

CITY OF CHASKA

STATE OF MINNESOTA

2005 COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005

**CITY OF CHASKA
STATE OF MINNESOTA**

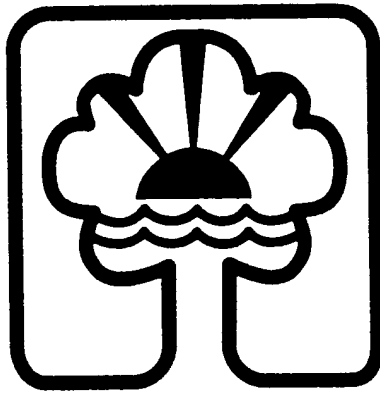
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2005**

Prepared by:
Administrative Services Department

Noel J. Graczyk
Administrative Services Director,
Treasurer

Barbara J. Hand
Assistant Finance Director



CHASKA

Table of Contents
Comprehensive Annual Financial Report

City of Chaska, Minnesota

Year Ended December 31, 2005

	Page(s)
SECTION I: INTRODUCTORY	
Letter of Transmittal	1-6
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Elected and Appointed Officials	9
SECTION II: FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	11-12
MANAGEMENT'S DISCUSSION AND ANALYSIS	13-25
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-General Fund	36
Statement of Net Assets – Proprietary Funds	38-41
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	42-43
Statement of Cash Flows – Proprietary Funds	44-47
Statement of Fiduciary Net Assets – Fiduciary Funds	50
Notes to the Financial Statements	51-83
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
GOVERNMENTAL FUNDS:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	87
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	90-91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	92-93

Table of Contents
Comprehensive Annual Financial Report

City of Chaska, Minnesota

Year Ended December 31, 2005

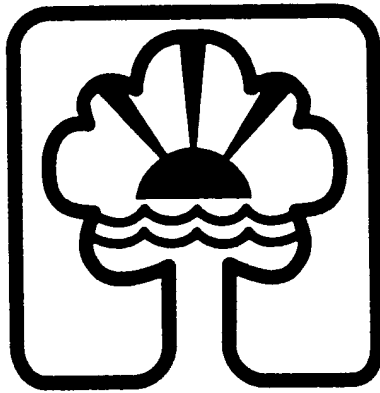
Nonmajor Debt Service Funds:	
Combining Balance Sheet	96-97
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98-99
Combining Balance Sheet – Improvement Bond Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Improvement Bond Funds	101
Combining Balance Sheet – Tax Increment Bond Funds	102-103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Tax Increment Bond Funds	104-105
Nonmajor Capital Project Funds:	
Combining Balance Sheet	108-109
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110-113
Combining Balance Sheet – Tax Increment Funds	114-115
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Tax Increment Funds	116-117
Combining Balance Sheet – Special Assessment Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Assessment Funds	119
Nonmajor Budgeted Special Revenue Funds:	
MOUNT PLEASANT MAINTENANCE & CARE FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	122
CHASKA EDA FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	123
EQUIPMENT ACQUISITION FUND:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	124
 PROPRIETARY FUNDS:	
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets	126
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	127
Combining Statement of Cash Flows	128-129
 AGENCY FUNDS:	
Combining Statement of Net Assets	132
Combining Statement of Changes in Assets and Liabilities	133

Table of Contents
Comprehensive Annual Financial Report

City of Chaska, Minnesota

Year Ended December 31, 2005

SECTION III: STATISTICAL (UNAUDITED)	Table	Page(s)
General Governmental Expenditures By Function	1	136-137
General Governmental Revenues By Source	2	138-139
Property Tax Levies and Collections	3	140-141
Tax Capacity and Estimated Market Value of Taxable Property	4	142-143
Property Tax Rates-Direct and Overlapping Governments	5	144-145
Principal Taxpayers	6	147
Special Assessment Levies and Collections	7	148-149
Computation of Legal Debt Margin	8	150
Ratio of Net General Obligation Bonded Debt Including/Excluding Tax Increment Bonds to Net Tax Capacity Value and Net Bonded Debt per Capita	9	151
Ratio of Annual Debt Service Expenditures For General Obligation Bonded Debt to Total General Governmental Expenditures	10	152
Computation of Direct and Overlapping Bonded Debt	11	153
Revenue Bond Coverage	12	154-155
Demographic Statistics	13	157
Property Values, Construction and Bank Values	14	158-159
Miscellaneous Statistics	15	160-161



CHASKA



City of Chaska

June 28, 2006

**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, 2005.

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

The City of Chaska's financial statements have been audited by Malloy, Montague, Karnowski, Radosevich, & Co., P.A., a firm of licensed 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, 2005 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, 2005, 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 the MD&A and should be read in conjunction with it. The City of Chaska's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Chaska was founded in 1851, incorporated March 3, 1891, and since 1975 has operated under a Statutory Plan “A” form of government, as modified, in accordance with Minnesota State Statutes Chapter 412.023, Subdivision 5. The Chaska City Council consists of a Mayor, with a two-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: electric, water and sewer utilities, 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 1,790 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 was 56 percent of its optimum size. The annexation and future development of adjacent Chaska Township will increase the downtown service radius to 74 percent of its optimum size. The addition of urban densities to the project area is consistent with the downtown development pattern and will 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 2005-2009 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 2005-2009 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, 2005, idle cash was invested as follows:

Mutual Funds	\$	4,211,389
Investments Placed by City		
U. S. Government and Agencies		46,185,210
Commercial Paper		5,426,894
Deposits and Petty Cash		1,253,438
Guaranteed Investment Contracts		3,694,064
Total Investments	\$	60,770,995

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 2005, 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, 2004. 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 sixteen consecutive years (fiscal years ended 1989-2004). 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, 2005

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,

Noel J. Graczyk
Administrative Services Director
Treasurer
City of Chaska

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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director

Organizational and Administrative Structure

City of Chaska

December 31, 2005

ORGANIZATIONAL STRUCTURE

City of Chaska Residents and Businesses

Elected Five Member City Council

Appointed Boards

Planning Commission

Parks Recreation and Arts (Cable)

Human Rights Commission

Council Selected Outside Professional Advisors

Independent Financial Auditing Firm

Financial Consulting Firm

Engineering Consulting Firm

Appointed Positions

City Attorney

City Administrator (City Clerk)

ADMINISTRATIVE STRUCTURE (365 Employees (111-13-7-234))

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

Assistant to the Admin, Economic Development Coordinator (1-0-0-0)

Administrative Services (11-3-0-0)

- (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) PC/Network Analyst

Community Development (8-0-0-0)

- (2-0-0-0) Administrative Secretary
- (1-0-0-0) Administrative Support
- (1-0-0-0) Fire Marshal
- (1-0-0-0) Building Official
- (4-0-0-0) Inspector

Planning Services (2-0-0-0)

- (1-0-0-0) Director of Planning and Development
- (1-0-0-0) City Planner

Engineering Services (2-0-0-0)

- (1-0-0-0) City Engineer
- (1-0-0-0) Civil Engineer II

Police Services (25-3-0-0) [23 licensed officers]

- (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
- (13-0-0-0) Patrol Officer
- (1-3-0-0) Secretary
- (1-0-0-0) Community Service Officer

Public Works Services (18-0-2-4)

- (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
- (2-0-0-0) Mechanic
- (9-0-0-0) Maintenance III
- (1-0-0-0) Street Leadworker
- (0-0-2-8) Laborer

Electric Utility Services (13-0-0-0)

- (1-0-0-0) Electrical Director
- (1-0-0-0) Office Manager
- (1-0-0-0) Office Clerk
- (1-0-0-0) Electric Foreman
- (1-0-0-0) Lineworker I
- (5-0-0-0) Lineworker III
- (1-0-0-0) Lead Lineworker
- (1-0-0-0) Metering/Substation Lineworker
- (1-0-0-0) Elec Equip/Meter Reader

Water and Sewer Utility Services (8-0-0-1)

- (1-0-0-0) Utility Superintendent
- (2-0-0-0) Maintenance II
- (4-0-0-0) Maintenance III
- (1-0-0-0) Lead Worker
- (1-0-0-0) Water/Sewer Foreman
- (0-0-0-1) Laborer

Parks Recreation and Arts (16-7-1-160)

(1-0-0-0) Parks, Recreation and Arts Director

Parks Recreation and Arts (3-0-0-7)

- (1-0-0-0) Assistant Park, Recreation, Arts Director
- (1-0-0-0) Recreation Program Support
- (1-0-0-0) Cable TV Coordinator
- (0-0-0-3) Rink Attendant, Outside
- (0-0-0-3) Camera Operator
- (0-0-0-1) Program Instructors

Community Center (12-7-1-153)

- (1-0-0-0) Ice Arena Manager
- (1-0-0-0) Maintenance Supervisor
- (3-5-1-14) 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
- (1-0-0-0) Fitness Coordinator
- (0-1-0-15) Cashier
- (0-0-0-11) Rink Attendant/Monitor/Referee
- (0-0-0-60) Lifeguard
- (0-1-0-11) Day Care
- (0-0-0-8) Gym Set-Up
- (0-0-0-36) Program Instructor

Golf Courses (6-0-4-87)

(1-0-0-0) Golf Professional

(1-0-1-0) Assistant Golf Professionals

Chaska Town Course (3-0-3-55)

- (1-0-0-0) Golf Superintendent
- (2-0-3-0) Greenskeeper
- (0-0-0-43) Course Staff
- (0-0-0-12) Seasonal Labor

Chaska Par Thirty (1-0-0-12)

- (1-0-0-0) Greenskeeper
- (0-0-0-9) Course Staff
- (0-0-0-3) Seasonal Labor

CHASKA VOLUNTEER FIRE DEPARTMENT

Chaska Volunteer Fire Department

44 Active Volunteers

Key to Number of Employees:

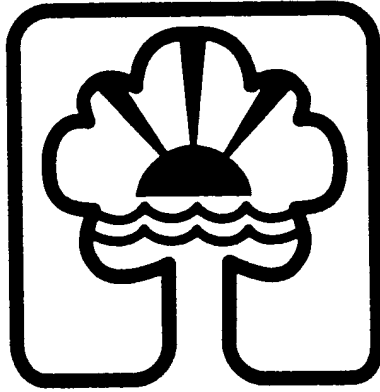
(Regular Full-Time - Regular Part-Time - Seasonal Full-Time - Seasonal Part-Time)

Elected Officials

	Term of Office	
	From	To
MAYOR:		
Gary F. Van Eyll, Council Member at Large	01-01-2005	12-31-2006
COUNCIL MEMBERS:		
Randy P. Maluchnik, First Ward	01-01-2003	12-31-2006
Robert J. Lindall, Second Ward	01-01-2005	12-31-2008
Chad R. Dockter, Third Ward	01-01-2003	12-31-2006
Jay W. Rohe, Fourth Ward	01-01-2005	12-31-2008

Administrative Officials

	<u>NAME</u>
CITY STAFF:	
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
Public Works Superintendent	Timothy Wiebe
Director of Parks, Recreation & Arts	Thomas Redman
Electrical Director	Steve Wilker
Utility Superintendent	Dean Hylland
Golf Professional	David Cahill
Executive Director of Chaska Economic Development Authority	David Pokorney
INDEPENDENT CONSULTANT:	
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, 2005, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, 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.

(continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund 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, Radoszewich & Co., P.A.

May 2, 2006

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, 2005. 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.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets of the City exceeded liabilities by \$74.5 million.
- The City's total net assets increased by \$20.3 million during fiscal 2005. Net assets of governmental activities increased by \$17.7 million while net assets of the business-type activities reported an increase of \$2.6 million.

Fund Level

- The City's governmental funds reported combined ending fund balances of \$11.4 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2.9 million, or 36% of total general fund expenditures of \$8.1 million.
- During the year, the City's governmental expenditures were \$8.6 million more than revenues before considering other financing sources and uses. The largest expenditure was for capital outlay.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements – the basic financial statements, which includes the notes to the financial statements, and other supplementary schedules 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. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for funds determined to be major funds. In 2005 the City's major funds are: the General Fund, the General Obligation Tax Increment Refunding Bonds of 2003 Debt Service Fund, TIF District #4 Revolving Capital Project Fund and the 2003 Improvement Projects Capital Project Fund. 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. The City has one Internal Service Fund that is reported in a single column in the proprietary fund financial statements and is used to account for the purchase of property, liability, worker's compensation, life and health insurance for all City departments. Costs are then allocated to the departments.
3. **Fiduciary funds** – Fiduciary funds account for assets held on behalf of outside parties, including other governments, 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 \$74.5 million on December 31, 2005.

Table 1
City of Chaska's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 31,760,436	\$ 41,797,297	\$ 78,255,359	\$ 48,230,311	\$ 110,015,795	\$ 90,027,608
Capital assets	57,286,382	39,097,640	47,360,238	43,889,901	104,646,620	82,987,541
Total assets	89,046,818	80,894,937	125,615,597	92,120,212	214,662,415	173,015,149
Long-term debt outstanding	53,257,871	63,721,059	78,947,879	48,230,531	132,205,750	111,951,590
Other liabilities	4,929,217	4,047,429	3,022,205	2,815,436	7,951,422	6,862,865
Total liabilities	58,187,088	67,768,488	81,970,084	51,045,967	140,157,172	118,814,455
Net assets:						
Invested in capital assets, net of related debt	37,773,047	13,903,940	33,955,748	32,673,294	71,728,795	46,577,234
Restricted	20,717,287	31,330,601	1,947,963	2,535,827	22,665,250	33,866,428
Unrestricted (deficit)	(27,630,604)	(32,108,092)	7,741,802	5,865,124	(19,888,802)	(26,242,968)
Total net assets	\$ 30,859,730	\$ 13,126,449	\$ 43,645,513	\$ 41,074,245	\$ 74,505,243	\$ 54,200,694

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 \$74.5 million on December 31, 2005. 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 2005, along with contributions from developers of infrastructure assets. The City's long-term debt increased by \$20.0 million, which includes an addition of \$30.7 million of advance refunding bonds to be used to refund existing bonds in 2010. By far the largest portion of net assets (96%) 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.

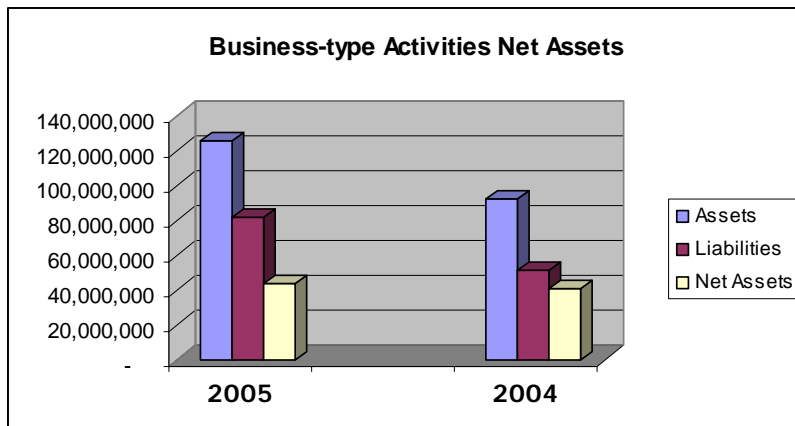
The deficit in unrestricted net assets of \$19.9 million does not mean that the city lacks resources to pay its bills in the near future. This deficit reflects primarily two significant factors. First, the City issues general obligation tax increment bonds and distributes the proceeds to businesses to 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 was the first year the City of Chaska had implemented GASB Statement #34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement #34 creates new basic financial statements for reporting on the City’s financial activities. 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 - 2005 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.

Business-Type Activities - In 2005 \$30,735,000 in Electric Revenue Refunding Bonds Series 2005A were issued, a portion of which will be used together with other funds to advance refund all except \$100,000 of the Electric Revenue Bonds Series 2000A. Therefore, the increase in current and other assets of \$30.0 million is primarily due to the proceeds (\$30.7 million) of the advance refunding bonds held in Restricted Cash accounts at year-end. This advance refunding also explains the majority of the \$30.9 million increase in liabilities.

Net assets of Business-Type Activities increased \$2.6 million.



Changes in net assets The City's combined change in net assets was \$20.3 million.

Table 2
City of Chaska's Changes in Net Assets

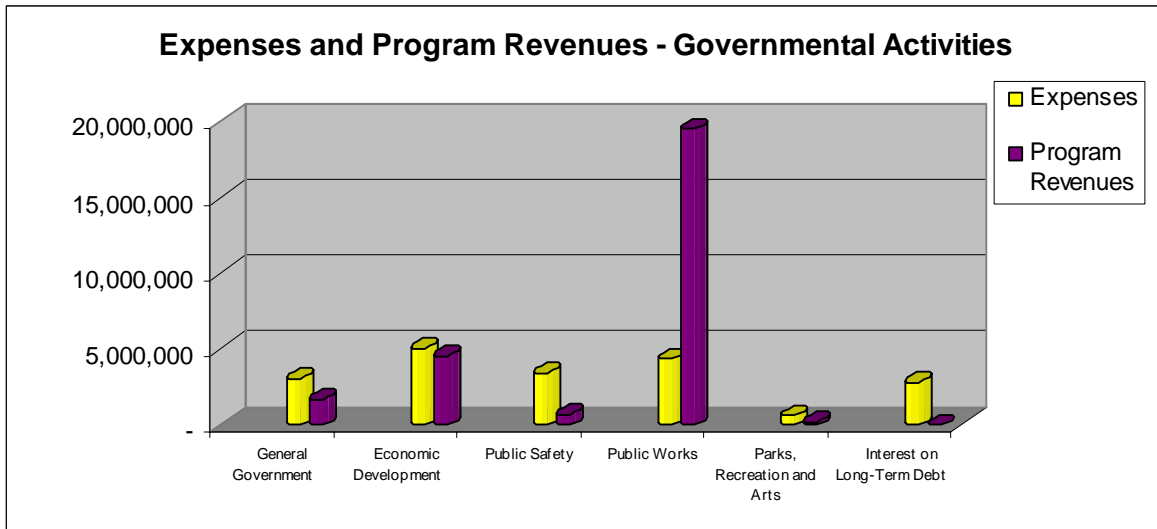
	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 3,338,505	\$ 4,417,899	\$ 30,390,489	\$ 26,616,011	\$ 33,728,994	\$ 31,033,910
Operating Grants & Contributions	1,593,673	529,455	-	-	1,593,673	529,455
Capital Grants & Contributions	21,671,816	4,997,417	299,354	206,966	21,971,170	5,204,383
General revenues:						
Property taxes	7,291,593	6,328,492	-	-	7,291,593	6,328,492
Other taxes	1,965,619	1,821,571	-	-	1,965,619	1,821,571
Grants & Contributions Not Restricted	1,348,390	1,683,763	-	81	1,348,390	1,683,844
Other general revenues	1,585,907	1,071,605	2,087,520	458,875	3,673,427	1,530,480
Total revenues	38,795,503	20,850,202	32,777,363	27,281,933	71,572,866	48,132,135
Program expenses						
General Government	3,042,319	2,881,775	-	-	3,042,319	2,881,775
Economic Development	5,063,685	1,084,559	-	-	5,063,685	1,084,559
Public Safety	3,403,114	3,272,888	-	-	3,403,114	3,272,888
Public Works	4,335,572	3,561,242	-	-	4,335,572	3,561,242
Parks Recreation & Arts	628,147	626,439	-	-	628,147	626,439
Interest on long-term debt	2,768,418	2,895,190	-	-	2,768,418	2,895,190
Electric Utility	-	-	19,624,144	17,114,855	19,624,144	17,114,855
Water Utility	-	-	1,783,643	1,046,791	1,783,643	1,046,791
Sewer Utility	-	-	1,773,191	1,630,676	1,773,191	1,630,676
Community Center	-	-	2,888,228	2,776,148	2,888,228	2,776,148
Par 30	-	-	190,349	182,840	190,349	182,840
Chaska Town Course	-	-	1,769,858	1,657,035	1,769,858	1,657,035
Turbine Generator	-	-	3,113,656	2,122,382	3,113,656	2,122,382
Internet Service Provider	-	-	883,993	746,234	883,993	746,234
Total expenses	19,241,255	14,322,093	32,027,062	27,276,961	51,268,317	41,599,054
Excess (deficiency) before transfers	19,554,248	6,528,109	750,301	4,972	20,304,549	6,533,081
Transfers	(1,820,967)	(331,393)	1,820,967	331,393	-	-
Increase (decrease) in net assets	17,733,281	6,196,716	2,571,268	336,365	20,304,549	6,533,081
Net Assets, January 1	13,126,449	6,929,733	41,074,245	40,737,880	54,200,694	47,667,613
Net Assets, December 31	\$ 30,859,730	\$ 13,126,449	\$ 43,645,513	\$ 41,074,245	\$ 74,505,243	\$ 54,200,694

The City as a Whole

- The City as a whole had total revenues of \$71.6 million for the year ended December 31, 2005, an increase of 49% over 2004. A significant reason for this increase is the result of large capital contributions (\$11.1 million) made by developers in 2005.
- The total cost of all programs and services was \$51.3 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 6% of total costs, as compared to 7% of total costs last year.

