2,029
8,459	-	-	-	8,459
178,782	-	-	-	178,782
-	343	-	-	8,903
1,087	-	-	-	1,087
1,769	-	-	-	1,769
-	-	-	-	3,804
<u>\$ 1,297,321</u>	<u>\$ 421,226</u>	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 1,897,642</u>
\$ 1,179	\$ 6,469	\$ -	\$ -	\$ 55,473
57,950	-	-	-	57,950
-	-	-	538	1,769
-	321	-	-	4,055
187,241	6,167	-	-	193,574
<u>246,370</u>	<u>12,957</u>	<u>-</u>	<u>538</u>	<u>312,821</u>
35,095	-	-	-	35,095
-	-	-	-	88,982
-	-	360	-	360
1,015,856	408,269	-	-	1,424,125
-	-	-	(538)	36,259
<u>1,050,951</u>	<u>408,269</u>	<u>360</u>	<u>(538)</u>	<u>1,584,821</u>
\$ 1,297,321	\$ 421,226	\$ 360	\$ -	\$ 1,897,642

CITY OF CHASKA, MINNESOTA

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	AMBULANCE	FORFEITED DRUG PROPERTY	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 5,723	\$ 4,665
Intergovernmental:				
Federal:				
Small Cities Grant	-	-	-	128,086
State:				
Market Value Credit	-	-	394	328
Other	-	-	-	1,188
County:				
Ambulance Aid	3,500	-	-	-
Charges For Services	-	-	2,100	124,200
Special Assessments	-	-	-	-
Other Revenues:				
Investment Earnings	260	-	1,229	-
Rents	-	-	-	-
Refunds And Reimbursements	-	-	-	-
Contributions And Donations	-	-	-	-
Miscellaneous	-	-	3,808	77,206
<b>TOTAL REVENUES</b>	<u>3,760</u>	<u>-</u>	<u>13,254</u>	<u>335,673</u>
<b>EXPENDITURES:</b>				
Current:				
Economic Development	-	-	-	333,349
Public Safety	685	-	-	-
Public Works	-	-	7,980	-
Parks, Recreation and Arts	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>685</u>	<u>-</u>	<u>7,980</u>	<u>333,349</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,075</u>	<u>-</u>	<u>5,274</u>	<u>2,324</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Transfers Out	-	(6,546)	-	(10,761)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>(6,546)</u>	<u>-</u>	<u>(10,761)</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,075	(6,546)	5,274	(8,437)
<b>FUND BALANCES (Deficit), January 1</b>	<u>13,143</u>	<u>6,546</u>	<u>146,409</u>	<u>(33,685)</u>
<b>FUND BALANCES (Deficit), December 31</b>	<u>\$ 16,218</u>	<u>\$ -</u>	<u>\$ 151,683</u>	<u>\$ (42,122)</u>

<u>PARK DEVELOPMENT</u>	<u>EQUIPMENT ACQUISITION</u>	<u>GRACE GIBSON</u>	<u>COMMUNITY LAND TRUST</u>	<u>TOTAL</u>
\$ -	\$ 385,928	\$ -	\$ -	\$ 396,316
-	-	-	-	128,086
-	26,709	-	-	27,431
-	-	-	347,000	348,188
-	-	-	-	3,500
264,143	4,000	-	-	394,443
86,015	-	-	-	86,015
23,231	3,820	9	-	28,549
-	40,051	-	-	40,051
-	200	-	-	200
47,371	8,500	900	-	56,771
-	1,000	-	-	82,014
<u>420,760</u>	<u>470,208</u>	<u>909</u>	<u>347,000</u>	<u>1,591,564</u>
-	-	-	538	333,887
-	-	-	-	685
-	-	-	-	7,980
32,533	-	922	-	33,455
<u>587,208</u>	<u>445,866</u>	<u>-</u>	<u>347,000</u>	<u>1,380,074</u>
<u>619,741</u>	<u>445,866</u>	<u>922</u>	<u>347,538</u>	<u>1,756,081</u>
<u>(198,981)</u>	<u>24,342</u>	<u>(13)</u>	<u>(538)</u>	<u>(164,517)</u>
-	361,300	-	-	361,300
<u>(7,500)</u>	<u>(407,000)</u>	<u>-</u>	<u>-</u>	<u>(431,807)</u>
<u>(7,500)</u>	<u>(45,700)</u>	<u>-</u>	<u>-</u>	<u>(70,507)</u>
(206,481)	(21,358)	(13)	(538)	(235,024)
<u>1,257,432</u>	<u>429,627</u>	<u>373</u>	<u>-</u>	<u>1,819,845</u>
<u>\$ 1,050,951</u>	<u>\$ 408,269</u>	<u>\$ 360</u>	<u>\$ (538)</u>	<u>\$ 1,584,821</u>



CHASKA

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

<b>Improvement Bond Funds</b>	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.
<b>Tax Increment Bond Funds</b>	These funds service debt on the tax increment bonds issued to finance economic development and redevelopment projects.
<b>Public Facilities Lease Revenue Bond Fund</b>	This fund services debt in the public facilities lease revenue bonds that are supported by lease payments received and pledged by the Chaska Economic Development Authority.
<b>Equipment Certificate Fund</b>	These funds service debt on the general obligation equipment certificates that were used to fund equipment purchases.
<b>EDA Public Facilities Revenue Bond Funds</b>	This fund services debt on the certificates of participation that were used to finance the City Hall and Municipal Services Building.
<b>EDA Lease Revenue Bond Fund</b>	This fund services debt on the school facility revenue bonds that are supported by lease payments received and pledged by the Chaska Economic Development Authority.

**CITY OF CHASKA, MINNESOTA**

**NONMAJOR DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2003**

	IMPROVEMENT BONDS	GO TAX INCREMENT BONDS	\$4,175,000 PUBLIC FACILITIES LEASE REVENUE BONDS OF 1995	EDA LEASE REVENUE BONDS OF 1997,1998 & 1999
<b><u>ASSETS</u></b>				
Cash And Investments	\$ 726,069	\$ 1,314,114	\$ 1,800	\$ 181,682
Investments With Escrow Agent	-	6,361,027	457,035	804,117
Receivables:				
Special Assessments:				
Unremitted	939	4,851	-	-
Delinquent	-	6,496	-	-
Deferred:				
Certified To County	2,575,741	1,972,738	-	-
City Owned	-	455,919	-	-
Interest	1,124	-	-	-
Notes	325,776	-	-	-
Due From Other Governments	3,938	-	27,870	-
<b>TOTAL ASSETS</b>	<b>\$ 3,633,587</b>	<b>\$ 10,115,145</b>	<b>\$ 486,705</b>	<b>\$ 985,799</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>LIABILITIES:</b>				
Due To Other Governments	\$ -	\$ -	\$ -	\$ 1,031
Deferred Revenue	2,901,396	2,435,153	-	-
<b>TOTAL LIABILITIES</b>	<b>2,901,396</b>	<b>2,435,153</b>	<b>-</b>	<b>1,031</b>
 <b>FUND BALANCES:</b>				
Reserved:				
Reserved For Refunding	-	6,362,818	-	-
Reserved For Debt Service	732,191	1,317,174	486,705	984,768
<b>TOTAL FUND BALANCES</b>	<b>732,191</b>	<b>7,679,992</b>	<b>486,705</b>	<b>984,768</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,633,587</b>	<b>\$ 10,115,145</b>	<b>\$ 486,705</b>	<b>\$ 985,799</b>

\$760,000 GO EQUIPMENT CERTIFICATES OF 2001	\$1,650,000, \$325,000 EDA PUBLIC FACILITIES REVENUE BONDS OF 2001 & 2002	\$530,000 GO EQUIPMENT CERTIFICATES OF 2002	TOTALS
\$ 10,485	\$ 325,168	\$ 15,682	\$ 2,575,000
-	-	-	7,622,179
-	-	-	5,790
-	-	-	6,496
-	-	-	4,548,479
-	-	-	455,919
-	-	-	1,124
-	-	-	325,776
-	-	-	31,808
<u>\$ 10,485</u>	<u>\$ 325,168</u>	<u>\$ 15,682</u>	<u>\$ 15,572,571</u>
-	-	-	1,031
-	-	-	5,336,549
-	-	-	5,337,580
-	-	-	6,362,818
<u>10,485</u>	<u>325,168</u>	<u>15,682</u>	<u>3,872,173</u>
<u>10,485</u>	<u>325,168</u>	<u>15,682</u>	<u>10,234,991</u>
<u>\$ 10,485</u>	<u>\$ 325,168</u>	<u>\$ 15,682</u>	<u>\$ 15,572,571</u>



CITY OF CHASKA, MINNESOTA

NONMAJOR DEBT SERVICE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	IMPROVEMENT BONDS	GO TAX INCREMENT BONDS	\$4,175,000 PUBLIC FACILITIES LEASE REVENUE BONDS OF 1995	EDA LEASE REVENUE BONDS OF 1997,1998 & 1999
<b>REVENUES:</b>				
Intergovernmental:				
State/County:				
Building Rent - Base Rent	\$ -	\$ -	\$ 15,000	\$ -
Building Rent - Camera Rent	-	-	35,387	-
Local:				
ISD112 Lease Payment	-	-	-	598,272
Special Assessments	800,607	838,012	-	-
Other Revenue:				
Payments	47,252	-	-	-
Investment Earnings	27,044	110,829	4,191	8,221
Leases	-	-	-	632,435
<b>TOTAL REVENUES</b>	<b>874,903</b>	<b>948,841</b>	<b>54,578</b>	<b>1,238,928</b>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Administrative Fees	51	1,134	-	-
Debt Service:				
Principal	1,450,000	3,745,000	165,000	1,006,375
Interest	387,734	1,394,320	189,128	495,986
Issuance Costs & Fiscal Agent Fees	-	79,346	4,750	66
<b>TOTAL EXPENDITURES</b>	<b>1,837,785</b>	<b>5,219,800</b>	<b>358,878</b>	<b>1,502,427</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(962,882)</b>	<b>(4,270,959)</b>	<b>(304,300)</b>	<b>(263,499)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In:				
\$890M EDA Lease Revenue 1997	-	-	-	14
Public Facilities Capital Improvement	-	-	6,887	-
Equipment Acquisition	-	-	-	-
Tax Increment Revolving	-	3,523,100	-	-
Improvement Projects of 1998	-	1,051,142	-	-
EDA Lease Revenue Projects	-	-	-	102,208
Fire Protection	163,382	-	-	-
Electric	-	-	235,000	-
Community Center	-	261,256	-	-
Chaska Town Course	-	415,000	-	-
Turbine Generator	-	-	-	-
Transfers Out:				
\$295M EDA Lease Revenue of 1998	-	-	-	(51)
Bond Issuance	-	6,220,000	-	-
Premium on Bonds Issued	-	244,170	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>163,382</b>	<b>11,714,668</b>	<b>241,887</b>	<b>102,171</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(799,500)</b>	<b>7,443,709</b>	<b>(62,413)</b>	<b>(161,328)</b>
<b>FUND BALANCES, January 1</b>	<b>1,531,691</b>	<b>236,283</b>	<b>549,118</b>	<b>1,146,096</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 732,191</b>	<b>\$ 7,679,992</b>	<b>\$ 486,705</b>	<b>\$ 984,768</b>

<u>\$760,000 GO EQUIPMENT CERTIFICATES OF 2001</u>	<u>\$1,650,000 &amp; \$325,000 EDA PUBLIC FACILITIES REVENUE BONDS OF 2001 &amp; 2002</u>	<u>\$530,000 GO EQUIPMENT CERTIFICATES OF 2002</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ 15,000
-	-	-	35,387
-	-	-	598,272
-	-	-	1,638,619
-	-	-	47,252
-	2,659	116	153,060
-	31,567	-	664,002
<u>-</u>	<u>34,226</u>	<u>116</u>	<u>3,151,592</u>
362	-	-	1,547
185,000	135,000	170,000	6,856,375
21,968	82,928	12,997	2,585,061
<u>-</u>	<u>-</u>	<u>-</u>	<u>84,162</u>
<u>207,330</u>	<u>217,928</u>	<u>182,997</u>	<u>9,527,145</u>
<u>(207,330)</u>	<u>(183,702)</u>	<u>(182,881)</u>	<u>(6,375,553)</u>
-	-	-	14
-	-	-	6,887
217,000	-	190,000	407,000
-	-	-	3,523,100
-	-	-	1,051,142
-	-	-	102,208
-	-	-	163,382
-	-	-	235,000
-	-	-	261,256
-	-	-	415,000
-	150,000	-	150,000
-	-	-	(51)
-	-	-	6,220,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>244,170</u>
<u>217,000</u>	<u>150,000</u>	<u>190,000</u>	<u>12,779,108</u>
9,670	(33,702)	7,119	6,403,555
815	358,870	8,563	3,831,436
<u>\$ 10,485</u>	<u>\$ 325,168</u>	<u>\$ 15,682</u>	<u>\$ 10,234,991</u>

CITY OF CHASKA, MINNESOTA

DEBT SERVICE FUNDS - IMPROVEMENT BONDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

	\$7,565,000 GO IMPROVEMENT BONDS OF 2001	\$1,420,000 GO IMPROVEMENT CURRENT REFUNDING BONDS OF 2001	\$555,000 GO TAXABLE IMPROVEMENT BONDS OF 2002	\$455,000 GO IMPROVEMENT BONDS OF 2002	TOTALS
<b>ASSETS</b>					
Cash And Investments	\$ 704,571	\$ 3,851	\$ 17,379	\$ 268	\$ 726,069
Receivables:					
Special Assessments:					
Unremitted	-	939	-	-	939
Deferred:					
Certified To County	1,604,281	441,037	491,894	38,529	2,575,741
Interest	1,124	-	-	-	1,124
Notes	325,776	-	-	-	325,776
Due From Other Governments	3,938	-	-	-	3,938
<b>TOTAL ASSETS</b>	<b>\$ 2,639,690</b>	<b>\$ 445,827</b>	<b>\$ 509,273</b>	<b>\$ 38,797</b>	<b>\$ 3,633,587</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Deferred Revenue	\$ 1,930,057	\$ 440,916	\$ 491,894	\$ 38,529	\$ 2,901,396
<b>FUND BALANCES:</b>					
Reserved For Debt Service	709,633	4,911	17,379	268	732,191
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,639,690</b>	<b>\$ 445,827</b>	<b>\$ 509,273</b>	<b>\$ 38,797</b>	<b>\$ 3,633,587</b>