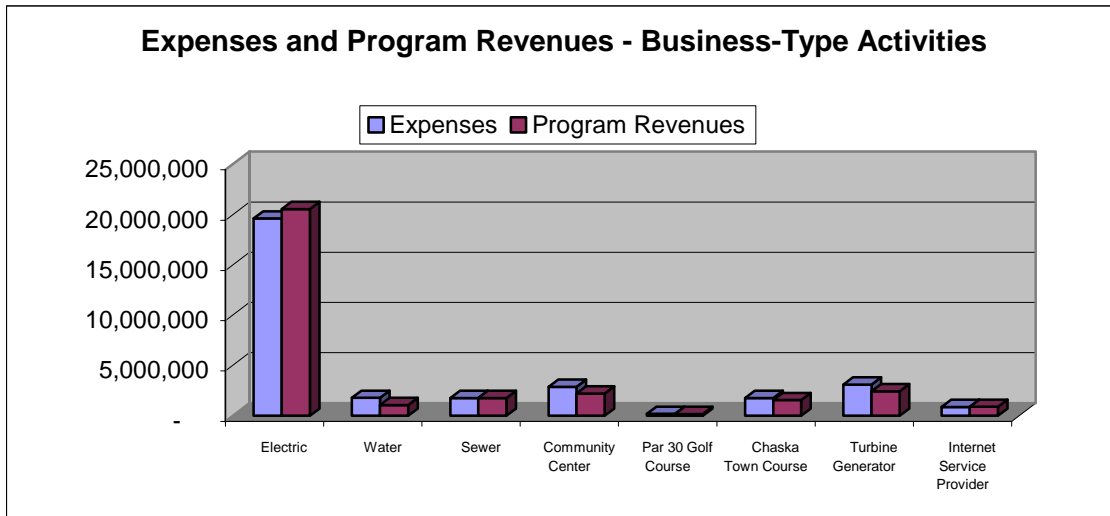
Governmental activities

- The largest source of revenue in governmental activities is Capital Grants and Contributions. In 2005, \$11.1 million of the \$21.9 million in this category represents capital contributions made by developers. The majority of the other revenue in Capital Grants and Contributions is special assessment revenue that is used to build infrastructure in the City.
- Revenues and expenditures in Economic Development increased significantly (4.0 million and 3.9 million respectively) from last year due largely to the receipt of money from MN DOT for the purchase of right-of-way for new Highway 312. Subsequently, on the expense side, the City remitted the money received to Met Council to payback RALF loans (see Note 12 for further details) that were taken out in earlier years for the City to purchase the right-of-way.
- Property Tax revenue follows Capital Grants and Contribution revenue as a major source of revenue at 19% of the total governmental activities revenue.
- The total costs of all programs and services were \$19.2 million. The cost of providing public safety and street maintenance/construction makes up 40% of this total.
- Total revenues surpassed expenses, increasing net assets by \$17.7 million.



Business-type activities

- Business-type activities showed an excess of revenues over expenses before transfers of \$750,301. After transfers were made, net assets increased by \$2,571,268.
- Other general revenues consists primarily of investment earnings of 2,084,598.
- Charges for services increased 14% over 2004 (\$3.8 million increase in revenue of which \$3.2 million related to an increase in electric sales).



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 \$11.4 million.

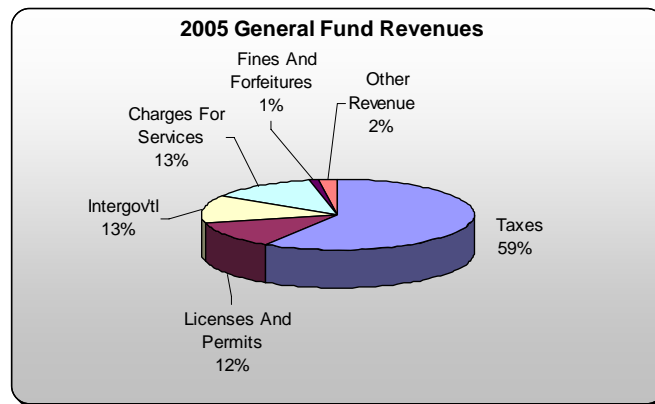
Significant reservations of fund balances are: \$1.6 million for future debt service payments, and \$24.2 million for future construction. See Note 9 for more detail of reserved/unreserved fund balances.

The City completed the year with a decrease in governmental fund balances of \$12.6 million. The most significant reason for this decrease in fund balance is due to a 136% increase in capital outlay from 2004 to 2005. A large capital project in 2005 was First Street Reconstruction, which is being partially funded internally by Trunk Funds.

Revenues for the City's governmental funds were \$25.8 million, while total expenses were \$34.3 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 decreased by \$325,049. Key factors in the decline are:

- Due to the delay in construction of a new development (Heights of Chaska), Building Permit revenue decreased by \$232,262 from 2004.
- Total Public Safety expenditures exceeded budget by \$182,017 due in large part to a significant increase in Fire Department paid hours due to a 61% increase in fire calls from 2004.
- Public Works expenditures increased \$407,890 over 2004 for several reasons: 1) A new FT Seasonal employee was hired in the Park Maintenance Department, 2) Street overlay expenditures in the Street Department, 3) Market increases in gas/electric costs during 2005.



The **General Obligation Tax Increment Refunding Bonds of 2003** had a large debt service principal payment in 2005 of \$3,425,000. This debt service fund will make its last principal payment of \$2,795,000 in 2006. Fund balance decreased \$5,729.

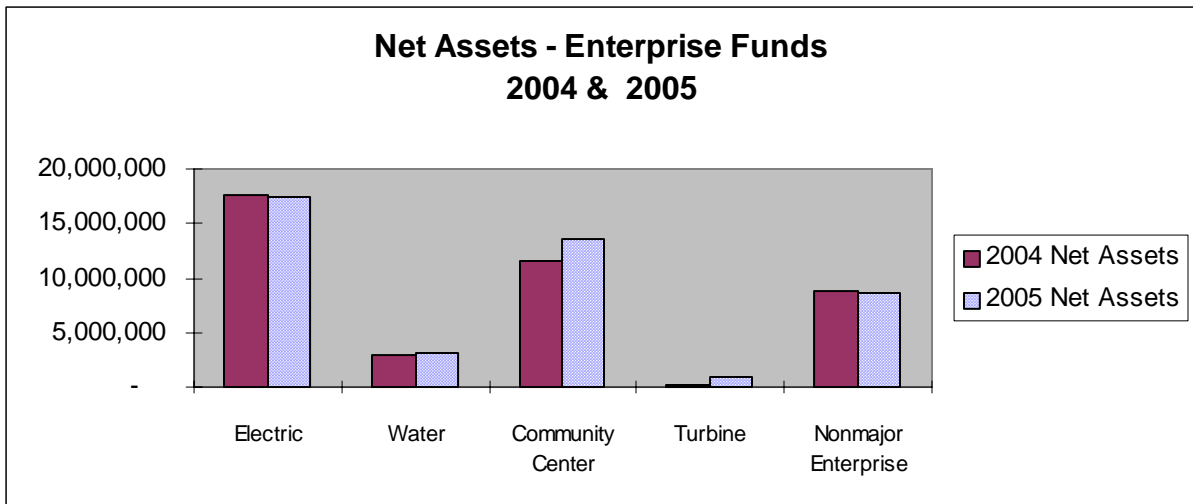
The **TIF District #4 Revolving** fund is the primary fund for collection of all tax increment revenue for all of District #4 projects, thereby producing a large revenue stream (\$4.2 million in tax increment revenue) for one particular fund. TIF District #4 Revolving Fund makes transfers out to other 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.

The **2003 Improvement Project** fund is the capital project fund that accounts for revenues and expenditures for various construction projects started in 2003. The majority of the expenditures (86%) in this fund for 2005 were capital costs associated with the 1st Street Road Reconstruction project. Intergovernmental revenues in this fund represent reimbursements from Metropolitan Council for 1st Street Reconstruction costs. Fund Balance decreased by \$3,831,068 due to the large amount of capital expenditures in 2005 whereas improvement bonds were issued in the prior year.

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 increased net assets of enterprise funds by \$2,578,533. Some of the reasons for this change in net assets are:

- The Chaska Community Center completed construction of a new wellness addition in 2005. Financing for the wellness addition included transfers from the Electric Fund and a Nonmajor Governmental Fund. The amount of these transfers totaled \$2.8 million.
- 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 \$2.2 million; resulting in operating loss before depreciation of \$132,000. When factoring in depreciation expense (\$660,000), an operating loss results of (\$792,000).
- The Electric Fund had operating income of \$726,000. Much of this increase is attributable to Chaska's increasing utility customer base.
- The Water Fund had an operating loss of \$357,000. This loss results mostly from an increase in depreciation expense due to the new Water Treatment Plant (\$15.3 capital asset) being placed in service in 2005.
- In 2005 the Turbine Generator fund issued \$30,735,000 in Electric Revenue Refunding Bonds Series 2005A, a portion of which will be used together with other funds to advance refund all except \$100,000 of the Electric Revenue Bonds Series 2000A. Net Assets increased \$625,320 from 2004 primarily due to investment earnings and investment adjustments to fair market value.



General Fund Budgetary Highlights

The final amended budget for the General Fund includes the original adopted budget plus any additional supplemental appropriations that were legislated by the City Council during the year. In 2005, the change in fund balance from \$0.00 for the original budget to (\$85,547) for the final budget is the result of an allocation from fund balance made to the Public Works Department for Street Overlay costs.

While the City's final amended budget for the general fund anticipated that expenditures would exceed revenues by \$85,547, the City's general fund actually had an excess of expenditures over revenues of \$325,049.