CITY OF CHASKA, MINNESOTA

DEBT SERVICE FUNDS - IMPROVEMENT BONDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	\$7,565,000 GO IMPROVEMENT BONDS OF 2001	\$1,420,000 GO IMPROVEMENT CURRENT REFUNDING BONDS OF 2001	\$555,000 GO TAXABLE IMPROVEMENT BONDS OF 2002	\$455,000 GO IMPROVEMENT BONDS OF 2002	TOTALS
<b>REVENUES:</b>					
Special Assessments	\$ 542,209	\$ 173,773	\$ 77,980	\$ 6,645	\$ 800,607
Other Revenue:					
Payments	47,252	-	-	-	47,252
Investment Earnings	23,977	2,354	713	-	27,044
<b>TOTAL REVENUES</b>	<b>613,438</b>	<b>176,127</b>	<b>78,693</b>	<b>6,645</b>	<b>874,903</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Administrative Fees	-	-	-	51	51
Debt Service:					
Principal	1,065,000	250,000	60,000	75,000	1,450,000
Interest	306,840	37,675	27,550	15,669	387,734
<b>TOTAL EXPENDITURES</b>	<b>1,371,840</b>	<b>287,675</b>	<b>87,550</b>	<b>90,720</b>	<b>1,837,785</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(758,402)</b>	<b>(111,548)</b>	<b>(8,857)</b>	<b>(84,075)</b>	<b>(962,882)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In (Out)					
Fire Protection	55,127	-	24,755	83,500	163,382
<b>NET CHANGE IN FUND BALANCES</b>	<b>(703,275)</b>	<b>(111,548)</b>	<b>15,898</b>	<b>(575)</b>	<b>(799,500)</b>
<b>FUND BALANCES, January 1</b>	<b>1,412,908</b>	<b>116,459</b>	<b>1,481</b>	<b>843</b>	<b>1,531,691</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 709,633</b>	<b>\$ 4,911</b>	<b>\$ 17,379</b>	<b>\$ 268</b>	<b>\$ 732,191</b>

CITY OF CHASKA, MINNESOTA

DEBT SERVICE FUNDS - GO TAX INCREMENT BONDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

	\$14,070,834 GO TI CAPITAL APPRECIATION BONDS OF 1995	\$4,510,000 GO TI BONDS OF 1998	\$12,120,000 GO TI BONDS OF 1999	\$670,000 GO TI BONDS OF 1999	\$4,675,000 GO TI BONDS OF 2000
<b>ASSETS</b>					
Cash And Investments	\$ 148,041	\$ 411,398	\$ 1,000	\$ 1,000	\$ 606,312
Investments With Escrow Agent	-	-	-	-	-
Receivables:					
Special Assessments:					
Unremitted	3,703	279	-	-	869
Delinquent	6,496	-	-	-	-
Deferred:					
Certified To County	469,513	232,073	-	-	1,271,152
City Owned	455,919	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,083,672</b>	<b>\$ 643,750</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,878,333</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Deferred Revenue	\$ 931,928	\$ 232,073	\$ -	\$ -	\$ 1,271,152
<b>FUND BALANCES:</b>					
Reserved:					
Reserved For Refunding	-	-	-	-	-
Reserved For Debt Service	151,744	411,677	1,000	1,000	607,181
<b>TOTAL FUND BALANCES</b>	<b>151,744</b>	<b>411,677</b>	<b>1,000</b>	<b>1,000</b>	<b>607,181</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,083,672</b>	<b>\$ 643,750</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,878,333</b>

\$1,140,000 GO TAXABLE TI BONDS OF OF 2000	\$2,220,000 GO TAXABLE TI CURRENT REFUNDING BONDS OF 2001	\$3,550,000 GO TI CROSSOVER REFUNDING BONDS OF 2002	\$1,555,000 GO TAXABLE TI CROSSOVER REFUNDING BONDS OF 2002	\$6,220,000 GO TI CROSSOVER REFUNDING BONDS OF 2003	TOTALS
\$ 1,000	\$ 105	\$ 136,262	\$ 7,205	\$ 1,791 6,361,027	\$ 1,314,114 6,361,027
-	-	-	-	-	4,851
-	-	-	-	-	6,496
-	-	-	-	-	1,972,738
-	-	-	-	-	455,919
<u>\$ 1,000</u>	<u>\$ 105</u>	<u>\$ 136,262</u>	<u>\$ 7,205</u>	<u>\$ 6,362,818</u>	<u>\$ 10,115,145</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,435,153</u>
-	-	-	-	6,362,818	6,362,818
<u>1,000</u>	<u>105</u>	<u>136,262</u>	<u>7,205</u>	<u>-</u>	<u>1,317,174</u>
<u>1,000</u>	<u>105</u>	<u>136,262</u>	<u>7,205</u>	<u>6,362,818</u>	<u>7,679,992</u>
<u>\$ 1,000</u>	<u>\$ 105</u>	<u>\$ 136,262</u>	<u>\$ 7,205</u>	<u>\$ 6,362,818</u>	<u>\$ 10,115,145</u>

CITY OF CHASKA, MINNESOTA

DEBT SERVICE FUNDS - GO TAX INCREMENT BONDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	\$14,070,834	\$4,510,000	\$12,120,000	\$670,000	\$4,675,000
	GO TI CAPITAL APPRECIATION BONDS OF 1995	GO TI BONDS OF 1998	GO TI BONDS OF 1999	GO TI BONDS OF 1999	GO TI BONDS OF 2000
<b>REVENUES:</b>					
Special Assessments	\$ 143,637	\$ 103,891	\$ -	\$ -	\$ 590,484
Other:					
Investment Earnings	-	7,028	-	-	17,011
<b>TOTAL REVENUES</b>	<b>143,637</b>	<b>110,919</b>	<b>-</b>	<b>-</b>	<b>607,495</b>
<b>EXPENDITURES:</b>					
Current:					
General Government:					
Administrative Fees	-	-	-	-	1,134
Debt Service:					
Principal	2,605,000	330,000	-	-	150,000
Interest	-	148,720	499,180	38,808	230,775
Issuance Costs & Fiscal Agent Fees	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,605,000</b>	<b>478,720</b>	<b>499,180</b>	<b>38,808</b>	<b>381,909</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,461,363)</b>	<b>(367,801)</b>	<b>(499,180)</b>	<b>(38,808)</b>	<b>225,586</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In/(Out):					
Tax Increment Revolving Fund Improvement Projects of 1998	2,248,100	-	329,720	39,808	-
Community Center	-	685,078	-	-	366,064
Chaska Town Course	-	90,796	170,460	-	-
Bond Issuance	356,900	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>2,605,000</b>	<b>775,874</b>	<b>500,180</b>	<b>39,808</b>	<b>366,064</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>143,637</b>	<b>408,073</b>	<b>1,000</b>	<b>1,000</b>	<b>591,650</b>
<b>FUND BALANCES, January 1</b>	<b>8,107</b>	<b>3,604</b>	<b>-</b>	<b>-</b>	<b>15,531</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 151,744</b>	<b>\$ 411,677</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 607,181</b>

<b>\$1,140,000 GO TAXABLE TI BONDS OF OF 2000</b>	<b>\$2,220,000 GO TAXABLE TI CURRENT REFUNDING BONDS OF 2001</b>	<b>\$3,550,000 GO TI CROSSOVER REFUNDING BONDS OF 2002</b>	<b>\$1,555,000 GO TAXABLE TI CURRENT REFUNDING BONDS OF 2002</b>	<b>\$6,220,000 GO TI CROSSOVER REFUNDING BONDS OF 2003</b>	<b>TOTALS</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 838,012
-	-	3,056	-	83,734	110,829
-	-	3,056	-	83,734	948,841
-	-	-	-	-	1,134
100,000	410,000	-	150,000	-	3,745,000
75,350	92,625	126,625	76,497	105,740	1,394,320
-	-	-	-	79,346	79,346
175,350	502,625	126,625	226,497	185,086	5,219,800
(175,350)	(502,625)	(123,569)	(226,497)	(101,352)	(4,270,959)
176,350	502,625	-	226,497	-	3,523,100
-	-	-	-	-	1,051,142
-	-	-	-	-	261,256
-	-	58,100	-	-	415,000
-	-	-	-	6,220,000	6,220,000
-	-	-	-	244,170	244,170
176,350	502,625	58,100	226,497	6,464,170	11,714,668
1,000	-	(65,469)	-	6,362,818	7,443,709
-	105	201,731	7,205	-	236,283
\$ 1,000	\$ 105	\$ 136,262	\$ 7,205	\$ 6,362,818	\$ 7,679,992



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

<b>Tax Increment Funds</b>	This fund receives revenue from general property taxes in the form of tax increment. These revenues are used by the Chaska Economic Development Authority to promote industrial development via providing financing aids to developers.
<b>Special Assessments Funds</b>	This fund is used for the construction of improvements and the collection of assessments from properties benefiting from the improvements.
<b>Major Road Construction Fund</b>	This fund is used to account for the City's allocation of the State collected highway user tax for Minnesota State Aid (MSA) designated road construction.
<b>Permanent Improvement Revolving Funds</b>	These funds are used to collect the building permit revenues charged for the purpose of construction of the City's water, sewer and storm sewer systems. Three separate funds are shown: a Water Fund, a Sewer Fund, and a Storm Water Fund.
<b>Storm Sewer Area Fund</b>	This fund is used to collect the building permit revenues charged for the purpose of construction and maintenance of the City's storm sewer system.
<b>Highway 212 R.A.L.F. Loan Fund</b>	This fund is used to account for acquisitions for the new Highway 212 funded by the Metropolitan Council Right-Of-Way Acquisition Loan Fund (R.A.L.F.)
<b>Public Facilities Capital Improvement Fund</b>	This fund is used to account for sources to be used to finance future capital facility construction and improvements to existing City facilities.

(Continued)

(Continued)

<b>Capital Improvement Loan Fund</b>	This fund is used to accumulate grant and loan payment proceeds.
<b>Highway 41 Improvement Fund</b>	This fund is used to account for right-of-way acquisitions for the Highway 41 upgrading.
<b>Fire Protection Systems Fund</b>	This fund is used to account for receipts and expenditures for the fire protection systems.
<b>Improvement Revolving Fund</b>	This fund is used to fund un-bonded improvement projects.
<b>EDA Lease Revenue Bond Projects Fund</b>	This fund is used to account for two EDA capital project agreements.
<b>1997 Highway 41 Upgrading Fund</b>	This fund is used to account for the receipts and expenditures for the upgrading of Highway 41.
<b>2003 Highway 312 Improvements</b>	This fund is used to account for the receipts and expenditures for Highway 312.

CITY OF CHASKA, MINNESOTA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 212 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	CAPITAL IMPROVEMENT LOANS
<b>ASSETS</b>									
Cash And Investments	\$ 654,926	\$ 109,085	\$ 1,291,883	\$ 747,836	\$ 33,453	\$ 943,932	\$ 21,527	\$ -	\$ 146,686
Receivables:									
Special Assessments:									
Unremitted	847	-	-	1,068	1,945	2,310	-	-	-
Delinquent	2,595	-	-	4,644	(647)	6,090	-	-	-
Deferred:									
Certified To County	711,549	-	-	208,347	152,299	378,108	-	-	-
City Owned	32,945	15,733	-	-	-	-	-	-	-
Accounts:									
Current	14,062	-	-	-	-	-	-	5,896	-
Interest	-	-	-	2,234	2,603	2,319	-	-	-
Notes	302,000	-	-	-	-	-	-	-	55,073
Due From Other Funds	2,581,841	110,535	-	4,800,000	2,637,261	2,013,765	-	-	-
Due From Other Governments	-	138,655	-	-	-	-	-	2,334	-
Interfund:									
Receivable	-	-	-	-	-	173,813	-	173,813	-
Advance To Other Funds	-	-	-	-	-	691,144	-	691,144	-
Land Held For Resale	785,688	400,000	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,086,453</b>	<b>\$ 774,008</b>	<b>\$ 1,291,883</b>	<b>\$ 5,764,129</b>	<b>\$ 2,826,914</b>	<b>\$ 4,211,481</b>	<b>\$ 21,527</b>	<b>\$ 873,187</b>	<b>\$ 201,759</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES:</b>									
Accounts Payable	\$ 10,824	\$ 117,731	\$ -	\$ 10,771	\$ 5,203	\$ 9,949	\$ -	\$ 7,551	\$ -
Contracts Payable	5,175	231,317	-	81,562	36,191	-	-	-	-
Due To Other Funds	2,413,959	2,024,547	-	-	-	-	-	151,960	-
Interfund Payable	32,768	-	-	-	-	-	-	198,813	-
Deferred Revenue	1,049,091	16,761	-	211,791	151,824	384,198	-	-	55,072
Advance From Other Funds	187,729	-	-	-	-	-	-	766,144	-
<b>TOTAL LIABILITIES</b>	<b>3,699,546</b>	<b>2,390,356</b>	<b>-</b>	<b>304,124</b>	<b>193,218</b>	<b>394,147</b>	<b>-</b>	<b>1,124,468</b>	<b>55,072</b>
<b>FUND BALANCES:</b>									
Reserved:									
Reserved For Advance To Other Funds	-	-	-	-	-	691,144	-	691,144	-
Reserved For Construction	2,354,748	-	1,291,883	5,460,005	2,633,696	3,126,190	21,527	-	146,687
Reserved for Redevelopment	785,688	400,000	-	-	-	-	-	-	-
Unreserved:									
Undesignated	(1,753,529)	(2,016,348)	-	-	-	-	-	(942,425)	-
<b>TOTAL FUND BALANCES</b>	<b>1,386,907</b>	<b>(1,616,348)</b>	<b>1,291,883</b>	<b>5,460,005</b>	<b>2,633,696</b>	<b>3,817,334</b>	<b>21,527</b>	<b>(251,281)</b>	<b>146,687</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,086,453</b>	<b>\$ 774,008</b>	<b>\$ 1,291,883</b>	<b>\$ 5,764,129</b>	<b>\$ 2,826,914</b>	<b>\$ 4,211,481</b>	<b>\$ 21,527</b>	<b>\$ 873,187</b>	<b>\$ 201,759</b>

(Continued)

HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM/WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	EDA LEASE REVENUE BOND PROJECTS	1997 HWY 41 UPGRADED	HWY 312 IMPROVEMENTS	TOTALS
\$ 1,160,592	\$ 507,648	\$ 339,808	\$ 590,290	\$ -	\$ 3,158,213	\$ -	\$ 9,705,879
-	598	-	-	-	-	-	6,768
-	1,292	-	81	-	-	-	14,055
-	97,609	-	55,837	-	-	-	1,603,749
-	-	-	-	-	-	-	48,678
-	-	-	-	-	-	-	19,958
1,021	-	-	910	-	-	-	9,087
-	-	-	-	-	-	-	357,073
-	-	-	428,711	-	181,339	-	12,753,452
-	-	-	-	-	3,533,714	-	3,674,703
-	-	-	-	-	-	-	347,626
-	-	-	-	-	-	-	1,382,288
-	-	-	-	-	-	-	1,185,688
<u>\$ 1,161,613</u>	<u>\$ 607,147</u>	<u>\$ 339,808</u>	<u>\$ 1,075,829</u>	<u>\$ -</u>	<u>\$ 6,873,266</u>	<u>\$ -</u>	<u>\$ 31,109,004</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,732	\$ -	\$ 163,761
-	-	-	-	-	1,261	-	355,506
-	-	-	-	180,435	-	904	4,771,805
-	-	-	-	-	-	-	231,581
-	98,901	-	55,918	-	-	-	2,023,556
-	-	-	-	-	-	-	953,873
-	98,901	-	55,918	180,435	2,993	904	8,500,082
-	-	-	-	-	-	-	1,382,288
1,161,613	508,246	339,808	1,019,911	-	6,870,273	-	24,934,587
-	-	-	-	-	-	-	1,185,688
-	-	-	-	(180,435)	-	(904)	(4,893,641)
<u>1,161,613</u>	<u>508,246</u>	<u>339,808</u>	<u>1,019,911</u>	<u>(180,435)</u>	<u>6,870,273</u>	<u>(904)</u>	<u>22,608,922</u>
<u>\$ 1,161,613</u>	<u>\$ 607,147</u>	<u>\$ 339,808</u>	<u>\$ 1,075,829</u>	<u>\$ -</u>	<u>\$ 6,873,266</u>	<u>\$ -</u>	<u>\$ 31,109,004</u>

ASSETS

Cash And Investments  
 Receivables:  
 Special Assessments:  
 Unremitted  
 Delinquent  
 Deferred:  
 Certified To County  
 City Owned  
 Accounts:  
 Current  
 Interest  
 Notes  
 Due From Other Funds  
 Due From Other Governments  
 Interfund:  
 Receivable  
 Advance To Other Funds  
 Land Held For Resale

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts Payable  
 Contracts Payable  
 Due To Other Funds  
 Interfund Payable  
 Deferred Revenue  
 Advance From Other Funds

TOTAL LIABILITIES

FUND BALANCES:

Reserved:  
 Reserved For Advance To Other Funds  
 Reserved For Construction  
 Reserved For Redevelopment  
 Unreserved:  
 Undesignated

TOTAL FUND BALANCES

TOTAL LIABILITIES AND FUND BALANCES

CITY OF CHASKA, MINNESOTA

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 212 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	CAPITAL IMPROVEMENT LOANS
<b>REVENUES:</b>									
General Property Taxes:									
Tax Increment	\$ 28,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:									
State:									
Municipal State Aid	-	-	848,614	-	-	-	-	-	-
Other	106,639	1,038,750	-	-	-	-	-	1,035	-
Local:									
Other	-	138,655	-	-	-	-	-	-	-
Acreage And Connection Charges	-	-	-	1,732,212	169,701	40,077	-	-	-
Special Assessments	1,592	397	-	93,607	103,022	252,287	-	-	-
Other Revenues:									
Payments	-	-	-	-	-	-	-	-	11,664
Investment Earnings	48,756	37,585	14,988	63,445	55,424	99,161	415	86,229	2,753
Rents	45,438	-	-	-	-	-	-	-	-
Miscellaneous	196,686	-	-	-	-	-	1,200	27,702	-
<b>TOTAL REVENUES</b>	<b>428,064</b>	<b>1,215,387</b>	<b>863,602</b>	<b>1,889,264</b>	<b>328,147</b>	<b>391,525</b>	<b>1,615</b>	<b>114,966</b>	<b>14,417</b>
<b>EXPENDITURES:</b>									
Current:									
General Government:									
Administrative Fees	1,052	109,516	-	1,219	599	2,263	-	12,166	-
Professional Services	-	-	-	-	-	-	-	94,879	-
Miscellaneous	-	-	-	-	-	-	-	18,311	-
Economic Development:									
Professional Services	333,097	41,817	-	-	-	-	-	-	-
Miscellaneous	33,863	-	-	-	-	-	-	-	-
Public Safety:									
Professional Services	-	-	-	-	-	-	-	-	-
Public Works:									
Professional Services	-	523,304	-	85,558	88,255	49,372	-	-	-
Miscellaneous	-	-	-	-	11,200	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest	37,486	-	-	-	-	-	-	56,023	-
Capital Outlay:									
Land Purchase/Land Writedowns	44,434	19,202	-	-	5,000	-	-	175,020	-
System Improvements:									
General	13,292	109,362	-	28,659	-	6,537	-	30,100	-
Building And Structures	-	-	-	-	-	-	-	366,705	-
Water	-	-	-	393,553	-	-	-	13,806	-
Sanitary Sewer	-	-	-	-	376,362	-	-	409	-
Street	-	1,283,957	-	-	-	-	-	-	-
Storm Sewer	-	875	-	15,382	178,319	47,523	-	-	-
Equipment	-	-	-	-	-	-	-	4,089	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 463,224</b>	<b>\$ 2,088,033</b>	<b>\$ -</b>	<b>\$ 524,371</b>	<b>\$ 659,735</b>	<b>\$ 105,695</b>	<b>\$ -</b>	<b>\$ 771,508</b>	<b>\$ -</b>

(Continued)

NONMAJOR CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 212 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	CAPITAL IMPROVEMENT LOANS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (35,160)	\$ (872,646)	\$ 863,602	\$ 1,364,893	\$ (331,588)	\$ 285,830	\$ 1,615	\$ (656,542)	\$ 14,417
OTHER FINANCING SOURCES (USES):									
Transfers In	10,761	235,064	980	-	-	-	-	289,506	-
Transfers Out	(980)	(1,053,015)	(190,853)	(24,840)	-	-	-	(6,887)	-
Sale of Capital Assets	-	-	-	-	-	-	-	187,304	-
TOTAL OTHER FINANCING SOURCES (USES)	9,781	(817,951)	(189,873)	(24,840)	-	-	-	469,923	-
NET CHANGE IN FUND BALANCES	(25,379)	(1,690,597)	673,729	1,340,053	(331,588)	285,830	1,615	(186,619)	14,417
FUND BALANCES, January 1	1,412,286	74,249	618,154	4,119,952	2,965,284	3,531,504	19,912	(64,662)	132,270
FUND BALANCES, December 31	\$ 1,386,907	\$ (1,616,348)	\$ 1,291,883	\$ 5,460,005	\$ 2,633,696	\$ 3,817,334	\$ 21,527	\$ (251,281)	\$ 146,687

HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	EDA LEASE REVENUE BOND PROJECTS	1997 HWY 41 UPGRADED	HWY 312 IMPROVEMENTS	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,953
-	-	-	-	-	-	-	848,614
-	-	-	-	-	-	-	1,146,424
-	-	-	-	-	-	-	138,655
-	10,445	-	-	-	-	-	1,952,435
-	64,254	-	39,115	-	-	-	554,274
-	-	-	-	-	-	-	11,664
23,632	9,043	10,535	19,326	365	-	-	471,657
-	-	-	-	-	-	-	45,438
-	-	-	-	-	-	-	225,588
<u>23,632</u>	<u>83,742</u>	<u>10,535</u>	<u>58,441</u>	<u>365</u>	<u>-</u>	<u>-</u>	<u>5,423,702</u>
-	1,018	3,909	-	2,452	115,406	-	249,600
-	-	-	-	-	-	-	94,879
-	-	-	-	-	-	-	18,311
-	-	-	-	-	-	-	374,914
-	-	-	-	-	-	-	33,863
-	-	23,018	-	-	-	-	23,018
-	-	-	-	-	18,862	792	766,143
-	-	-	-	-	87,019	112	98,331
-	-	-	-	13,625	-	-	13,625
-	-	-	-	-	-	-	93,509
-	-	-	-	-	-	-	243,656
-	-	-	-	-	1,281	-	189,231
-	-	-	-	-	-	-	366,705
-	-	-	-	-	-	-	407,359
-	-	-	-	-	-	-	376,771
-	-	-	-	-	340,199	-	1,624,156
-	-	-	-	-	-	-	242,099
-	-	-	-	-	-	-	4,089
<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ 26,927</u>	<u>\$ -</u>	<u>\$ 16,077</u>	<u>\$ 562,767</u>	<u>\$ 904</u>	<u>\$ 5,220,259</u>

REVENUES:  
General Property Taxes:  
Tax Increment  
Intergovernmental:  
State:  
Municipal State Aid  
Other  
Local:  
Other  
Acreage And Connection Charges  
Special Assessments  
Other Revenues:  
Payments  
Investment Earnings  
Rents  
Miscellaneous  
TOTAL REVENUES

EXPENDITURES:  
Current:  
General Government:  
Administrative Fees  
Professional Services  
Miscellaneous  
Economic Development:  
Professional Services  
Miscellaneous  
Public Safety:  
Professional Services  
Public Works:  
Professional Services  
Miscellaneous  
Debt Service:  
Principal  
Interest  
Capital Outlay:  
Land Purchase/Land Writedowns  
System Improvements:  
General  
Building And Structures  
Water  
Sanitary Sewer  
Street  
Storm Sewer  
Equipment  
TOTAL EXPENDITURES

(Continued)

HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	EDA LEASE REVENUE PROJECTS	1997 HWY 41 UPGRADED	HWY 312 IMPROVEMENTS	TOTALS	
\$ 23,632	\$ 82,724	\$ (16,392)	\$ 58,441	\$ (15,712)	\$ (562,767)	\$ (904)	\$ 203,443	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
-	-	-	1,873	-	-	-	538,184	OTHER FINANCING SOURCES (USES):
-	-	(163,382)	(44,211)	(102,171)	-	-	(1,586,339)	Transfers In
-	-	-	-	-	-	-	187,304	Transfers Out
-	-	(163,382)	(42,338)	(102,171)	-	-	(860,851)	Sale of Capital Assets
23,632	82,724	(179,774)	16,103	(117,883)	(562,767)	(904)	(657,408)	TOTAL OTHER FINANCING SOURCES (USES)
1,137,981	425,522	519,582	1,003,808	(62,552)	7,433,040	-	23,266,330	NET CHANGE IN FUND BALANCES
\$ 1,161,613	\$ 508,246	\$ 339,808	\$ 1,019,911	\$ (180,435)	\$ 6,870,273	\$ (904)	\$ 22,608,922	FUND BALANCES, January 1
								FUND BALANCES, December 31



CITY OF CHASKA, MINNESOTA

CAPITAL PROJECT FUNDS - TAX INCREMENT  
 COMBINING BALANCE SHEET  
 DECEMBER 31, 2003

	DIST #4 FLOOD CONTROL IMPROVEMENT PROJECT	DIST #4 1994 WRITEDOWNS	DIST #4 WRITEDOWNS	DIST #9 FMG	DIST #10 NORDIC TRACK	DIST #4 1995 WRITEDOWNS	DIST #4 1995 SERIES A REVOLVING FUND
<b>ASSETS</b>							
Cash And Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Special Assessments:							
Unremitted	-	-	-	-	-	-	-
Delinquent	1,790	-	-	-	-	-	-
Deferred:							
Certified To County	-	710,329	-	-	-	-	-
City Owned	32,945	-	-	-	-	-	-
Accounts:							
Current	-	-	-	-	-	-	-
Notes	-	-	112,000	-	-	-	-
Due From Other Funds	155,926	12,388	801,372	288,814	78,857	569,814	372,270
Land Held For Resale	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 190,661</b>	<b>\$ 722,717</b>	<b>\$ 913,372</b>	<b>\$ 288,814</b>	<b>\$ 78,857</b>	<b>\$ 569,814</b>	<b>\$ 372,270</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	32,768	-	-
Deferred Revenue	34,736	710,329	112,000	-	-	-	-
Advance From Other Funds	-	-	-	-	187,729	-	-
<b>TOTAL LIABILITIES</b>	<b>34,736</b>	<b>710,329</b>	<b>112,000</b>	<b>-</b>	<b>220,497</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>							
<b>Reserved:</b>							
Reserved For Construction	-	12,388	801,372	288,814	-	569,814	372,270
Reserved For Redevelopment	-	-	-	-	-	-	-
Unreserved, Undesignated	155,925	-	-	-	(141,640)	-	-
<b>TOTAL FUND BALANCES</b>	<b>155,925</b>	<b>12,388</b>	<b>801,372</b>	<b>288,814</b>	<b>(141,640)</b>	<b>569,814</b>	<b>372,270</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 190,661</b>	<b>\$ 722,717</b>	<b>\$ 913,372</b>	<b>\$ 288,814</b>	<b>\$ 78,857</b>	<b>\$ 569,814</b>	<b>\$ 372,270</b>