- Licenses and Permit revenues were \$173,499 less than expected.
- The actual expenditures were \$246,778 more than final budget due largely to an increase in personnel costs in Public Safety and street maintenance expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As shown in Table 3, at the end of 2005, the City had \$104.6 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		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 6,251,666	\$ 5,566,566	\$ 364,805	\$ 364,805	\$ 6,616,471	\$ 5,931,371
Works of Art/Historical Treasures	82,662	82,662	-	-	82,662	82,662
Buildings	6,677,655	7,021,018	35,512,178	19,211,771	42,189,833	26,232,789
Other Improvements	3,587,801	3,324,140	321,852	312,206	3,909,653	3,636,346
Furniture & Equipment	2,422,632	2,626,889	2,589,302	2,270,467	5,011,934	4,897,356
Infrastructure	17,529,267	12,541,152	8,374,824	8,025,933	25,904,091	20,567,085
Construction in Progress	20,734,699	7,935,213	197,277	13,704,719	20,931,976	21,639,932
Totals	\$ 57,286,382	\$ 39,097,640	\$ 47,360,238	\$ 43,889,901	\$ 104,646,620	\$ 82,987,541

Major capital asset events during the current fiscal year included the following:

- \$2,271,579 • Chaska Community Center Wellness Addition - Completed in 2005
- 1,404,000 • Completion of Water Treatment Plant Construction - Placed into Service – June 2005
- 7,762,000 • 1st Street Reconstruction paid for with proceeds of General Obligation bonds issued in 2004
- 639,725 • Costs related to additional infrastructure in the Electric Utility Fund
- 11,074,711 • Donated land and streets, water mains and hydrants constructed and contributed by developers

Long-Term Debt

At year-end, the City had \$130.5 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		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds (Backed by the City)	\$ 815,000	\$ 1,205,000	\$ 14,595,000	\$ 14,985,000	\$ 15,410,000	\$ 16,190,000
General Obligation TI Bonds (Backed by the City)	28,780,000	36,030,000	-	-	28,780,000	36,030,000
General Obligation Imp. Bonds (Backed by the City)	13,870,000	16,215,000	-	-	13,870,000	16,215,000
Revenue bonds and notes (Backed by specific tax and fee revenues)	9,320,000	9,745,000	63,140,000	32,990,000	72,460,000	42,735,000
Totals	\$ 52,785,000	\$ 63,195,000	\$ 77,735,000	\$ 47,975,000	\$ 130,520,000	\$ 111,170,000

New debt resulted from issuing \$30,735,000 in Electric Revenue Refunding Bonds with a net effective interest rate of 4.89% (3.0% to 5.25%). Proceeds of the refunding bond will be used to partially advance refund \$32,890,000 of the \$34,580,000 Electric Revenue Series 2000A Bonds, currently outstanding in the aggregate principal amount of \$32,990,000. The call date of this partial advance refunding is October 1, 2010. The purpose of this refunding is to enable the City to achieve a debt service savings of \$2,594,566, a present value savings of \$1,508,627.

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, 2005, the City's legal debt limit was \$34,775,623. 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

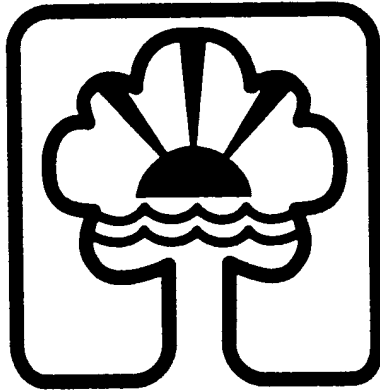
The City's elected and appointed officials considered many factors when setting the fiscal year 2006 budget. One of the key factors that impact both the costs of providing services and the City's revenue resources is a change in Chaska's population and households. As the number of households in the community 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 21,478 in 2004. 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 400 new living units will be added annually to Chaska's housing stock through the coming five-year period. Population is forecast to increase to 27,100 by 2009.

These indicators were taken into account when adopting the General Fund budget for 2006. Projected revenues and other financing sources available for appropriation in the General Fund budget are \$8,345,455, an increase of 6.79% over the final 2005 budget of \$7,814,537. 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 6.79% to \$8,345,455, an increase of \$530,918 over the final 2005 budget. General assumptions that were used to calculate general fund expenditures were:

- On average, personnel costs would increase at an overall rate of 3.0% 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, 2005

CITY OF CHASKA, MINNESOTA

STATEMENT OF NET ASSETS
DECEMBER 31, 2005

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Cash And Investments	\$ 17,316,751	\$ 7,356,588	\$ 24,673,339
Receivables:			
Taxes	400,479	-	400,479
Special Assessments	9,142,824	-	9,142,824
Accounts	100,870	3,166,020	3,266,890
Interest	124,436	14,990	139,426
Other Receivables	2,651,655	-	2,651,655
Internal Balances	(2,517,739)	2,517,739	-
Due From Other Governments	1,611,687	159,250	1,770,937
Lease Receivable - Current	-	316,624	316,624
Inventories	-	1,006,746	1,006,746
Long Term Lease Receivable	-	26,983,762	26,983,762
Restricted Cash & Investments:			
Cash with Escrow Agent - Debt Service	812,094	35,082,525	35,894,619
Accrued Interest on Investments	-	347,994	347,994
Deferred Charges	223,985	1,303,121	1,527,106
Land Held For Resale	1,893,394	-	1,893,394
Capital Assets (net of accumulated depreciation):			
Land	6,251,666	364,805	6,616,471
Works of Art & Historical Treasures	82,662	-	82,662
Buildings	6,677,655	35,512,178	42,189,833
Other Improvements	3,587,801	321,852	3,909,653
Furniture & Equipment	2,422,632	2,589,302	5,011,934
Infrastructure	17,529,267	8,374,824	25,904,091
Construction in Progress	20,734,699	197,277	20,931,976
TOTAL ASSETS	89,046,818	125,615,597	214,662,415
LIABILITIES			
Accounts Payable	1,152,577	515,138	1,667,715
Salaries Payable	204,995	130,340	335,335
Deposits Payable	-	145,052	145,052
Accrued Interest Payable	184,033	905,866	1,089,899
Due To Other Governments	293,832	1,232,312	1,526,144
Unearned Revenue	3,093,780	93,497	3,187,277
Non-current Liabilities:			
Due Within One Year	8,794,016	1,449,756	10,243,772
Due in More than One Year	44,463,855	77,498,123	121,961,978
TOTAL LIABILITIES	58,187,088	81,970,084	140,157,172
NET ASSETS			
Invested In Capital Assets, Net of Related Debt	37,773,047	33,955,748	71,728,795
Restricted for:			
Other Purposes	2,673,150	-	2,673,150
Debt Service	7,654,884	1,947,963	9,602,847
Capital Projects	10,389,253	-	10,389,253
Unrestricted	(27,630,604)	7,741,802	(19,888,802)
TOTAL NET ASSETS	\$ 30,859,730	\$ 43,645,513	\$ 74,505,243

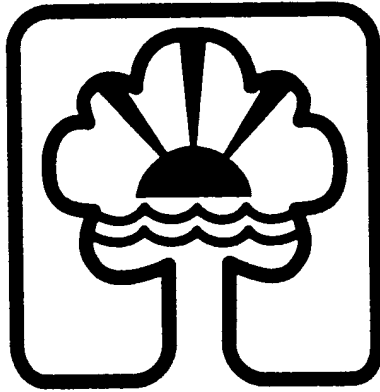
The notes to the financial statements are an integral part of this statement.

CITY OF CHASKA, MINNESOTA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
General Government	\$ 3,042,319	\$ 1,621,396	\$ 55,095	\$ 4,240	\$ (1,361,588)	\$ -	\$ (1,361,588)
Economic Development	5,063,685	131,819	1,091,201	3,319,593	(521,072)	-	(521,072)
Public Safety	3,403,114	153,726	412,669	97,923	(2,738,796)	-	(2,738,796)
Public Works	4,335,572	1,342,664	-	18,146,839	15,153,931	-	15,153,931
Parks, Recreation and Arts	628,147	88,900	34,708	103,221	(401,318)	-	(401,318)
Interest on Long-Term Debt	2,768,418	-	-	-	(2,768,418)	-	(2,768,418)
Total Governmental Activities	19,241,255	3,338,505	1,593,673	21,671,816	7,362,739	-	7,362,739
Business-type Activities:							
Electric	19,624,144	20,262,089	-	293,601	-	931,546	931,546
Water	1,783,643	1,071,231	-	3,900	-	(708,512)	(708,512)
Sewer	1,773,191	1,772,320	-	1,853	-	982	982
Community Center	2,888,228	2,205,413	-	-	-	(682,815)	(682,815)
Par 30 Golf Course	190,349	188,268	-	-	-	(2,081)	(2,081)
Chaska Town Course	1,769,858	1,562,967	-	-	-	(206,891)	(206,891)
Turbine Generator	3,113,656	2,431,864	-	-	-	(681,792)	(681,792)
Internet Service Provider	883,993	896,337	-	-	-	12,344	12,344
Total Business-type Activities	32,027,062	30,390,489	-	299,354	-	(1,337,219)	(1,337,219)
TOTAL	\$ 51,268,317	\$ 33,728,994	\$ 1,593,673	\$ 21,971,170	7,362,739	(1,337,219)	6,025,520
General Revenues:							
Property Taxes					7,291,593	-	7,291,593
Franchise Taxes					1,965,619	-	1,965,619
Grants & Contributions Not Restricted to Specific Functions					1,348,390	-	1,348,390
Investment Earnings					1,056,553	2,084,598	3,141,151
Gain on Disposal of Capital Assets					107,511	-	107,511
Other					421,843	2,922	424,765
Transfers					(1,820,967)	1,820,967	-
Total General Revenues & Transfers					10,370,542	3,908,487	14,279,029
Change in Net Assets					17,733,281	2,571,268	20,304,549
Net Assets - Beginning					13,126,449	41,074,245	54,200,694
Net Assets - Ending					\$ 30,859,730	\$ 43,645,513	\$ 74,505,243