DIST #4 BRICKYARD REDEVELOPMENT	REDEVELOPMENT PLAN NO. 4 NON-TIF DISTRICT PROJECTS	DIST #4 1999 TAXABLE WRITEDOWNS	DIST # 12 CLOVER FIELDS	DIST # 13 NORTH MEADOWS	DIST #14 DOWNTOWN REDEVELOPMENT	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 654,926	\$ 654,926
-	-	847	-	-	-	847
-	-	805	-	-	-	2,595
-	-	1,220	-	-	-	711,549
-	-	-	-	-	-	32,945
14,062	-	-	-	-	-	14,062
190,000	-	-	-	-	-	302,000
302,400	-	-	-	-	-	2,581,841
-	-	-	-	-	785,688	785,688
<u>\$ 506,462</u>	<u>\$ -</u>	<u>\$ 2,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,440,614</u>	<u>\$ 5,086,453</u>
\$ 1,197	-	\$ -	\$ -	\$ -	\$ 9,627	\$ 10,824
5,175	-	-	-	-	-	5,175
-	404,989	232,740	54,393	5,633	1,716,204	2,413,959
-	-	-	-	-	-	32,768
190,000	-	2,026	-	-	-	1,049,091
-	-	-	-	-	-	187,729
<u>196,372</u>	<u>404,989</u>	<u>234,766</u>	<u>54,393</u>	<u>5,633</u>	<u>1,725,831</u>	<u>3,699,546</u>
310,090	-	-	-	-	-	2,354,748
-	-	-	-	-	785,688	785,688
-	(404,989)	(231,894)	(54,393)	(5,633)	(1,070,905)	(1,753,529)
<u>310,090</u>	<u>(404,989)</u>	<u>(231,894)</u>	<u>(54,393)</u>	<u>(5,633)</u>	<u>(285,217)</u>	<u>1,386,907</u>
<u>\$ 506,462</u>	<u>\$ -</u>	<u>\$ 2,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,440,614</u>	<u>\$ 5,086,453</u>

**ASSETS**

Cash And Investments  
 Receivables:  
     Special Assessments:  
         Unremitted  
         Delinquent  
         Deferred:  
             Certified To County  
             City Owned  
 Accounts:  
     Current  
 Notes  
 Due From Other Funds  
 Land Held For Resale

**TOTAL ASSETS**

**LIABILITIES AND FUND BALANCES**

LIABILITIES:  
 Accounts Payable  
 Contracts Payable  
 Due To Other Funds  
 Interfund Payable  
 Deferred Revenue  
 Advance From Other Funds

**TOTAL LIABILITIES**

**FUND BALANCES:**

Reserved:  
     Reserved For Construction  
     Reserved For Redevelopment  
 Unreserved, Undesignated

**TOTAL FUND BALANCES**

**TOTAL LIABILITIES  
AND FUND BALANCES**

CITY OF CHASKA, MINNESOTA

CAPITAL PROJECT FUNDS - TAX INCREMENT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	DIST #4 FLOOD CONTROL IMPROVEMENT PROJECT	DIST #4 1994 WRITEDOWNS	DIST #4 WRITEDOWNS	DIST #9 FMG	DIST #10 NORDIC TRACK	DIST #4 1995 WRITEDOWNS	DIST #4 1995 SERIES A REVOLVING FUND
<b>REVENUES:</b>							
General Property Taxes:							
Tax Increment, Current	\$ -	\$ -	\$ -	\$ 28,953	\$ -	\$ -	\$ -
Intergovernmental:							
State:							
Other	-	-	-	-	-	-	-
Special Assessments	746	-	-	-	-	-	-
Other Revenues:							
Investment Earnings	808	241	15,612	5,275	2,220	11,101	7,253
Rents	-	-	-	-	-	-	-
Miscellaneous	196,381	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>197,935</b>	<b>241</b>	<b>15,612</b>	<b>34,228</b>	<b>2,220</b>	<b>11,101</b>	<b>7,253</b>
<b>EXPENDITURES:</b>							
Current:							
General Government:							
Administrative Fees	-	-	-	-	200	-	-
Economic Development:							
Professional Services	-	-	-	200	-	-	-
Miscellaneous	-	-	-	-	1,968	-	-
Debt Service:							
Interest	-	-	-	-	21,282	-	-
Capital Outlay:							
Land Purchase / Land Writedowns	-	-	-	-	-	-	-
System Improvements:							
General	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>23,450</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>197,935</b>	<b>241</b>	<b>15,612</b>	<b>34,028</b>	<b>(21,230)</b>	<b>11,101</b>	<b>7,253</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers In	-	-	-	-	-	-	-
Transfers Out	(980)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(980)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>196,955</b>	<b>241</b>	<b>15,612</b>	<b>34,028</b>	<b>(21,230)</b>	<b>11,101</b>	<b>7,253</b>
<b>FUND BALANCES, January 1</b>	<b>(41,030)</b>	<b>12,147</b>	<b>785,760</b>	<b>254,786</b>	<b>(120,410)</b>	<b>558,713</b>	<b>365,017</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 155,925</b>	<b>\$ 12,388</b>	<b>\$ 801,372</b>	<b>\$ 288,814</b>	<b>\$ (141,640)</b>	<b>\$ 569,814</b>	<b>\$ 372,270</b>

DIST #4 BRICKYARD REDEVELOPMENT	REDEVELOPMENT PLAN NO. 4 NON-TIF DISTRICT PROJECTS	DIST #4 1999 TAXABLE WRITEDOWNS	DIST #11 WEDUM	DIST # 12 CLOVER FIELDS	DIST # 13 NORTH MEADOWS	DIST #14 DOWNTOWN REDEVELOPMENT	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,953
106,639	-	-	-	-	-	-	106,639
-	-	846	-	-	-	-	1,592
6,246	-	-	-	-	-	-	48,756
45,438	-	-	-	-	-	-	45,438
-	-	-	-	-	-	305	196,686
158,323	-	846	-	-	-	305	428,064
-	-	-	-	741	111	-	1,052
42,669	-	-	-	28,275	-	261,953	333,097
5,530	-	-	-	19,000	-	7,365	33,863
-	-	-	-	-	-	16,204	37,486
44,434	-	-	-	-	-	-	44,434
13,292	-	-	-	-	-	-	13,292
105,925	-	-	-	48,016	111	285,522	463,224
52,398	-	846	-	(48,016)	(111)	(285,217)	(35,160)
-	-	-	10,761	-	-	-	10,761
-	-	-	-	-	-	-	(980)
-	-	-	10,761	-	-	-	9,781
52,398	-	846	10,761	(48,016)	(111)	(285,217)	(25,379)
257,692	(404,989)	(232,740)	(10,761)	(6,377)	(5,522)	-	1,412,286
\$ 310,090	\$ (404,989)	\$ (231,894)	\$ -	\$ (54,393)	\$ (5,633)	\$ (285,217)	\$ 1,386,907

REVENUES:  
 General Property Taxes:  
 Tax Increment, Current  
 Intergovernmental:  
 State:  
 Other  
 Special Assessments  
 Other Revenues:  
 Investment Earnings  
 Rents  
 Miscellaneous  
 TOTAL REVENUES

EXPENDITURES:  
 Current:  
 General Government:  
 Administrative Fees  
 Economic Development:  
 Professional Services  
 Miscellaneous  
 Debt Service:  
 Interest  
 Capital Outlay:  
 Land Purchase / Land Writedowns  
 System Improvements:  
 General  
 TOTAL EXPENDITURES

EXCESS (DEFICIENCY) OF REVENUES  
 OVER (UNDER) EXPENDITURES

OTHER FINANCING SOURCES (USES):  
 Transfers In  
 Transfers Out  
 TOTAL OTHER FINANCING  
 SOURCES (USES)

NET CHANGE IN FUND BALANCES

FUND BALANCES, January 1

FUND BALANCES, December 31

**CITY OF CHASKA, MINNESOTA**

**CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT  
COMBINING BALANCE SHEET  
DECEMBER 31, 2003**

	<b>UNFINANCED IMPROVEMENT PROJECTS</b>	<b>1998 IMPROVEMENT PROJECTS</b>	<b>1999 IMPROVEMENT PROJECTS</b>
<b><u>ASSETS</u></b>			
Cash And Investments	\$ -	\$ -	\$ 18,713
Special Assessments:			
Deferred:			
City Owned	15,733	-	-
Due From Other Funds	-	-	-
Due from Other Governments	-	138,655	-
Land Held For Resale	-	-	-
	<u>15,733</u>	<u>138,655</u>	<u>18,713</u>
<b>TOTAL ASSETS</b>	<b>\$ 15,733</b>	<b>\$ 138,655</b>	<b>\$ 18,713</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>LIABILITIES:</b>			
Accounts Payable	\$ 5,638	\$ 4,806	\$ 18,713
Contracts Payable	-	-	-
Due To Other Funds	1,637,261	133,849	-
Deferred Revenue	16,761	-	-
	<u>1,659,660</u>	<u>138,655</u>	<u>18,713</u>
<b>TOTAL LIABILITIES</b>	<b>1,659,660</b>	<b>138,655</b>	<b>18,713</b>
<b>FUND BALANCES:</b>			
Reserved:			
Reserved For Redevelopment	-	-	-
Unreserved, Undesignated	(1,643,927)	-	-
	<u>(1,643,927)</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<b>(1,643,927)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE:</b>	<b>\$ 15,733</b>	<b>\$ 138,655</b>	<b>\$ 18,713</b>

2000 IMPROVEMENT PROJECTS	2002 IMPROVEMENT PROJECTS	2003 IMPROVEMENT PROJECTS	TOTALS
\$ -	\$ 90,372	\$ -	\$ 109,085
-	-	-	15,733
-	110,535	-	110,535
-	-	-	138,655
-	400,000	-	400,000
<u>\$ -</u>	<u>\$ 600,907</u>	<u>\$ -</u>	<u>\$ 774,008</u>
\$ -	\$ 42,147	\$ 46,427	\$ 117,731
-	231,317	-	231,317
110,535	-	142,902	2,024,547
-	-	-	16,761
<u>110,535</u>	<u>273,464</u>	<u>189,329</u>	<u>2,390,356</u>
-	400,000	-	400,000
(110,535)	(72,557)	(189,329)	(2,016,348)
<u>(110,535)</u>	<u>327,443</u>	<u>(189,329)</u>	<u>(1,616,348)</u>
<u>\$ -</u>	<u>\$ 600,907</u>	<u>\$ -</u>	<u>\$ 774,008</u>

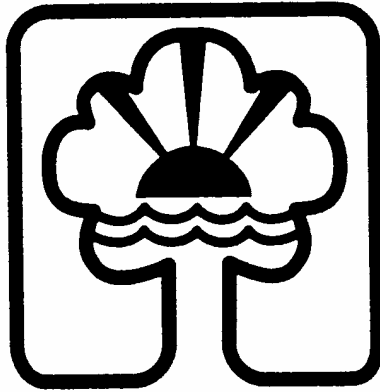
**CITY OF CHASKA, MINNESOTA**

**CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	UNFINANCED IMPROVEMENT PROJECTS	1998 IMPROVEMENT PROJECTS	1999 IMPROVEMENT PROJECTS
<b>REVENUES:</b>			
Intergovernmental:			
State: Other	\$ -	\$ -	\$ -
Local: Other	-	138,655	-
Special Assessments	79	318	-
Other Revenues:			
Investment Earnings	-	-	21,056
<b>TOTAL REVENUES</b>	<b>79</b>	<b>138,973</b>	<b>21,056</b>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Administrative Fees	41,466	-	59,479
Economic Development:			
Professional Services	-	-	-
Public Works:			
Professional Services	29,832	5,295	32,521
Capital Outlay:			
Land Purchase / Land Writedowns	-	-	-
Systems Improvements:			
General	-	-	482
Street	-	-	23,947
Storm Sewer	-	875	-
<b>TOTAL EXPENDITURES</b>	<b>71,298</b>	<b>6,170</b>	<b>116,429</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(71,219)</b>	<b>132,803</b>	<b>(95,373)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	-	63,472	76,345
Transfers Out	-	(1,053,015)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(989,543)</b>	<b>76,345</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(71,219)</b>	<b>(856,740)</b>	<b>(19,028)</b>
<b>FUND BALANCES, January 1</b>	<b>(1,572,708)</b>	<b>856,740</b>	<b>19,028</b>
<b>FUND BALANCES, December 31</b>	<b>\$ (1,643,927)</b>	<b>\$ -</b>	<b>\$ -</b>

2000 IMPROVEMENT PROJECTS	2002 IMPROVEMENT PROJECTS	2003 IMPROVEMENT PROJECTS	TOTALS
\$ -	\$ 1,038,750	\$ -	\$ 1,038,750
-	-	-	138,655
-	-	-	397
-	16,529	-	37,585
-	1,055,279	-	1,215,387
2,093	5,844	634	109,516
-	-	41,817	41,817
7,688	301,090	146,878	523,304
-	19,202	-	19,202
-	108,880	-	109,362
-	1,164,763	95,247	1,283,957
-	-	-	875
9,781	1,599,779	284,576	2,088,033
(9,781)	(544,500)	(284,576)	(872,646)
-	-	95,247	235,064
-	-	-	(1,053,015)
-	-	95,247	(817,951)
(9,781)	(544,500)	(189,329)	(1,690,597)
(100,754)	871,943	-	74,249
\$ (110,535)	\$ 327,443	\$ (189,329)	\$ (1,616,348)