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



CHASKA

CITY OF CHASKA, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	GENERAL	GO TI CROSSOVER REFUNDING BONDS OF 2003	TIF DISTRICT #4 REVOLVING	2003 IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash And Investments	\$ 2,896,299	\$ 5,975	\$ -	\$ 782,571	\$ 10,657,680	\$ 14,342,525
Investment With Escrow Agent	-	-	-	-	812,094	812,094
Receivables:						
Taxes	231,041	-	118,354	-	51,084	400,479
Special Assessments	6,025	766,739	1,382,580	-	6,987,480	9,142,824
Accounts	66,048	-	-	-	34,822	100,870
Interest	5,823	-	59,413	3,185	48,723	117,144
Other Receivables	72,917	-	594,684	-	1,984,054	2,651,655
Due from Other Funds	-	-	-	-	16,060,721	16,060,721
Due From Other Governments	43,209	-	1,425,000	100,409	43,069	1,611,687
Interfund Receivable	-	-	-	-	614,490	614,490
Advance to Other Funds	-	-	-	-	1,010,088	1,010,088
Land Held for Resale	-	-	-	-	1,893,394	1,893,394
TOTAL ASSETS	\$ 3,321,362	\$ 772,714	\$ 3,580,031	\$ 886,165	\$ 40,197,699	\$ 48,757,971
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts Payable	\$ 115,774	\$ -	\$ 22,374	\$ 236,272	\$ 778,157	\$ 1,152,577
Salaries Payable	204,995	-	-	-	-	204,995
Due To Other Funds	-	-	12,916,421	-	3,144,300	16,060,721
Due To Other Governments	49	-	-	-	293,783	293,832
Interfund Payable	-	-	167,395	-	1,452,227	1,619,622
Deferred and Unearned Revenue	111,882	766,215	3,507,101	-	11,191,175	15,576,373
Advance from Other Funds	-	-	182,363	-	2,248,645	2,431,008
TOTAL LIABILITIES	432,700	766,215	16,795,654	236,272	19,108,287	37,339,128
FUND BALANCES:						
Reserved	-	6,499	-	887,619	26,493,693	27,387,811
Unreserved, Designated Reported In:						
General Fund	2,888,457	-	-	-	-	2,888,457
Special Revenue Funds	-	-	-	-	1,534,783	1,534,783
Unreserved, Undesignated Reported In:						
General Fund	205	-	-	-	-	205
Special Revenue Funds	-	-	-	-	158,285	158,285
Capital Project Funds	-	-	(13,215,623)	(237,726)	(7,097,349)	(20,550,698)
TOTAL FUND BALANCES	2,888,662	6,499	(13,215,623)	649,893	21,089,412	11,418,843
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,321,362	\$ 772,714	\$ 3,580,031	\$ 886,165	\$ 40,197,699	\$ 48,757,971

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, 2005

Total fund balances - governmental funds \$ 11,418,843

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. 223,985

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

Cost of Capital Assets	69,833,017
Less: Accumulated Depreciation	(12,546,635)

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. 12,482,593

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. 2,981,518

Internal balances from business-type activities for internal service fund services. (91,687)

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. (184,033)

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	(8,794,016)
Due in more than one year	<u>(44,463,855)</u>

Net assets of governmental activities \$ 30,859,730

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, 2005

	GENERAL	GO TI CROSSOVER REFUNDING BONDS OF 2003	TIF DISTRICT #4 REVOLVING	2003 IMPROVEMENT PROJECTS	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes:						
Property	\$ 2,540,013	\$ -	\$ 4,153,218	\$ -	\$ 639,422	\$ 7,332,653
Franchise	1,965,619	-	-	-	-	1,965,619
Licenses and Permits	910,346	-	-	-	-	910,346
Intergovernmental	991,281	-	-	4,246,375	4,514,341	9,751,997
Charges for Services	979,278	-	-	-	1,296,159	2,275,437
Fines and Forfeitures	77,292	-	-	-	-	77,292
Special Assessments	9,272	126,710	14,053	-	1,153,844	1,303,879
Other Revenue	167,665	-	467,749	62,038	1,460,167	2,157,619
TOTAL REVENUES	7,640,766	126,710	4,635,020	4,308,413	9,063,933	25,774,842
EXPENDITURES						
CURRENT:						
General Government	2,533,487	-	-	-	182,440	2,715,927
Economic Development	-	-	788,318	-	4,217,050	5,005,368
Public Safety	2,975,845	-	-	-	59,857	3,035,702
Public Works	2,190,724	-	-	1,005,282	350,320	3,546,326
Parks, Recreation and Arts	360,013	-	-	-	61,559	421,572
DEBT SERVICE:						
Principal	-	3,425,000	-	-	4,625,000	8,050,000
Interest	-	186,600	116,257	-	2,497,040	2,799,897
CAPITAL OUTLAY	1,246	-	177,206	7,134,199	1,449,077	8,761,728
TOTAL EXPENDITURES	8,061,315	3,611,600	1,081,781	8,139,481	13,442,343	34,336,520
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(420,549)	(3,484,890)	3,553,239	(3,831,068)	(4,378,410)	(8,561,678)
OTHER FINANCING SOURCES (USES)						
Transfers In	95,500	3,479,161	496,402	-	5,003,995	9,075,058
Transfers Out	-	-	(4,755,485)	-	(6,141,548)	(10,897,033)
Payment to Refunded Bond Escrow Agent	-	-	-	-	(2,360,000)	(2,360,000)
Sale of Capital Assets	-	-	-	-	107,511	107,511
TOTAL OTHER FINANCING SOURCES AND (USES)	95,500	3,479,161	(4,259,083)	-	(3,390,042)	(4,074,464)
NET CHANGE IN FUND BALANCES	(325,049)	(5,729)	(705,844)	(3,831,068)	(7,768,452)	(12,636,142)
FUND BALANCES, January 1	3,213,711	12,228	(12,509,779)	4,480,961	28,857,864	24,054,985
FUND BALANCES, December 31	\$ 2,888,662	\$ 6,499	\$ (13,215,623)	\$ 649,893	\$ 21,089,412	\$ 11,418,843

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, 2005

Total net change in fund balances - governmental funds	\$ (12,636,142)
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.	
	(40,051)
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	8,849,599
Less: Depreciation Expense	(1,764,626)
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.	
	11,074,711
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	
	28,050
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.	
	1,662,577
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)	(307,412)
Reductions to long-term debt (increases governmental fund balances)	10,770,600
Transfers of Capital Assets between Enterprise Funds and Governmental Funds are not reported in governmental funds.	
	1,008
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.	
	31,479
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>63,488</u>
Change in net assets - governmental activities	<u>\$ 17,733,281</u>

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

CITY OF CHASKA, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES:				
Taxes:				
Property	\$ 2,534,452	\$ 2,534,452	\$ 2,540,013	\$ 5,561
Franchise	1,902,570	1,902,570	1,965,619	63,049
Licenses And Permits	1,083,845	1,083,845	910,346	(173,499)
Intergovernmental	937,955	937,955	991,281	53,326
Charges For Services	1,011,885	1,011,885	979,278	(32,607)
Fines And Forfeitures	55,223	55,223	77,292	22,069
Special Assessments	2,500	2,500	9,272	6,772
Other Revenue	105,060	105,060	167,665	62,605
TOTAL REVENUES	<u>7,633,490</u>	<u>7,633,490</u>	<u>7,640,766</u>	<u>7,276</u>
EXPENDITURES:				
Current:				
General Government	2,565,426	2,565,426	2,533,487	31,939
Public Safety	2,793,828	2,793,828	2,975,845	(182,017)
Public Works	2,012,488	2,098,035	2,190,724	(92,689)
Parks, Recreation and Arts	357,248	357,248	360,013	(2,765)
Capital Outlay	-	-	1,246	(1,246)
TOTAL EXPENDITURES	<u>7,728,990</u>	<u>7,814,537</u>	<u>8,061,315</u>	<u>(246,778)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(95,500)</u>	<u>(181,047)</u>	<u>(420,549)</u>	<u>(239,502)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	95,500	95,500	95,500	-
NET CHANGE IN FUND BALANCES	-	(85,547)	(325,049)	(239,502)
FUND BALANCES, January 1	<u>3,213,711</u>	<u>3,213,711</u>	<u>3,213,711</u>	<u>-</u>
FUND BALANCES, December 31	<u>\$ 3,213,711</u>	<u>\$ 3,128,164</u>	<u>\$ 2,888,662</u>	<u>\$ (239,502)</u>

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

Proprietary Funds

City of Chaska

December 31, 2005

CITY OF CHASKA, MINNESOTA

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	ELECTRIC	WATER	COMMUNITY CENTER
ASSETS			
Current Assets:			
Cash And Investments	\$ 2,880,077	\$ 873,387	\$ 852,096
Restricted Assets:			
Cash And Investments With Escrow Agent	-	-	-
Accrued Interest On Investments	-	-	-
Receivables:			
Accounts:			
Current	1,889,445	65,395	106,883
Unbilled	807,099	36,158	-
Allowance For Uncollectible Accounts	(17,639)	(634)	(192)
Interest	11,025	-	-
Due From Other Governments	-	-	159,250
Interfund Receivable	1,375,052	-	-
Lease Receivable	-	-	-
Inventories	778,021	167,616	-
Total Current Assets	7,723,080	1,141,922	1,118,037
Noncurrent Assets:			
Restricted Cash And Investments with Escrow Agent	-	-	-
Lease Receivable	-	-	-
Advance To Other Funds	2,653,086	-	-
Deferred Charges	-	249,292	-
Capital Assets:			
Land	240,721	33,618	90,466
Buildings	5,079,031	17,047,742	18,628,722
Other Improvements	-	-	185,826
Furniture & Equipment	1,167,701	264,947	1,029,920
Infrastructure	11,762,465	3,022,209	-
Construction In Progress	-	-	197,277
Less: Accumulated Depreciation	(8,446,291)	(3,764,479)	(7,303,045)
Total Net Capital Assets	9,803,627	16,604,037	12,829,166
Total Noncurrent Assets	12,456,713	16,853,329	12,829,166
TOTAL ASSETS	20,179,793	17,995,251	13,947,203

			GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUND
<u>TURBINE GENERATOR</u>	<u>NONMAJOR ENTERPRISE</u>	<u>TOTALS</u>	
\$ 647,005	\$ 2,104,023	\$ 7,356,588	\$ 2,974,226
1,498,242	-	1,498,242	-
347,994	-	347,994	-
-	204,323	2,266,046	-
-	77,190	920,447	-
-	(2,008)	(20,473)	-
-	3,965	14,990	7,292
-	-	159,250	-
24,055	-	1,399,107	-
316,624	-	316,624	-
-	61,109	1,006,746	-
<u>2,833,920</u>	<u>2,448,602</u>	<u>15,265,561</u>	<u>2,981,518</u>
33,584,283	-	33,584,283	-
26,983,762	-	26,983,762	-
1,303,159	-	3,956,245	-
1,053,829	-	1,303,121	-
-	-	364,805	-
-	8,265,839	49,021,334	-
-	229,269	415,095	-
-	2,745,644	5,208,212	-
-	2,588,495	17,373,169	-
-	-	197,277	-
-	(5,705,839)	(25,219,654)	-
-	8,123,408	47,360,238	-
<u>62,925,033</u>	<u>8,123,408</u>	<u>113,187,649</u>	<u>-</u>
<u>65,758,953</u>	<u>10,572,010</u>	<u>128,453,210</u>	<u>2,981,518</u>

(Continued)

CITY OF CHASKA, MINNESOTA

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	ELECTRIC	WATER	COMMUNITY CENTER
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	16,561	157,962	98,847
Contracts Payable	-	3,031	86,494
Salaries Payable	42,100	13,981	40,917
Deposits Payable	93,922	-	15,383
Compensated Absences	55,804	12,934	27,359
Accrued Interest Payable	-	46,485	-
Due To Other Governments	1,214,290	2	16,006
Interfund Payable	24,055	-	-
Revenue Bonds Payable	-	595,000	-
Unearned Revenue	-	-	29,491
Total Current Liabilities	1,446,732	829,395	314,497
Noncurrent Liabilities:			
Compensated Absences	36,844	7,028	30,710
Advance From Other Funds	1,303,159	-	-
Revenue Bonds Payable	-	14,000,000	-
Unamortized Premium On Revenue Bonds	-	46,869	-
Total Noncurrent Liabilities	1,340,003	14,053,897	30,710
TOTAL LIABILITIES	2,786,735	14,883,292	345,207
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	9,803,627	3,199,547	12,829,166
Restricted	-	-	-
Unrestricted	7,589,431	(87,588)	772,830
TOTAL NET ASSETS	\$ 17,393,058	\$ 3,111,959	\$ 13,601,996

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>
-	152,243	425,613	-
-	-	89,525	-
-	33,342	130,340	-
-	35,747	145,052	-
-	33,659	129,756	-
859,381	-	905,866	-
-	2,014	1,232,312	-
-	369,920	393,975	-
725,000	-	1,320,000	-
-	64,006	93,497	-
<u>1,584,381</u>	<u>690,931</u>	<u>4,865,936</u>	<u>-</u>
-	36,023	110,605	-
-	1,232,166	2,535,325	-
62,415,000	-	76,415,000	-
925,649	-	972,518	-
<u>63,340,649</u>	<u>1,268,189</u>	<u>80,033,448</u>	<u>-</u>
<u>64,925,030</u>	<u>1,959,120</u>	<u>84,899,384</u>	<u>-</u>
-	8,123,408	33,955,748	-
1,947,963	-	1,947,963	-
<u>(1,114,040)</u>	<u>489,482</u>	<u>7,650,115</u>	<u>2,981,518</u>
<u>\$ 833,923</u>	<u>\$ 8,612,890</u>	<u>\$ 43,553,826</u>	<u>\$ 2,981,518</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<u>91,687</u>	
Net assets of business-type activities		<u>\$ 43,645,513</u>	

CITY OF CHASKA, MINNESOTA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	ELECTRIC	WATER	COMMUNITY CENTER
OPERATING REVENUES:			
Sales	\$ 20,262,089	\$ 1,071,231	\$ 2,097,303
OPERATING EXPENSES:			
Production	15,290,994	253,910	-
Distribution / Collections	1,264,800	441,940	-
Administration	537,329	298,110	2,229,436
Franchise Fees	1,804,000	-	-
Depreciation	638,959	434,483	659,594
TOTAL OPERATING EXPENSES	19,536,082	1,428,443	2,889,030
OPERATING INCOME (LOSS)	726,007	(357,212)	(791,727)
NON-OPERATING REVENUES:			
Investment Earnings	164,373	37,283	58,998
Intergovernmental	-	-	108,110
Payments	-	-	-
Miscellaneous Refunds And Reimbursements	2,922	-	-
TOTAL NON-OPERATING REVENUES	167,295	37,283	167,108
NON-OPERATING EXPENSES:			
Interest	81,534	341,767	-
Issuance Costs & Fiscal Agent Fees	-	15,132	-
TOTAL NON-OPERATING EXPENSES	81,534	356,899	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	811,768	(676,828)	(624,619)
CAPITAL CONTRIBUTIONS	293,601	3,900	-
TRANSFER IN (OUT)			
Transfers In	-	943,403	2,900,000
Transfers Out	(1,344,934)	(7,600)	(212,179)
Total Transfers In (Out)	(1,344,934)	935,803	2,687,821
CHANGE IN NET ASSETS	(239,565)	262,875	2,063,202
NET ASSETS, January 1	17,632,623	2,849,084	11,538,794
NET ASSETS, December 31	\$ 17,393,058	\$ 3,111,959	\$ 13,601,996

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

			GOVERNMENTAL
			ACTIVITIES -
			INTERNAL
			SERVICE
			FUND
<u>TURBINE</u>	<u>OTHER</u>	<u>TOTALS</u>	
<u>GENERATOR</u>	<u>NONMAJOR</u>		
	<u>ENTERPRISE</u>		
\$ 2,350,330	\$ 4,419,892	\$ 30,200,845	\$ 564,303
-	1,277,455	16,822,359	-
-	416,111	2,122,851	-
86,146	2,128,423	5,279,444	585,445
-	-	1,804,000	-
-	775,322	2,508,358	-
<u>86,146</u>	<u>4,597,311</u>	<u>28,537,012</u>	<u>585,445</u>
<u>2,264,184</u>	<u>(177,419)</u>	<u>1,663,833</u>	<u>(21,142)</u>
1,780,337	43,607	2,084,598	77,365
-	-	108,110	-
81,534	-	81,534	-
-	-	2,922	-
<u>1,861,871</u>	<u>43,607</u>	<u>2,277,164</u>	<u>77,365</u>
3,000,301	16,842	3,440,444	-
27,209	-	42,341	-
<u>3,027,510</u>	<u>16,842</u>	<u>3,482,785</u>	<u>-</u>
1,098,545	(150,654)	458,212	56,223
-	1,853	299,354	-
-	99,877	3,943,280	-
<u>(405,000)</u>	<u>(152,600)</u>	<u>(2,122,313)</u>	<u>-</u>
<u>(405,000)</u>	<u>(52,723)</u>	<u>1,820,967</u>	<u>-</u>
693,545	(201,524)	2,578,533	56,223
<u>140,378</u>	<u>8,814,414</u>	<u>40,975,293</u>	<u>2,925,295</u>
<u>\$ 833,923</u>	<u>\$ 8,612,890</u>	<u>\$ 43,553,826</u>	<u>\$ 2,981,518</u>
Change in net assets - total Enterprise Funds		\$ 2,578,533	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		<u>(7,265)</u>	
Change in net assets - Business-type Activities		<u>\$ 2,571,268</u>	

CITY OF CHASKA, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>ELECTRIC</u>	<u>WATER</u>	<u>COMMUNITY CENTER</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts From Customers And Users	\$ 19,672,330	\$ 1,057,478	\$ 2,015,903
Payments To Suppliers	(17,842,480)	(965,871)	(1,109,778)
Payments To Employees	(937,231)	(356,008)	(1,096,524)
Net Cash Provided (Used) By Operating Activities	<u>892,619</u>	<u>(264,401)</u>	<u>(190,399)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From Other Funds	-	943,403	2,900,000
Transfers To Other Funds	(1,344,934)	(7,600)	(212,179)
Due From Other Funds	16,279	-	-
Due To Other Funds	-	-	-
Interfund Loans To Other Funds	(1,255,848)	-	-
Interfund Loans From Other Funds	(22,685)	-	-
Intergovernmental	-	-	108,110
Miscellaneous Refunds/Reimbursements	2,922	-	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(2,604,266)</u>	<u>935,803</u>	<u>2,795,931</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds From Revenue Bonds	-	-	-
Deferred Issuance Charges	-	15,132	-
Capital Contributions	293,601	3,900	-
Principal Paid On Bonds	-	(390,000)	-
Interest And Fiscal Charges	(81,534)	(355,224)	-
Construction And Acquisition of Capital Assets	(698,673)	(2,004,362)	(2,842,690)
Lease Principal Received	-	-	-
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(486,606)</u>	<u>(2,730,554)</u>	<u>(2,842,690)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest On Investments	<u>162,282</u>	<u>37,283</u>	<u>58,998</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,035,971)	(2,021,869)	(178,160)
CASH AND CASH EQUIVALENTS, January 1	4,916,048	2,895,256	1,030,256
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 2,880,077</u>	<u>\$ 873,387</u>	<u>\$ 852,096</u>
CASH AND CASH EQUIVALENTS:			
Cash And Investments	\$ 2,880,077	\$ 873,387	\$ 852,096
Restricted Assets-Revenue Bonds:			
Cash And Investments	-	-	-
Total Cash And Cash Equivalents	<u>\$ 2,880,077</u>	<u>\$ 873,387</u>	<u>\$ 852,096</u>