CHASKA

**Nonmajor Budgeted Special Revenue Funds**

**City of Chaska**

**December 31, 2003**

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The City adopts budgets for the following four nonmajor special revenue funds:

- Ambulance Fund
- Mount Pleasant Maintenance & Care Fund
- Chaska EDA Fund
- Equipment Acquisition Fund

CITY OF CHASKA, MINNESOTA

AMBULANCE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Intergovernmental:			
County:			
Ambulance Aid	\$ 3,500	\$ 3,500	\$ -
Other Revenue:			
Investment Earnings	500	260	(240)
 TOTAL REVENUES	<u>4,000</u>	<u>3,760</u>	<u>(240)</u>
 EXPENDITURES:			
Current:			
Public Safety:			
Other Services And Charges	685	685	-
 NET CHANGE IN FUND BALANCES	<u>3,315</u>	<u>3,075</u>	<u>(240)</u>
 FUND BALANCES, January 1	<u>13,143</u>	<u>13,143</u>	<u>-</u>
 FUND BALANCES, December 31	<u>\$ 16,458</u>	<u>\$ 16,218</u>	<u>\$ (240)</u>

CITY OF CHASKA, MINNESOTA

MOUNT PLEASANT MAINTENANCE & CARE SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

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	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes:			
Property	\$ 5,606	\$ 5,723	\$ 117
Intergovernmental:			
State:			
Market Value Credit	394	394	-
Charges For Services	1,000	2,100	1,100
Other:			
Investment Earnings	500	1,229	729
Miscellaneous	-	3,808	3,808
TOTAL REVENUES	<u>7,500</u>	<u>13,254</u>	<u>5,754</u>
EXPENDITURES:			
Current:			
Public Works:			
Other Services And Charges	<u>7,500</u>	<u>7,980</u>	<u>(480)</u>
NET CHANGE IN FUND BALANCES	-	5,274	5,274
FUND BALANCES, January 1	<u>146,409</u>	<u>146,409</u>	-
FUND BALANCES, December 31	<u>\$ 146,409</u>	<u>\$ 151,683</u>	<u>\$ 5,274</u>

**CITY OF CHASKA, MINNESOTA**

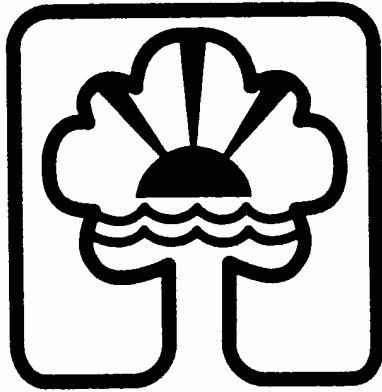
**CHASKA EDA SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Taxes:			
Property	\$ 4,672	\$ 4,665	\$ (7)
Intergovernmental:			
Federal:			
Small Cities Grant	-	128,086	128,086
State:			
Market Value Credit	328	328	-
Other	-	1,188	1,188
Charges For Services	124,200	124,200	-
Other:			
Miscellaneous	22,000	77,206	55,206
<b>TOTAL REVENUES</b>	<b>151,200</b>	<b>335,673</b>	<b>184,473</b>
<b>EXPENDITURES:</b>			
Current:			
Economic Development:			
Operating Supplies	321	-	321
Other Services And Charges	150,879	333,349	(182,470)
<b>TOTAL EXPENDITURES</b>	<b>151,200</b>	<b>333,349</b>	<b>(182,149)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>2,324</b>	<b>2,324</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers Out:			
District #11 Wedum Foundation	-	(10,761)	(10,761)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>(10,761)</b>	<b>(10,761)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>-</b>	<b>(8,437)</b>	<b>(8,437)</b>
<b>FUND BALANCES, January 1</b>	<b>(33,685)</b>	<b>(33,685)</b>	<b>-</b>
<b>FUND BALANCES, December 31</b>	<b>\$ (33,685)</b>	<b>\$ (42,122)</b>	<b>\$ (8,437)</b>

**CITY OF CHASKA, MINNESOTA**

**EQUIPMENT ACQUISITION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED DECEMBER 31, 2003**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES:</b>			
Taxes:			
Property	\$ 380,291	\$ 385,928	\$ 5,637
Intergovernmental:			
State:			
Market Value Credit	26,709	26,709	-
Charges For Services	4,000	4,000	-
Other:			
Investment Earnings	-	3,820	3,820
Rents	36,000	40,051	4,051
Refunds And Reimbursements	-	200	200
Contributions And Donations	5,000	8,500	3,500
Miscellaneous	-	1,000	1,000
<b>TOTAL REVENUES</b>	<b>452,000</b>	<b>470,208</b>	<b>18,208</b>
<b>EXPENDITURES:</b>			
Capital Outlay:			
Communications	-	1,362	(1,362)
Administrative Services	-	23,297	(23,297)
Data Processing	25,600	41,031	(15,431)
Community Development	-	336	(336)
Police	134,971	119,093	15,878
Fire	15,000	8,847	6,153
Public Works	293,600	251,900	41,700
<b>TOTAL EXPENDITURES</b>	<b>469,171</b>	<b>445,866</b>	<b>23,305</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(17,171)</b>	<b>24,342</b>	<b>41,513</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In:			
General Fund	-	47,700	47,700
Electric	6,800	6,800	-
Water	3,400	3,400	-
Sewer	3,400	3,400	-
Turbine Generator	300,000	300,000	-
Transfers Out:			
\$760M GO Equipment Certificates Fund	(217,000)	(217,000)	-
\$530M GO Equipment Certificates Fund	(190,000)	(190,000)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(93,400)</b>	<b>(45,700)</b>	<b>47,700</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(110,571)</b>	<b>(21,358)</b>	<b>89,213</b>
<b>FUND BALANCES, January 1</b>	<b>429,627</b>	<b>429,627</b>	<b>-</b>
<b>FUND BALANCES, December 31</b>	<b>\$ 319,056</b>	<b>\$ 408,269</b>	<b>\$ 89,213</b>



CHASKA

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. It is where the intent of the City Council is that the costs of providing goods or 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.

<b>Sewer Fund</b>	This fund is used to account for the operations of the City's Sewer Utility.
<b>Par 30 Golf Fund</b>	This fund is used to account for the operations of the City's 9-hole par 30 public golf course.
<b>Chaska Town Course Fund</b>	This fund is used to account for the operations of the City's 18-hole public golf course.
<b>Internet Service Provider Fund</b>	This fund is used to account for the operations of the City's Chaska.net internet services.



CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
DECEMBER 31, 2003

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	TOTALS
<b>ASSETS</b>					
Current:					
Cash And Investments	\$ 1,517,456	\$ 79,570	\$ -	\$ -	\$ 1,597,026
Accounts Receivable:					
Current	122,910	36	1,211	12,094	136,251
Unbilled	80,251	-	-	-	80,251
Allowance For Uncollectible Accounts	(1,224)	-	-	(120)	(1,344)
Other	1,378	-	-	-	1,378
Due From Other Governments	-	-	-	200	200
Inventories	11,028	-	37,819	-	48,847
Prepaid Items	82,918	-	-	-	82,918
<b>Total Current Assets</b>	<b>1,814,717</b>	<b>79,606</b>	<b>39,030</b>	<b>12,174</b>	<b>1,945,527</b>
Capital Assets:					
Buildings	255,000	111,537	7,999,620	-	8,366,157
Other Improvements	-	21,313	-	-	21,313
Furniture & Equipment	327,908	80,039	1,063,838	103,556	1,575,341
Infrastructure:					
Pumps, Mains and Others	2,410,559	-	-	-	2,410,559
<b>Total Capital Assets</b>	<b>2,993,467</b>	<b>212,889</b>	<b>9,063,458</b>	<b>103,556</b>	<b>12,373,370</b>
Less: Accumulated Depreciation	(2,049,849)	(119,081)	(2,200,395)	(20,333)	(4,389,658)
<b>Total Net Capital Assets</b>	<b>943,618</b>	<b>93,808</b>	<b>6,863,063</b>	<b>83,223</b>	<b>7,983,712</b>
<b>TOTAL ASSETS</b>	<b>2,758,335</b>	<b>173,414</b>	<b>6,902,093</b>	<b>95,397</b>	<b>9,929,239</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	5,184	1,233	40,938	2,289	49,644
Salaries Payable	9,218	1,495	10,333	-	21,046
Deposits Payable	-	-	36,716	-	36,716
Compensated Absences	15,265	3,501	32,584	-	51,350
Due To Other Funds	-	-	223,391	274,018	497,409
Due To Other Governments	4,898	-	2,777	1,013	8,688
<b>TOTAL LIABILITIES</b>	<b>34,565</b>	<b>6,229</b>	<b>346,739</b>	<b>277,320</b>	<b>664,853</b>
<b>NET ASSETS</b>					
Invested in Capital Net of Related Debt	943,618	93,808	6,863,063	83,223	7,983,712
Unrestricted	1,780,152	73,377	(307,709)	(265,146)	1,280,674
<b>TOTAL NET ASSETS</b>	<b>\$ 2,723,770</b>	<b>\$ 167,185</b>	<b>\$ 6,555,354</b>	<b>\$ (181,923)</b>	<b>\$ 9,264,386</b>

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>SEWER</u>	<u>PAR 30 GOLF</u>	<u>CHASKA TOWN COURSE</u>	<u>INTERNET SERVICE PROVIDER</u>	<u>TOTALS</u>
<b>OPERATING REVENUES:</b>					
Sales	\$ 1,569,309	\$ 185,930	\$ 1,578,238	\$ 190,895	\$ 3,524,372
<b>OPERATING EXPENSES:</b>					
Production	1,076,629	-	-	74,702	1,151,331
Distribution / Collections	270,060	-	-	8,453	278,513
Administration	181,254	191,006	1,236,293	153,570	1,762,123
Depreciation	117,881	11,334	436,218	76,306	641,739
<b>TOTAL OPERATING EXPENSES</b>	<u>1,645,824</u>	<u>202,340</u>	<u>1,672,511</u>	<u>313,031</u>	<u>3,833,706</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(76,515)</u>	<u>(16,410)</u>	<u>(94,273)</u>	<u>(122,136)</u>	<u>(309,334)</u>
<b>NON-OPERATING REVENUES:</b>					
Investment Earnings	29,419	1,955	-	-	31,374
Gain On Disposal Of Capital Assets	-	-	9,907	-	9,907
Insurance Proceeds	-	-	289,447	-	289,447
<b>TOTAL NON-OPERATING REVENUES</b>	<u>29,419</u>	<u>1,955</u>	<u>299,354</u>	<u>-</u>	<u>330,728</u>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>(47,096)</u>	<u>(14,455)</u>	<u>205,081</u>	<u>(122,136)</u>	<u>21,394</u>
<b>CAPITAL CONTRIBUTIONS</b>	5,990	-	-	-	5,990
<b>TRANSFER (OUT)</b>					
Transfers Out	<u>(53,400)</u>	<u>-</u>	<u>(415,000)</u>	<u>-</u>	<u>(468,400)</u>
<b>CHANGE IN NET ASSETS</b>	<u>(94,506)</u>	<u>(14,455)</u>	<u>(209,919)</u>	<u>(122,136)</u>	<u>(441,016)</u>
<b>NET ASSETS, January 1</b>	<u>2,818,276</u>	<u>181,640</u>	<u>6,765,273</u>	<u>(59,787)</u>	<u>9,705,402</u>
<b>NET ASSETS, December 31</b>	<u>\$ 2,723,770</u>	<u>\$ 167,185</u>	<u>\$ 6,555,354</u>	<u>\$ (181,923)</u>	<u>\$ 9,264,386</u>

CITY OF CHASKA, MINNESOTA

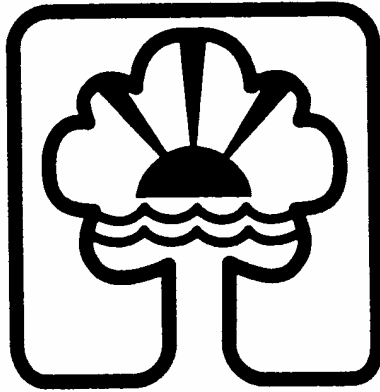
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received From Customers	\$ 1,552,518	\$ 185,894	\$ 1,577,740	\$ 192,469	\$ 3,508,621
Cash Payments To Suppliers For Goods And Services	(1,230,493)	(92,662)	(691,083)	(241,165)	(2,255,403)
Cash Payments To Employees For Services	(297,015)	(97,209)	(616,910)	-	(1,011,134)
Net Cash Provided (Used) By Operating Activities	<u>25,010</u>	<u>(3,977)</u>	<u>269,747</u>	<u>(48,696)</u>	<u>242,084</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers To Other Funds	(53,400)	-	(415,000)	-	(468,400)
Interfund Loans From Other Funds	-	-	89,028	82,534	171,562
Intergovernmental	-	-	-	814	814
Net Cash Provided (Used) By Non-Capital Finance Activities	<u>(53,400)</u>	<u>-</u>	<u>(325,972)</u>	<u>83,348</u>	<u>(296,024)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Capital Contributions	5,990	-	-	-	5,990
Acquisition Of Capital Assets	(446)	1	(243,129)	(34,652)	(278,226)
Trade In Of Capital Assets	-	-	9,907	-	9,907
Insurance Proceeds From Fire	-	-	289,447	-	289,447
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>5,544</u>	<u>1</u>	<u>56,225</u>	<u>(34,652)</u>	<u>27,118</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest On Investments	<u>30,503</u>	<u>1,955</u>	<u>-</u>	<u>-</u>	<u>32,458</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	7,657	(2,021)	-	-	5,636
<b>CASH AND CASH EQUIVALENTS, January 1</b>	1,509,799	81,591	-	-	1,591,390
<b>CASH AND CASH EQUIVALENTS, December 31</b>	<u>\$ 1,517,456</u>	<u>\$ 79,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,597,026</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	TOTALS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (76,515)	\$ (16,410)	\$ (94,273)	\$ (122,136)	\$ (309,334)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:					
Depreciation Expense	117,881	11,334	436,218	76,306	641,739
Allowance For Uncollectible Accounts	(185)	-	-	58	(127)
(Increase) Decrease In Assets:					
Accounts Receivable	(16,606)	(36)	(498)	1,516	(15,624)
Inventory	2,157	-	9,695	-	11,852
Prepaid Items	12,610	-	41	-	12,651
Increase (Decrease) In Liabilities:					
Accounts Payable	(19,978)	559	13,719	(4,440)	(10,140)
Contracts Payable	-	-	(98,382)	-	(98,382)
Salaries Payable	4,569	576	8,377	-	13,522
Deposits Payable	-	-	(7,846)	-	(7,846)
Due To Other Governments	1,077	-	2,696	-	3,773
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 25,010</u>	<u>\$ (3,977)</u>	<u>\$ 269,747</u>	<u>\$ (48,696)</u>	<u>\$ 242,084</u>



CHASKA

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

**Builders' Deposit Fund**

This agency fund is used to account for the collection of assets in the form of deposits from builders.

**Developers' Fund**

This agency fund is used to account for the collections of assets in the form of deposits from developers.

**MCES Collection Fund**

This agency fund is used to account for the collection of assets in the form of sewer availability charges and contributed to the Metropolitan Council Environmental Services (MCES).

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF NET ASSETS  
 AGENCY FUNDS  
 DECEMBER 31, 2003

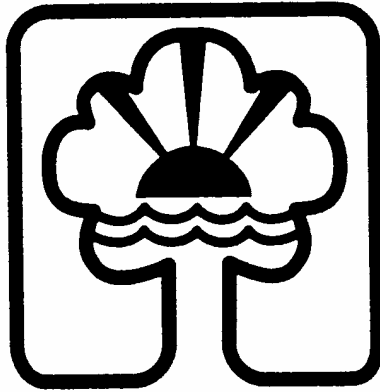
	BUILDERS DEPOSIT FUND	DEVELOPERS FUND	MCES COLLECTIONS FUND	TOTAL AGENCY FUNDS
<b>ASSETS</b>				
Cash And Investments	\$ 151,554	\$ -	\$ 49,725	\$ 201,279
Receivables:				
Accounts	-	8,296	-	8,296
Other	-	2,451	-	2,451
Due From Other Funds	2,086	-	-	2,086
Due From Other Governments	-	101	-	101
<b>TOTAL ASSETS</b>	<b>\$ 153,640</b>	<b>\$ 10,848</b>	<b>\$ 49,725</b>	<b>\$ 214,213</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 8,762	\$ -	\$ 8,762
Due To Other Funds	-	2,086	-	2,086
Due To Other Governments	-	-	49,725	49,725
Deposits Payable	153,640	-	-	153,640
<b>TOTAL LIABILITIES</b>	<b>\$ 153,640</b>	<b>\$ 10,848</b>	<b>\$ 49,725</b>	<b>\$ 214,213</b>

CITY OF CHASKA, MINNESOTA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	BALANCE JANUARY 1, 2003	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2003
<b>BUILDERS DEPOSIT FUND</b>				
<u>ASSETS</u>				
Cash And Investments	\$ 184,195	\$ 132,350	\$ 164,991	\$ 151,554
Due From Other Funds	63,924	2,086	63,924	2,086
<b>TOTAL ASSETS</b>	<b>\$ 248,119</b>	<b>\$ 134,436</b>	<b>\$ 228,915</b>	<b>\$ 153,640</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 9,000	\$ 142,760	\$ 151,760	\$ -
Deposits Payable	239,119	132,350	217,829	153,640
<b>TOTAL LIABILITIES</b>	<b>\$ 248,119</b>	<b>\$ 275,110</b>	<b>\$ 369,589</b>	<b>\$ 153,640</b>
<b>DEVELOPERS FUND</b>				
<u>ASSETS</u>				
Cash And Investments	\$ -	\$ 132,443	\$ 132,443	\$ -
Accounts Receivable	63,924	74,324	129,952	8,296
Other Receivable	3,839	74,256	75,644	2,451
Due from Other Governments	-	156	55	101
<b>TOTAL ASSETS</b>	<b>\$ 67,763</b>	<b>\$ 281,179</b>	<b>\$ 338,094</b>	<b>\$ 10,848</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 3,839	\$ 73,442	\$ 68,519	\$ 8,762
Due To Other Funds	63,924	2,086	63,924	2,086
<b>TOTAL LIABILITIES</b>	<b>\$ 67,763</b>	<b>\$ 75,528</b>	<b>\$ 132,443</b>	<b>\$ 10,848</b>
<b>MCES COLLECTIONS</b>				
<u>ASSETS</u>				
Cash	\$ 175,800	\$ 691,650	\$ 817,725	\$ 49,725
<u>LIABILITIES</u>				
Due To Other Governments	\$ 175,800	\$ 752,850	\$ 878,925	\$ 49,725
<b>TOTAL ALL AGENCY FUNDS</b>				
<u>ASSETS</u>				
Cash And Investments	\$ 359,995	\$ 956,443	\$ 1,115,159	\$ 201,279
Accounts Receivable	63,924	74,324	129,952	8,296
Other Receivable	3,839	74,256	75,644	2,451
Due From Other Funds	63,924	2,086	63,924	2,086
Due From Other Governments	-	156	55	101
<b>TOTAL ASSETS</b>	<b>\$ 491,682</b>	<b>\$ 1,107,265</b>	<b>\$ 1,384,734</b>	<b>\$ 214,213</b>
<u>LIABILITIES</u>				
Accounts Payable	12,839	216,202	220,279	8,762
Due To Other Funds	63,924	2,086	63,924	2,086
Due To Other Governments	175,800	752,850	878,925	49,725
Deposits Payable	239,119	132,350	217,829	153,640
<b>TOTAL LIABILITIES</b>	<b>\$ 491,682</b>	<b>\$ 1,103,488</b>	<b>\$ 1,380,957</b>	<b>\$ 214,213</b>





CHASKA

The Statistical Section provides a broad range of trend data covering key financial indicators from the past ten fiscal years – revenues, expenditures, and tax collections. Demographic information is also provided, as well as information on the City’s debt burden.

**CITY OF CHASKA, MINNESOTA**

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

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<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>RECREATION</u>
1994	\$ 1,402,019	\$ 1,270,666	\$ 893,153	\$ 209,905
1995	1,480,567	1,273,631	889,169	220,331
1996	1,728,833	1,505,849	948,753	228,607
1997	2,028,971	1,600,742	981,276	241,191
1998	2,101,958	1,693,132	1,148,844	232,630
1999	1,996,846	1,762,698	1,227,707	235,226
2000	2,436,521	1,803,820	1,282,159	262,913
2001	2,663,045	2,140,093	1,471,802	298,411
2002	2,693,687	2,309,502	1,545,952	309,595

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>
2003	(2) 2,354,438	333,887	2,650,273	1,683,281

(1) Includes general, special revenue and debt service funds

(2) Due to the implemetation of GASB 34, function titles have changed

TABLE 1

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<u>MISCELLANEOUS</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 5,269	\$ 627,401	\$ 4,285,979	\$ 8,694,392
26,570	307,851	4,725,991	8,924,110
1,182	483,327	4,253,386	9,149,937
12,047	610,800	7,360,549	12,835,576
5,144	484,013	7,937,177	13,602,898
55,129	4,000,223	8,545,930	17,823,759
121,268	1,457,822	8,945,609	16,310,112
59,844	1,516,588	9,435,334	17,585,117
1,996	1,441,823	9,659,848	17,962,403
<u>PARKS, RECREATION AND ARTS</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
361,690	1,400,947	12,243,361	21,027,877

**CITY OF CHASKA, MINNESOTA**

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

---

<b>FISCAL YEAR</b>	<b>TAXES</b>	<b>LICENSES AND PERMITS</b>	<b>INTER- GOVERNMENTAL REVENUES</b>	<b>CHARGES FOR SERVICES</b>
1994	\$ 2,071,965	\$ 421,445	\$ 914,897	\$ 531,824
1995	1,970,026	496,360	941,453	674,330
1996	1,250,823	658,576	1,130,532	702,377
1997	1,371,964	657,014	1,186,715	708,946
1998	2,566,651	627,662	1,573,951	820,013
1999	2,565,823	807,399	1,415,751	779,497
2000	2,917,201	920,629	2,037,887	965,374
2001	3,309,219	1,117,007	2,981,456	890,530
2002	3,552,543	1,149,986	2,395,277	1,094,842
2003	3,971,019	1,237,583	2,477,959	1,265,350

(1) Includes general, special revenue and debt service funds

TABLE 2

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<u>FINES AND FORFEITURES</u>	<u>OTHER REVENUE</u>	<u>TOTAL</u>
\$ 28,883	\$ 294,159	\$ 4,263,173
33,252	286,964	4,402,385
35,311	1,210,584	4,988,203
41,962	1,833,793	5,800,394
46,655	1,925,864	7,560,796
56,520	4,799,885	10,424,875
48,924	2,855,618	9,745,633
35,687	1,943,282	10,277,181
60,445	2,404,070	10,657,163
120,025	2,934,344	12,006,280

CITY OF CHASKA, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS (1)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TAXES PAYABLE YEAR	LEVY FOR CALCULATION OF TAX RATE			LEVY ADJUSTMENT AFTER RATE CALCULATION		COUNTY ADJUSTED NET TAX LEVY	CURRENT TAX COLLECTIONS AND FISCAL DISPARITIES
	CERTIFIED LEVY	CREDITS AND ADJUSTMENTS (2)	COUNTY ADJUSTED TAX LEVY	EXCESS TAX INCREMENT	OTHER		
1994	\$ 1,054,859	\$ -	\$ 1,054,859	\$ 20,950	\$ (56)	\$ 1,075,753	\$ 1,046,746
1995	1,117,442	-	1,117,442	25,563	(9,414)	1,133,591	1,126,790
1996	1,217,719	-	1,217,719	22,228	(3,129)	1,236,818	1,229,397
1997	1,557,901	27,778	1,530,123	35,837	(6,366)	1,559,594	1,523,723
1998	1,621,231	26,948	1,597,283	39,866	(6,237)	1,630,912	1,612,972
1999	1,668,033	49,399	1,618,634	3,220	(5,441)	1,616,431	1,579,138
2000	1,760,099	52,749	1,707,350	1,880	(8,451)	1,700,779	1,682,597
2001	2,042,184	67,038	1,975,146	1,497	(2,511)	1,974,132	1,936,133
2002	2,051,825	164,316	1,887,509	408	(10,928)	1,876,989	1,851,081
2003	2,376,847	150,088	2,226,759	1,197	(15,324)	2,212,632	2,184,066

- (1) Southwest Metro Local Transit Option included 1997 through 2001  
Does not include tax increment or mobile home
- (2) Southwest Metro Local Transit Option Feathering Aid included 1997 through 2001  
Market Value Credit included beginning 2002
- (3) Includes penalty and interest
- (4) Excludes delinquent tax increment
- (5) Includes five years of delinquent mobile home personal property taxes  
Delinquent mobile home taxes are a lien against the individual and not the personal property

TABLE 3

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PERCENT OF LEVY COLLECTED TO NET TAX LEVY	DELINQUENT TAX COLLECTIONS (3)	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO NET TAX LEVY	OUTSTANDING DELINQUENT TAXES (4)	PERCENT OF DELINQUENT TAXES TO NET TAX LEVY	DELINQUENT TAX INCREMENT
97.3%	\$ (6,437)	\$ 1,040,309	96.7%	\$ 111,832	10.4%	N/A
99.4%	10,127	1,136,917	100.3%	107,203	9.5%	N/A
99.4%	8,895	1,238,292	100.1%	23,006	1.9%	N/A
97.7%	17,775	1,541,498	98.8%	55,160	3.5%	157,909
98.9%	10,337	1,623,309	99.5%	27,468	1.7%	220,502
97.7%	12,578	1,591,716	98.5%	40,554	2.5%	311,083
98.9%	33,876	1,716,473	100.9%	44,811	2.6%	81,796
98.1%	42,419	1,978,552	100.2%	52,897	2.7%	104,930
98.6%	(14,065)	1,837,016	97.9%	49,323	2.6%	95,425
98.7%	48,055	2,232,121	100.9%	35,611	1.6%	81,886



CITY OF CHASKA, MINNESOTA

TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

---

TAXES PAYABLE YEAR	REAL PROPERTY		PERSONAL PROPERTY		FISCAL DISPARITIES	
	TAX CAPACITY VALUE	ESTIMATED ACTUAL VALUE	TAX CAPACITY VALUE	ESTIMATED ACTUAL VALUE	CONTRIBUTION	DISTRIBUTION
1994	\$ 11,359,906	\$ 491,241,900	\$ 161,056	\$ 3,536,000	\$ (2,251,057)	\$ 1,505,579
1995	12,105,614	536,040,600	162,435	3,566,000	(2,319,335)	1,281,342
1996	13,339,823	599,171,500	168,649	3,701,100	(2,403,728)	1,430,802
1997	15,323,038	663,977,900	168,701	3,667,400	(2,581,482)	1,456,711
1998	15,320,428	737,764,900	151,148	3,778,700	(2,953,115)	1,454,653
1999	15,019,395	806,387,700	138,377	3,953,600	(2,689,454)	1,365,901
2000	15,831,388	871,467,600	132,671	3,946,500	(2,822,734)	1,560,689
2001	17,858,363	985,320,700	128,968	3,837,300	(2,898,507)	1,851,658
2002	13,422,185 (2)	1,123,196,900	78,910	3,983,000	(1,887,559)	1,439,269
2003	15,393,773	1,305,587,300	90,406	4,557,800	(1,970,599)	1,696,310

(1) 2003 population not available, 2002 population used

(2) Reduction of 2002 tax capacity was a result of tax rate compression by the state legislature.