			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
TURBINE GENERATOR	OTHER NONMAJOR ENTERPRISE	TOTALS	
\$ 2,350,330	\$ 4,412,798	\$ 29,508,839	\$ 564,303
(86,146)	(2,627,701)	(22,631,976)	(585,445)
-	(1,227,851)	(3,617,614)	-
<u>2,264,184</u>	<u>557,246</u>	<u>3,259,249</u>	<u>(21,142)</u>
-	99,877	3,943,280	-
(405,000)	(152,600)	(2,122,313)	-
-	-	16,279	-
-	(16,279)	(16,279)	-
22,685	-	(1,233,163)	-
-	-	(22,685)	-
-	-	108,110	-
-	-	2,922	-
<u>(382,315)</u>	<u>(69,002)</u>	<u>676,151</u>	<u>-</u>
31,660,649	-	31,660,649	-
(373,604)	-	(358,472)	-
-	1,853	299,354	-
(585,000)	-	(975,000)	-
(2,628,490)	(16,842)	(3,082,090)	-
-	(432,970)	(5,978,695)	-
290,738	-	290,738	-
<u>28,364,293</u>	<u>(447,959)</u>	<u>21,856,484</u>	<u>-</u>
<u>1,558,618</u>	<u>41,982</u>	<u>1,859,163</u>	<u>74,531</u>
31,804,780	82,267	27,651,047	53,389
3,924,750	2,021,756	14,788,066	2,920,837
<u>\$ 35,729,530</u>	<u>\$ 2,104,023</u>	<u>\$ 42,439,113</u>	<u>\$ 2,974,226</u>
\$ 647,005	\$ 2,104,023	\$ 7,356,588	\$ 2,974,226
35,082,525	-	35,082,525	-
<u>\$ 35,729,530</u>	<u>\$ 2,104,023</u>	<u>\$ 42,439,113</u>	<u>\$ 2,974,226</u>

(Continued)

CITY OF CHASKA, MINNESOTA

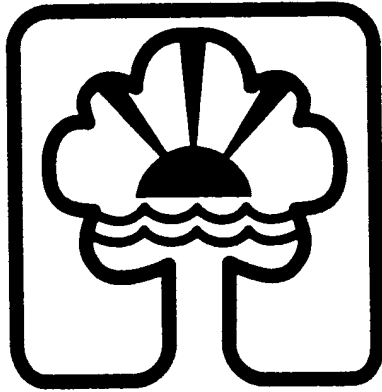
**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	ELECTRIC	WATER	COMMUNITY CENTER
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 726,007	\$ (357,212)	\$ (791,727)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:			
Depreciation Expense	638,959	434,483	659,594
Allowance For Uncollectible Accounts	5,385	143	43
(Increase) Decrease In Assets:			
Accounts Receivable	(611,255)	(13,896)	14,925
Due From Other Governments	6,224	-	(109,411)
Inventory	39,228	(100,482)	-
Prepaid Items	-	-	-
Increase (Decrease) In Liabilities:			
Accounts Payable	(30,605)	44,252	(76,890)
Contracts Payable	-	(279,470)	86,494
Salaries Payable	13,513	8,772	11,318
Deposits Payable	9,887	-	4,530
Unearned Revenue	-	-	8,513
Due To Other Governments	95,276	(991)	2,212
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 892,619	\$ (264,401)	\$ (190,399)

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>
\$ 2,264,184	\$ (177,419)	\$ 1,663,833	\$ (21,142)
-	775,322	2,508,358	-
-	228	5,799	-
-	(17,166)	(627,392)	-
-	-	(103,187)	-
-	(262)	(61,516)	-
-	3,125	3,125	-
-	(52,525)	(115,768)	-
-	-	(192,976)	-
-	17,067	50,670	-
-	(3,840)	10,577	-
-	13,684	22,197	-
-	(968)	95,529	-
<u>\$ 2,264,184</u>	<u>\$ 557,246</u>	<u>\$ 3,259,249</u>	<u>\$ (21,142)</u>



CHASKA

CITY OF CHASKA, MINNESOTA

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2005**

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash And Cash Equivalents	\$ 203,037
Receivables:	
Accounts	22,808
Other	9,727
Due From Other Funds	<u>15,814</u>
TOTAL ASSETS	<u>\$ 251,386</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 16,721
Due To Other Funds	15,814
Due To Other Governments	89,900
Deposits Payable	<u>128,951</u>
TOTAL LIABILITIES	<u>\$ 251,386</u>

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

Note 1 Summary of Significant Accounting Policies

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

The financial statements of the City are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies that the City follows are described below to enhance the usefulness of the financial statements to the reader.

A) The Financial Reporting Entity

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

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

As a result of applying the component unit definition criteria above, one organization has been defined and is presented as if they were part of the City in this report as follows:

Blended component unit –

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

B) Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide financial statements and fund financial statements. “**Government-wide financial statements**” (i.e. the Statement of Net Assets and that Statement of Activities) report information based on the City as a whole and exclude fiduciary activity. Also, for the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Direct expenses also include allocated expenses to functional programs from centralized expenses reported in the Self Insurance Fund. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular function, and 3) capital grants and contributions (including special assessments) that are restricted to meeting the capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Major Governmental Funds

The City of Chaska reports the following major governmental funds:

- The *General 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.
- *Debt Service Fund - General Obligation Tax Increment Crossover Refunding Bonds of 2003*. This fund was established in 2003 to account for the refunding of the Capital Appreciation Bonds of 1995, which were refunded in 2004.
- *Capital Project Fund - 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.

Capital Project Fund - 2003 Improvement Projects - This fund was established to account for 2003 improvement projects including First Street and Bavaria Road Reconstruction.

Major Proprietary Funds

The City of Chaska reports the following major Proprietary funds:

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

Other Funds – The City reports the following other funds:

- **Internal Service Funds** account for operations that provide services to other departments or agencies of the government on a cost reimbursement basis. The City of Chaska has one Internal Service Fund – the Self-Insurance Fund. This fund is used to account for the purchase of property, liability, and workers’ compensation insurance for all City departments. Costs are allocated to the departments.
- **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. The following is a list of the City’s Fiduciary funds:
 - **Builders’ Deposit Fund.** This Agency fund is used to account for assets held in a custodial capacity in the form of deposits from builders that will be refunded upon project completion.
 - **Developers’ Fund.** This Agency fund is used to account for assets held in a custodial capacity in the form of billings to developers for contractual services.
 - **MCES Collection Fund.** This Agency fund is used to account for the collection of assets held in a custodial capacity in the form of sewer availability charges remitted monthly to the Metropolitan Council Environmental Services (MCES).

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statement to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

C) Measurement Focus and Basis of Accounting

Government-Wide Financial Statements:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Economic resources measurement focus aims to reporting all inflows, outflows and balances affecting or reflecting an entity's net assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

Governmental Funds

Governmental Funds use a *current financial resources measurement focus* and the *modified accrual basis of accounting*. This means that only current assets and current liabilities are generally included on the balance sheets. As stated earlier, the government-wide financial statements use an economic resources measurement focus and the accrual basis of accounting. Therefore, a reconciliation on the governmental funds statements becomes necessary to explain the difference in balances between the government-wide statements and the governmental fund statements.

The reported fund balance (net current assets) is considered a measure of "available, spendable resources". Governmental funds operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available, spend-able resources" during a period. Their revenues are recognized when they become measurable and available and thus susceptible to accrual. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The City generally considers revenues as available if they are collected within 60 days after year-end. Grants and similar revenues are recognized when all requirements imposed by the provider have been met. Major revenues that are susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for services, and interest on investments. Major revenues that are not susceptible to accrual include licenses and permits, fees and miscellaneous revenue. Such revenues are recorded only as received because they are not measurable until collected.

The City reports deferred revenue on its governmental balance sheet. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned amounts are always reported as deferred revenue; earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period. Examples of unearned revenue would be grant monies that are received prior to the occurrence of qualifying expenditures. In subsequent periods when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenditures are generally recognized under the modified accrual basis of accounting where the expenditure is recorded when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due.

Proprietary and Fiduciary Funds

Proprietary funds are accounted for on a flow of *economic resources measurement focus* and *accrual basis of accounting*. This means that all assets, including capital assets, and all liabilities, including long-term liabilities, associated with fund activity are included on the Statement of Net Assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Fiduciary funds also utilize the *accrual basis of accounting*. The City has only one Fiduciary Fund type, an agency fund, which is custodial in nature (assets equal liabilities) and does not have a measurement focus.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues for all of the City of Chaska’s enterprise funds and internal service fund are cost of sales and services, administrative expense, and depreciation of capital assets. All other revenues and expenses are reported as non-operating items.

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

D) Budgetary Accounting

Budgets for the General fund and for certain Special Revenue funds (schedules are included in the financial statements) are adopted on a basis consistent with United States generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

E) Cash and Investments

Cash balances from all funds are combined and invested to the extent available as authorized by Minnesota State Statutes. Earnings from such investments are allocated to the respective

funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value based on quoted market prices. Cash and cash equivalents consist of available cash, cash deposits and highly liquid investments with an original maturity date at the time of purchase of three months or less.

F) Receivables**1. PROPERTY TAX**

Property tax levies are levied by the City Council and must be levied on or before five business days after December 20th. Levied property taxes are certified to Carver County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

A portion of the property taxes levied is paid by the State of Minnesota through Market Value Credit, which is usually included in intergovernmental revenue in the financial statements.

The county spreads all levies over assessable property. Such taxes become a lien on the first of January and are recorded as receivables by the City at that date. Revenues are accrued in the year collectable net of delinquencies.

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

Taxes, which remain unpaid at December 31, are classified as “delinquent taxes receivable” and are fully offset by deferred revenue in the governmental fund statements because they are not available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

2. SPECIAL ASSESSMENTS

The principal and interest portion of special assessments is recognized as revenue in the year when collected in the governmental funds. Both the principal and interest on special assessments are payable in installments over a term of years that matches the scheduled payments for the bond issue which financed the project. Special assessments, which remain unpaid at December 31, are classified as “special assessments receivable” and are fully offset by deferred revenue in the governmental fund financial statements because they are not available to finance current expenditures.

3. TRADE RECEIVABLES

All trade receivables are shown net of an allowance for uncollectibles.

G) Short-Term Interfund Receivables/Payables

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

H) Inventory

Inventories in the enterprise funds are valued at cost, which approximates market, using a weighted method. Inventories are recorded as expenses when consumed.

I) Advances to Other Funds

Long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve in the governmental fund statements, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

J) Land Held for Resale

Land held for resale represent various property purchases made by the City with the intent to sell in order to increase tax base or attract new business. These assets are stated at the lower of cost or net realizable value.

K) Restricted Assets and Investments With Escrow Agent

In the government-wide statement of net assets and proprietary fund financial statements, unspent bond proceeds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. In the governmental fund financial statements these proceeds are listed as Investments with Escrow Agent. In the debt service funds, the proceeds of a crossover refunding bond issue held by the refunding bond escrow agent are reported as investments with escrow agent. These proceeds and any interest earned thereon can only be used to retire the related bond issue being refunded on its crossover refunding date (the date at which the refunded issue is callable), or to pay interest on the refunding issue until that time.