Source: Carver County Auditor

TABLE 4

TAX INCREMENT ADJUSTED TO TAX CAPACITY VALUE	TOTAL		PERCENT OF ADJUSTED TAX CAPACITY VALUE TO ESTIMATED ACTUAL VALUE	PER CAPITA VALUATIONS		
	ADJUSTED TAX CAPACITY VALUE	ESTIMATED ACTUAL VALUE		POPULATION	ADJUSTED TAX CAPACITY VALUE	ESTIMATED ACTUAL VALUE
\$ (3,965,233)	\$ 6,810,251	\$ 494,777,900	1.4%	13,721	\$ 496	\$ 36,060
(4,160,438)	7,069,618	539,606,600	1.3%	14,000	505	38,543
(4,504,822)	8,030,724	602,872,600	1.3%	14,239	564	42,340
(5,561,547)	8,805,421	667,645,300	1.3%	14,673	600	45,502
(5,313,030)	8,660,084	741,543,600	1.2%	15,361	564	48,274
(4,370,161)	9,464,058	810,341,300	1.2%	15,801	599	51,284
(4,408,029)	10,293,985	875,414,100	1.2%	17,449	590	50,170
(4,743,474)	12,197,008	989,158,000	1.2%	18,380	664	53,817
(3,006,092)	10,046,713	1,127,179,900	0.9%	18,961	530	59,447
(3,155,099)	12,054,791	1,310,145,100	0.9%	18,961	(1) 636	69,097

CITY OF CHASKA, MINNESOTA

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

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TAXES PAYABLE YEAR	CITY			CITY HOUSING/ ECONOMIC DEVELOPMENT AUTHORITY	COUNTY	COUNTY HOUSING/ DEVELOPMENT AUTHORITY
	URBAN	RURAL	TRANSIT			
(Per \$100 of Assessed Value)						
1994	15.691	10.199	N/A	0.030	44.470	0.573
1995	15.810	N/A	N/A	0.035	47.033	0.915
1996	14.984	N/A	N/A	0.031	47.321	0.860
1997	14.988	N/A	2.257	(2) 0.029	46.606	0.858
1998	15.665	N/A	2.423	0.029	47.336	0.910
1999	14.086	N/A	2.385	0.026	47.593	1.003
2000	14.098	N/A	2.393	0.025	45.744	0.786
2001	14.052	N/A	2.062	0.021	43.105	0.945
2002	19.789	N/A	N/A	0.048	53.336	1.581
2003	19.656	N/A	N/A	0.041	53.137	1.543

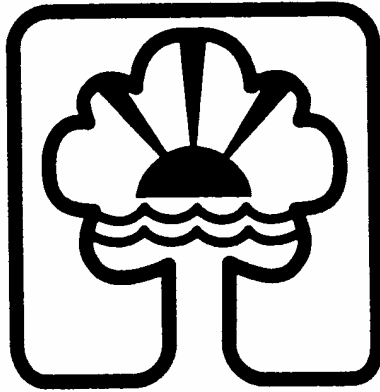
(1) Total excludes city rural and watershed #2

(2) Beginning in 1997 through 2001, the City levied under the  
 Local Transit Option

TABLE 5

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INDEPENDENT SCHOOL DISTRICT #112	METROPOLITAN COUNCIL	REGIONAL TRANSIT BOARD	LOWER MINNESOTA WATERSHED #1	RILEY WATERSHED #2	MOSQUITO CONTROL	TOTAL (1)
62.883	0.455	2.894	0.244	0.707	0.365	127.605
71.221	0.525	3.103	0.302	0.762	0.370	139.314
71.201	0.759	3.280	0.264	0.864	0.248	138.948
69.138	0.756	1.621	0.253	0.860	0.247	136.753
63.797	0.878	1.722	0.297	0.843	0.285	133.342
62.035	0.876	1.453	0.252	0.880	0.325	130.034
74.237	0.851	1.483	0.268	0.866	0.343	140.228
60.805	0.761	1.115	0.221	0.946	0.304	123.391
29.808	1.365	1.434	0.371	1.608	0.470	108.202
38.436	1.452	1.667	0.338	1.616	0.544	116.814



CHASKA

PRINCIPAL TAXPAYERS  
DECEMBER 31, 2003  
(UNAUDITED)

	TYPE OF PROPERTY	2002-2003 ESTIMATED ACTUAL VALUE (1)	2002-2003 ESTIMATED NET TAX CAPACITY	PERCENT OF REAL PROPERTY TAX CAPACITY VALUE
IDS Financial Services	Commercial	\$ 26,120,600	\$ 511,814	3.3%
Entegris, Inc.	Industrial	18,231,500	361,630	2.3%
Target Corporation	Commercial	12,856,400	256,378	1.7%
FSI International	Industrial	10,616,100	211,572	1.4%
Lifecore Biomedical, Inc.	Industrial	9,497,300	189,196	1.2%
Cardbeck Chaska Trust	Industrial	9,067,900	179,858	1.2%
Aurora Investment LLC	Comm/Ag NonHstd	9,712,000	176,027	1.1%
Roland A. Stinks	Industrial	8,311,200	165,474	1.1%
Trustee Group Realty PTR VII	Industrial	6,980,400	138,858	0.9%
Hazeltine Gates LLC	Commercial	5,930,700	117,894	0.8%
		<u>\$ 117,324,100</u>	<u>\$ 2,308,701</u>	<u>15.0%</u>

(1) Assessed 2002 values are determined as of January 2, 2002

**CITY OF CHASKA, MINNESOTA**

**SPECIAL ASSESSMENT LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

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<b>ASSESSMENTS PAYABLE YEAR</b>	<b>CURRENT ASSESSMENT LEVY (1)</b>	<b>CURRENT ASSESSMENTS COLLECTED</b>	<b>PERCENT OF CURRENT COLLECTED TO CURRENT LEVY</b>	<b>DELINQUENT ASSESSMENTS COLLECTED (2)</b>	<b>TOTAL COLLECTED</b>
1994	\$ 1,101,660	\$ 1,076,576	97.7%	\$ 71,045	\$ 1,147,621
1995	1,101,494	1,042,555	94.6%	36,569	1,079,124
1996	818,294	811,192	99.1%	7,618	818,810
1997	853,391	776,787	91.0%	7,577	784,364
1998	1,659,532	1,554,430	93.7%	5,999	1,560,429
1999	1,464,834	1,398,672	95.5%	14,090	1,423,622
2000	1,236,140	1,219,226	98.6%	81,770	1,300,996
2001	1,139,519	1,117,012	98.0%	51,042	1,168,054
2002	1,326,672	1,290,027	97.2%	13,731	1,303,758
2003	1,055,391	1,026,172	97.2%	18,031	1,044,203

(1) Does not include assessments on City property

(2) Does not include penalties and interest

TABLE 7

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<u>PERCENT OF TOTAL COLLECTED TO CURRENT LEVY</u>	<u>OUTSTANDING DELINQUENT SPECIAL ASSESSMENTS</u>	<u>PERCENT OF DELINQUENT TO CURRENT LEVY</u>	<u>TOTAL OUTSTANDING ASSESSMENTS (PRINCIPAL)</u>
104.2%	\$ 38,467	3.5%	\$ 3,889,131
98.0%	14,973	1.4%	4,779,085
100.1%	11,073	1.4%	6,528,388
91.9%	66,757	7.8%	8,587,218
94.0%	166,544	10.0%	7,659,798
97.2%	210,232	14.4%	6,375,080
105.2%	68,378	5.5%	7,924,634
102.5%	45,443	4.0%	9,276,008
98.3%	45,703	3.4%	8,237,827
98.9%	50,536	4.8%	7,283,801



**COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2003  
(UNAUDITED)**

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<b>Assessed 2002, Payable 2003 Market Value</b>		<b><u>\$ 1,310,145,100</u></b>
<b>Legal Debt Margin:</b>		
Debt Limit, 2% of Market Value (1)		\$ 26,202,902
<b>Debt Applicable to Limitation:</b>		
Total Bonded Debt	\$ 115,877,133	
Less (2):		
G.O. Tax Increment Bonds	44,762,133	
G.O. Special Assessment Bonds	8,275,000	
G.O. Revenue Bonds	15,265,000	
Revenue Bonds	46,815,000	
Debt Service Funds	<u>26,167</u>	
<b>Total Debt Applicable to Limitation</b>		<b><u>733,833</u></b>
<b>Legal Debt Margin</b>		<b><u>\$ 25,469,069</u></b>
1) M.S.A. Section 475.53		
2) M.S.A. Section 475.51		

RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
INCLUDING TAX INCREMENT BONDS  
TO NET TAX CAPACITY VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR	POPULATION	TAX CAPACITY VALUE (1)	GROSS BONDED DEBT (2)	LESS DEBT SERVICE FUNDS (3)	NET BONDED DEBT	PERCENT OF NET BONDED DEBT TO TAX CAPACITY VALUE	NET BONDED DEBT PER CAPITA
1994	13,721	\$ 6,810,251	\$ 22,850,000	\$ 20,751	\$ 22,829,249	335.2%	\$ 1,664
1995	14,000	7,069,618	35,009,186	45,545	34,963,641	494.6%	2,497
1996	14,239	8,030,724	34,479,821	276,787	34,203,034	425.9%	2,402
1997	14,673	8,805,421	39,434,090	782,864	38,651,226	438.9%	2,634
1998	15,361	8,660,084	40,898,927	651,135	40,247,792	464.8%	2,620
1999	15,801	9,464,053	55,465,966	5,853,563	49,612,403	524.2%	3,140
2000	17,449	10,293,985	52,829,293	683,229	52,146,064	506.6%	2,988
2001	18,380	12,197,008	49,152,374	624,718	48,527,656	397.9%	2,640
2002	18,961	10,046,713	44,228,009	245,474	43,982,535	437.8%	2,320
2003	18,961	(4) 12,054,791	44,762,133	7,711,941	37,050,192	307.3%	1,954

RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
EXCLUDING TAX INCREMENT BONDS  
TO NET ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

FISCAL YEAR	POPULATION	TAX CAPACITY VALUE (1)	GROSS BONDED DEBT (2)	LESS DEBT SERVICE FUNDS (3)	NET BONDED DEBT	PERCENT OF NET BONDED DEBT TO TAX CAPACITY VALUE	NET BONDED DEBT PER CAPITA
1994	13,721	\$ 6,810,251	\$ -	\$ -	\$ -	0.0%	\$ -
1995	14,000	7,069,618	-	-	-	0.0%	-
1996	14,239	8,030,724	-	-	-	0.0%	-
1997	14,673	8,805,421	-	-	-	0.0%	-
1998	15,361	8,660,084	-	-	-	0.0%	-
1999	15,801	9,464,053	-	-	-	0.0%	-
2000	17,449	10,293,985	-	-	-	0.0%	-
2001	18,380	12,197,008	-	-	-	0.0%	-
2002	18,961	10,046,713	-	-	-	0.0%	-
2003	18,961	(4) 12,054,791	-	-	-	0.0%	-

(1) From Table 4

(2) Does not include special assessment (improvement) bonds, revenue bonds and tax increment bonds

(3) Amount available for repayment of general obligation bonds

(4) 2003 population estimated

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL  
 OBLIGATION BONDED DEBT (1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

FISCAL YEAR	PRINCIPAL	INTEREST (2)	TOTAL DEBT SERVICE	TOTAL (3) GENERAL EXPENDITURES	PERCENTAGE OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
1994	\$ 2,820,000	\$ 1,463,624	\$ 4,283,624	\$ 8,694,392	49.3%
1995	2,693,750	1,631,931	4,325,681	8,924,110	48.5%
1996	2,626,250	1,577,737	4,203,987	9,149,937	45.9%
1997	5,315,000	2,042,755	7,357,755	12,835,576	57.3%
1998	5,850,000	2,084,998	7,934,998	13,602,898	58.3%
1999	5,715,000	2,598,120	8,313,120	17,823,759	46.6%
2000	5,965,000	2,979,609	8,944,609	16,310,112	54.8%
2001	(4) 4,755,000	2,059,325	6,814,325	17,585,117	38.8%
2002	6,260,000	2,015,140	8,275,140	17,962,403	46.1%
2003	8,125,000	1,959,782	10,084,782	21,027,877	48.0%

(1) General Obligation Revenue Bonds reported in the enterprise funds have been excluded

(2) Excludes bond issuance and other costs

(3) Includes general, special revenue, and debt service funds

(4) Beginning 2001, principal and interest includes only G. O. pledged debt

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
 DECEMBER 31, 2003  
 (UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUNDS	NET DEBT	PERCENT OF DEBT APPLICABLE TO CITY	NET DEBT APPLICABLE TO CITY
<b>DIRECT DEBT:</b>					
City of Chaska (1)	\$ 67,067,133	\$ 12,068,364	\$ 54,998,769	100.00%	\$ 54,998,769
<b>OVERLAPPING DEBT:</b>					
Carver County	13,060,000	2,746,324	10,313,676	20.68%	2,132,868
Carver County HRA	27,012,949	1,917,735	25,095,214	20.68%	5,189,690
Independent School District #112	118,880,000	34,903,315	83,976,685	38.50%	32,331,024
Metropolitan Council	891,520,429	96,119,118	795,401,311	0.46%	3,658,846
Metropolitan Airports Commission	1,751,651,000	230,691,372	1,520,959,628	0.46%	6,996,414
Total Overlapping Debt	<u>2,802,124,378</u>	<u>366,377,864</u>	<u>2,435,746,514</u>		<u>50,308,842</u>
Total Direct and Overlapping Debt	<u>\$ 2,869,191,511</u>	<u>\$ 378,446,228</u>	<u>\$ 2,490,745,283</u>		<u>\$ 105,307,611</u>

(1) Excluding general obligation and revenue bonds reported in the enterprise funds

CITY OF CHASKA, MINNESOTA

REVENUE BOND COVERAGE  
DECEMBER 31, 2003  
(UNAUDITED)

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE
<b>DEBT SERVICE FUNDS: LAST TEN FISCAL YEARS</b>			
1994	\$ 144,118	\$ 144,118	\$ -
1995	176,357	699,625	(523,268)
1996	197,184	455,021	(257,837)
1997	290,151	531,426	(241,275)
1998	331,202	612,654	(281,452)
1999	390,528	993,115	(602,587)
2000	952,652	1,129,521	(176,869)
2001	869,740	1,144,464	(274,724)
2002	926,006	1,263,574	(337,568)
2003	1,327,732	2,079,168	(751,436)
<b>ELECTRIC ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>			
1994	\$ 9,576,725	\$ 7,604,868	\$ 1,971,857
1995	10,084,541	7,658,109	2,426,432
1996	11,044,784	7,998,554	3,046,230
1997	11,658,404	8,378,300	3,280,104
1998	12,146,374	10,058,042	2,088,332
1999	12,612,121	11,130,988	1,481,133
2000	13,740,583	11,883,599	1,856,984
2001	14,909,771	13,076,071	1,833,700
2002	15,298,441	13,783,120	1,515,321
2003	16,530,580	15,423,928	1,106,652
<b>WATER ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>			
1994	\$ 497,661	\$ 402,639	\$ 95,022
1995	521,777	406,012	115,765
1996	620,201	405,386	214,815
1997	886,839	586,118	300,721
1998	679,146	454,758	224,388
1999	642,508	530,411	112,097
2000	753,496	580,866	172,630
2001	783,606	672,623	110,983
2002	797,805	647,981	149,824
2003	1,111,975	742,644	369,331
<b>SEWER ENTERPRISE FUND: LAST TEN FISCAL YEARS</b>			
1994	\$ 1,202,081	\$ 1,025,460	\$ 176,621
1995	1,312,715	1,307,704	5,011
1996	1,368,999	1,250,542	118,457
1997	1,428,905	1,298,283	130,622
1998	1,461,969	1,311,533	150,436
1999	1,449,605	1,399,484	50,121
2000	1,547,431	1,300,465	246,966
2001	1,572,016	1,410,926	161,090
2002	1,520,992	1,338,899	182,093
2003	1,598,729	1,527,944	70,785
<b>TURBINE GENERATOR ENTERPRISE FUND: LAST THREE FISCAL YEARS (1)</b>			
2000	\$ 1,570,258	\$ 220,528	\$ 1,349,730
2001	462,969	45,251	417,718
2002	2,641,884	69,400	2,572,484
2003	2,531,995	49,783	2,482,212

(1) First year shown is first year of issuance

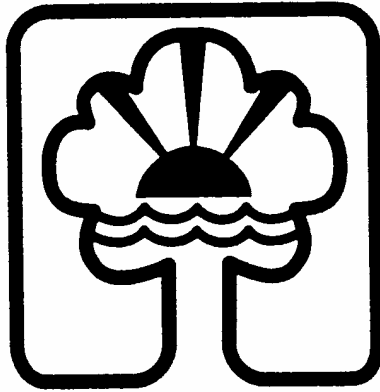
(2) Includes interest revenue

(3) Does not include depreciation or transfers to other funds

(4) Includes principal and interest payment of revenue bonds only

TABLE 12

DEBT SERVICE REQUIREMENTS (4)			
PRINCIPAL	INTEREST	TOTAL	COVERAGE
\$ 65,000	\$ 79,118	\$ 144,118	-
65,000	237,125	302,125	(1.73)
170,000	306,773	476,773	(0.54)
185,000	330,080	515,080	(0.47)
265,000	346,046	611,046	(0.46)
300,000	546,342	846,342	(0.71)
380,000	748,521	1,128,521	(0.16)
415,000	729,464	1,144,464	(0.24)
460,000	800,574	1,260,574	(0.27)
1,320,000	768,042	2,088,042	(0.36)
\$ 175,000	\$ 97,175	\$ 272,175	7.24
175,000	83,175	258,175	9.40
215,000	43,940	258,940	11.76
215,000	26,840	241,840	13.56
200,000	17,700	217,700	9.59
200,000	9,000	209,000	7.09
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
\$ 75,000	\$ 85,350	\$ 160,350	0.59
100,000	80,025	180,025	0.64
145,000	68,150	213,150	1.01
145,000	48,064	193,064	1.56
175,000	42,409	217,409	1.03
180,000	35,409	215,409	0.52
200,000	27,759	227,759	0.76
195,000	18,560	213,560	0.52
85,000	10,874	95,874	1.56
35,000	339,134	374,134	0.99
\$ -	\$ 58,207	\$ 58,207	3.03
180,000	38,805	218,805	0.02
190,000	32,775	222,775	0.53
195,000	25,650	220,650	0.59
205,000	17,850	222,850	0.68
210,000	9,240	219,240	0.23
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
-	-	-	N/A
\$ -	\$ 770,258	\$ 770,258	1.75
-	2,031,773	2,031,773	0.21
505,000	2,029,274	2,534,274	1.02
530,000	2,004,529	2,534,529	0.98



CHASKA

CITY OF CHASKA, MINNESOTA
**DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>NUMBER OF HOUSEHOLDS (1)</u>	<u>PER CAPITA INCOME (2)</u>	<u>K-12 ENROLLMENT (3)</u>	<u>UNEMPLOYMENT RATE (4)</u>
1994	13,721	5,116	24,713	4,641	2.9%
1995	14,000	5,221	26,188	4,561	2.5%
1996	14,239	5,339	27,881	4,831	2.5%
1997	14,673	5,513	31,469	4,992	2.1%
1998	15,361	5,699	34,284	5,418	1.8%
1999	15,801	5,867	36,063	5,764	2.2%
2000	17,449	(5) 6,104	(5) 38,917	6,053	2.1%
2001	18,380	6,514	40,503	6,522	2.8%
2002	18,961	6,888	39,611	7,020	3.7%
2003	18,961	(6) 6,888	(6) 39,611	(6) 7,187	4.2%

(1) Source: Metropolitan Council annual estimate as of April 1st

(2) Source: Minnesota State Demographer, using U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Personal Income, Carver County per capita income

(3) Source: Independent School District #112, St. John's Lutheran, Guardian Angels Catholic, and Southwest Christian High School Enrollment excludes K-5 District #112 buildings not located within the City

(4) Source: Minnesota Department of Employment and Economic Development (Minnesota Workforce Center) Average Annual Unemployment Rate: 1994-2003 Minneapolis and St. Paul, Minnesota and Wisconsin "MSA" (Metropolitan Statistical Area);

(5) Source: Minnesota Planning, U.S. Census Bureau, Census 2000 data

(6) 2003 Data not available, 2002 data used



**CITY OF CHASKA, MINNESOTA**

**PROPERTY VALUES, CONSTRUCTION AND BANK VALUES  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

FISCAL YEAR	BANK DEPOSITS (1)	REAL PROPERTY TAX CAPACITY VALUE			COMMERCIAL, INDUSTRIAL AND PUBLIC	
		COMMERCIAL INDUSTRIAL AND PUBLIC (2)	RESIDENTIAL (3)	NUMBER OF PERMITS	MARKET VALUE	
1994	\$ 124,847,259	\$ 6,119,188	\$ 5,240,718	21	\$ 32,842,240	
1995	138,059,293	6,381,009	5,724,605	27	21,070,230	
1996	141,197,720	6,746,511	6,593,312	38	36,421,023	
1997	158,644,000	8,121,094	7,201,944	48	15,760,293	
1998	159,037,692	7,979,805	7,340,623	40	11,663,184	
1999	160,516,293	7,449,757	7,569,638	52	12,293,780	
2000	213,132,318	7,548,451	8,282,937	56	20,587,706	
2001	234,333,039	8,237,343	9,621,020	36	30,601,935	
2002	256,938,000	5,185,676	8,236,509	43	6,049,666	
2003	276,323,000	5,528,730	9,865,043	37	(4) 15,576,817	

- (1) Source: Wells Fargo Bank Minnesota (MidAmerica Bank through October 1998 and Norwest Bank from October 1998 - June 2000), First National Bank Chaska, beginning in 1992 Security Bank Chaska, and beginning in 2000 Community Bank Chaska
- (2) Commercial Industrial and Public includes: agriculture, public utility, railroad operating, all other commercial and industrial, and seasonal/recreational commercial and residential
- (3) Residential includes: homestead (non-agricultural), and non-homestead
- (4) Includes the new Water Treatment Plant at a value of \$12,043,973

TABLE 14

BUILDING PERMIT ACTIVITY					
SINGLE FAMILY HOMES AND SINGLE UNIT TOWNHOMES		APARTMENTS AND MISCELLANEOUS RESIDENTIAL		TOTAL	
NUMBER OF PERMITS	MARKET VALUE	NUMBER OF PERMITS	MARKET VALUE	NUMBER OF PERMITS	MARKET VALUE
127	\$ 18,081,565	264	\$ 1,790,625	412	\$ 52,714,430
111	16,995,651	242	1,895,590	380	39,961,471
134	21,157,539	262	6,878,802	434	64,457,364
161	26,261,278	347	8,869,126	556	50,890,697
165	28,738,570	404	6,919,341	609	47,321,095
194	33,286,262	471	8,172,142	717	53,752,184
186	32,562,839	456	23,839,483	698	76,990,028
184	32,074,115	602	27,407,721	822	90,083,771
307	50,546,215	658	26,588,686	1,008	83,184,567
279	55,303,599	597	26,232,854	913	97,113,270

**CITY OF CHASKA, MINNESOTA**

**MISCELLANEOUS STATISTICS  
DECEMBER 31, 2003  
(UNAUDITED)**

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Date Founded	1851	
Date of Incorporation	March 3, 1891	
Form of Government	Statutory City (State Statutes Chapter 412) Optional Plan A (State Statutes Chapter 412.541 through 412.591) Council/Administrator (State Statutes Chapter 412.023, Subdivision 5)	
Legislative Class	Third Class (population 10,000 - 20,000)	
Area	14.5 Square Miles (9,300 Acres)	
Miles of Streets	State Trunk Highway	8.05
	County MSA	8.83
	Unbuilt	(2.71)
	County	2.38
	City MSA	15.13
	Unbuilt	(0.43)
	City/Local	71.17
	Total Paved Roads	<u>102.42</u>
Fire Protection:		
Number of Stations	1	
Number of Hydrants:		
City	1,114	
Private	320	
Number of Firefighters	40	
ISO Fire Rating	5 (1-Best, 10-Lowest)	
Police Protection:		
Number of Stations	1	
Number of Police Officers	21	
Electric System:		
Number of Connections (Billed)	7,893	
Number of Substations	2	
Purchased KWH Power Wholesale From		
MMPA	269,891,409 (KWH)	
Total KWH Sales	253,197,953 (KWH)	
Peak KW Demand	57,646 (KW)	

(Continued)

TABLE 15  
(Continued)

**Water System:**

Number of Connections (Billed)	5,294
Number of Wells (Well #4, #5, #6, #7, #8, and #9)	6
Total Water Pumped	1,078,031,000 gallons
Total Water Sold	936,697,000 gallons
System Peak Day	7,900,000 gallons
Average Daily Usage	2,566,000 gallons per day
Total Pumping Capacity	12,168,000 gallons per day
Filtration Capacity	5,184,000 gallons per day
Total Storage Capacity	3,600,000 gallons

**Sewer System:**

Number of Connections (Billed)	5,186
Total Gallons Treated	654,009,000 gallons
Sewer Service from Treatment Plant at Metropolitan Council Environmental Services	

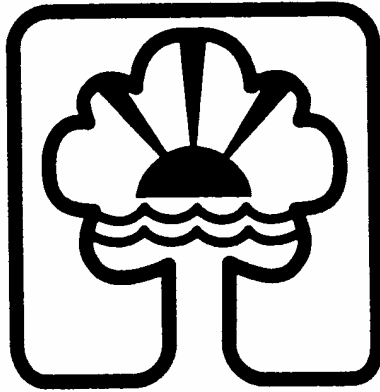
**Culture and Recreation:**

Number of Parks	20 parks: 925 total acres, 265 acres of maintained areas.
Golf Courses	3 (1-18 hole private; 1-18 hole municipal; 1-9 hole municipal)

**Education:**

<b>Independent School District #112</b>		
Elementary (K-5)	7 buildings, total enrollment (1)	3,799
Middle School (6-8)	2 buildings, total enrollment	1,849
Freshman Center (9)	1 building, total enrollment	617
Senior High (10-12)	1 building, total enrollment	1,672
<b>Total Independent School District #112</b>		<u>7,937</u>
St. John's Lutheran (K-8)	1 building, total enrollment	223
Guardian Angels Catholic (K-8)	1 building, total enrollment	258
Southwest Christian High School	1 building, total enrollment	184
<b>Total Enrollment</b>		<u>8,602</u>
Less Enrollment in Three Elementary Buildings not Located within the City		<u>(1,415)</u>
<b>Total Enrollment within the City</b>		<u><u>7,187</u></u>

(1) Includes 1,415 students in three buildings not located within the city



CHASKA