L) Capital Assets

Capital assets, which include land, building and structures, equipment and infrastructure assets (e.g. roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of, or materially extend the life of the asset are recorded as expenditures.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City relating to construction during the current fiscal year was \$563,120. Of

this amount, \$222,257 was included as part of the cost of capital assets under construction in connection with the water treatment facilities project.

Depreciation of assets on the Government-wide statements for the primary government (governmental and business-type activities) and in the Proprietary funds financial statements is charged as an expense against operations over the estimated useful life of the asset using the straight-line method of depreciation. The City uses a \$5,000 capitalization policy. Depreciation has been provided for in these financial statements based on the following estimated useful lives:

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

Capital Assets not being depreciated include land, works of art/historical treasures and construction in progress.

In accordance with GASB 34 ¶148, the City of Chaska has chosen to report infrastructure assets prospectively beginning in the year of implementation (2003). The government-wide financial statements include infrastructure assets that were completed in 2003, 2004 and 2005. The City will retroactively report (1981–2002) all major general infrastructure assets by December 31, 2007.

M) Compensated Absences

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

N) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O) Fund Balance

The difference between fund assets and liabilities is "Fund Balance" on the governmental fund statements. Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

P) Net Assets

Net assets represent the difference between assets and liabilities in the government-wide and proprietary fund financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Q) Interfund Transactions

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

Note 2 Compliance and Accountability

A) Budget

The City follows these procedures in establishing the annual budgetary data:

1. City Administrative Services Director prepares history of actual revenues and expenditures for the prior two years and an estimate for the current year.

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

B) Excess of Expenditures Over Appropriations

For the year ended December 31, 2005, expenditures exceeded appropriations in the general fund by \$246,778. This variance was funded by fund balance. Mid-year, the general fund budget was amended to increase the street department budget by \$85,547.

C) Nonmajor Funds with Negative Equity

The following nonmajor funds maintained a deficit fund balance/net asset position at December 31, 2005:

Capital Project Funds:

Hwy 212 RALF Loans	\$ 1,792,404
TIF Dist #10 - Nordic Track	175,524
Redevelopment Plan #4 - Non TIF Projects	404,989
TIF Dist #4 - 1999 Taxable Writedowns	229,160
TIF Dist #12 - Clover Fields	82,307
TIF Dist #14 - Downtown Redevelopment	1,179,269
TIF Dist #15 - Chamber Redevelopment	3,226
Unfinanced Improvement Projects	1,880,767
2000 Improvement Projects	114,751
2002 Improvement Projects	42,124
2005 Improvement Projects	32,983
2006 Improvement Projects	119
Public Facilites Capital Improvements	233,683
Hwy 312 Improvements	385,508
Annual Street Improvement	245,031

Enterprise Funds:

Internet Service Provider	616,082
---------------------------	---------

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

The deficit in the Internet Service Provider fund is due to start-up costs for the wireless residential internet service which had its first full year of operations in 2005. Revenue from future operations will eliminate the deficit.

Note 3 Cash and Investments

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

A) Deposits

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

Statement of Net Assets - Government-Wide	
Cash and Investments	\$ 24,673,339
Restricted Cash and Investments	35,894,619
	<u>60,567,958</u>
Statement of Net Assets - Fiduciary Funds	
Cash and Investments	<u>203,037</u>
Total Cash and Investments	<u><u>60,770,995</u></u>

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

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

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may be lost.

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

Authorized collateral includes the legal investments described below under "credit risk", as well as; certain first mortgage notes and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City or in a financial institution other than that furnishing the collateral. The City's investment policies do not further address limiting exposure to custodial credit risk for deposits.

Deposit balances at December 31, 2005 are as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Total Bank Deposits	\$ 1,785,991	\$ 1,250,638

At December 31, 2005, all deposits were insured, or collateralized by securities held by the City's agent in the City's name.

B) Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk - Maturity Duration in Years			Total
	Rating	Agency	Less Than 1	1 to 5	Over 5	
U.S. Treasuries	N/A	N/A	\$ 512,368	\$ 31,139,770	\$ -	\$ 31,652,138
U.S. Agencies	AAA	S&P	7,425,542	4,154,330	2,473,450	14,053,322
U.S. Agencies	N/R	N/R	479,750	-	-	479,750
Commercial Paper	P-1	Moody's	5,426,894	-	-	5,426,894
Guaranteed Investment Contract	N/A	N/A	1,249,551	-	-	1,249,551
Guaranteed Investment Contract	N/A	N/A	-	-	2,444,513	2,444,513
Investments in Mutual Funds & Money Markets						
Franklin US Govt Securities Class A	N/R	N/R	N/A	N/A	N/A	1,033,944
First American Treasury Obligations	AAAm	S&P	N/A	N/A	N/A	812,094
First American Prime Obligations	AAAm	S&P	N/A	N/A	N/A	1,379,477
100% Treasury MM Fund	AAAm	S&P	N/A	N/A	N/A	985,874
Total Investments			<u>\$ 15,094,105</u>	<u>\$ 35,294,100</u>	<u>\$ 4,917,963</u>	<u>59,517,557</u>
					Total Deposits	1,250,638
					Petty Cash	<u>2,800</u>
N/A - Not Applicable					Total Deposits and Investments	<u>\$ 60,770,995</u>
N/R - Not Rated						

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

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

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations

or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. One mutual fund that the City has invested in, the Franklin Templeton U.S. Government Securities Fund, has not been rated by any nationally recognized rating organization. The City’s investment policies do not further address credit risk.

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The City’s investment policies do not limit the concentration of investments. At year-end, the City had 9.8% and 8.93% of its investments held in U.S. Government agency securities - Federal Home Loan Bank and Federal National Mortgage Association respectively.

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

Note 4 Detail of Other Receivables

Other receivables as of year-end for the City’s individual major funds and nonmajor funds are as follows:

	Governmental Funds			
	General Fund	TIF District #4 Revolving Fund	Nonmajor Governmental Funds	Government Wide Total
Other Receivables:				
Contracts	\$ -	\$ 168,781	\$ -	\$ 168,781
Notes	72,917	425,903	1,984,054	2,482,874
Total Other Receivables	<u>\$ 72,917</u>	<u>\$ 594,684</u>	<u>\$ 1,984,054</u>	<u>\$ 2,651,655</u>

\$2,303,005 of the \$2,482,874 Notes Receivable balance is not expected to be received within one year. \$162,828 of the \$168,781 Contracts Receivable balance is not expected to be received within one year. In the governmental funds, amounts have been deferred based on the availability criteria.

Note 5 Capital Assets

Capital Asset activity for Governmental activities for the year ended December 31, 2005 is as follows:

	BALANCE JAN. 1, 2005	INCREASES	DECREASES	RECLASS & TRANSFERS	BALANCE DEC. 31, 2005
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 5,566,566	\$ -	\$ -	\$ 685,100	\$ 6,251,666
Works of Art/Treasures	82,662	-	-	-	82,662
Construction In Progress	7,935,213	19,314,694	(28,101)	(6,487,107)	20,734,699
Total capital assets, not being depreciated	13,584,441	19,314,694	(28,101)	(5,802,007)	27,069,027
Capital assets, being depreciated:					
Buildings And Structures	10,258,544	-	-	-	10,258,544
Improvements Other Than Buildings And Structures	6,209,983	77,358	-	414,389	6,701,730
Infrastructure	13,085,163	230,348	-	5,387,618	18,703,129
Furniture And Equipment	6,961,793	364,011	(247,495)	22,278	7,100,587
Total capital assets being depreciated	36,515,483	671,717	(247,495)	5,824,285	42,763,990
Less accumulated depreciation for:					
Buildings And Structures	(3,237,526)	(343,363)	-	-	(3,580,889)
Improvements Other Than Buildings And Structures	(2,885,843)	(228,086)	-	-	(3,113,929)
Infrastructure	(544,011)	(629,851)	-	-	(1,173,862)
Furniture And Equipment	(4,334,904)	(563,326)	241,545	(21,270)	(4,677,955)
Total accumulated depreciation	(11,002,284)	(1,764,626)	241,545	(21,270)	(12,546,635)
Total capital assets, being depreciated, net	25,513,199	(1,092,909)	(5,950)	5,803,015	30,217,355
Governmental activities capital assets, net	\$ 39,097,640	\$ 18,221,785	\$ (34,051)	\$ 1,008	\$ 57,286,382

Notes To The Financial Statements

City of Chaska, Minnesota

December, 31 2005

Capital Asset activity for Business-Type activities for the year ended December 31, 2005 is as follows:

	<u>BALANCE JAN. 1, 2005</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>RECLASS & TRANSFERS</u>	<u>BALANCE DEC. 31, 2005</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 364,805	\$ -	\$ -	\$ -	\$ 364,805
Construction in Progress	13,704,719	419,535	-	(13,926,977)	197,277
Total capital assets, not being depreciated:	<u>14,069,524</u>	<u>419,535</u>	<u>-</u>	<u>(13,926,977)</u>	<u>562,082</u>
Capital assets, being depreciated:					
Buildings And Structures	31,263,989	3,979,112	-	13,778,233	49,021,334
Improvements Other Than Buildings And Structures	383,587	31,508	-	-	415,095
Furniture and Equipment	4,449,265	824,569	(43,344)	(22,278)	5,208,212
Infrastructure	16,499,446	724,979	-	148,744	17,373,169
Total Capital assets, being depreciated	<u>52,596,287</u>	<u>5,560,168</u>	<u>(43,344)</u>	<u>13,904,699</u>	<u>72,017,810</u>
Less accumulated depreciation for:					
Buildings And Structures	(12,052,218)	(1,456,938)	-	-	(13,509,156)
Improvements Other Than Buildings And Structures	(71,381)	(21,862)	-	-	(93,243)
Furniture and Equipment	(2,178,798)	(504,726)	43,344	21,270	(2,618,910)
Infrastructure	(8,473,513)	(524,832)	-	-	(8,998,345)
Total accumulated depreciation	<u>(22,775,910)</u>	<u>(2,508,358)</u>	<u>43,344</u>	<u>21,270</u>	<u>(25,219,654)</u>
Total capital assets, being depreciated, net	<u>29,820,377</u>	<u>3,051,810</u>	<u>-</u>	<u>13,925,969</u>	<u>46,798,156</u>
Business-type activities capital assets, net	<u>\$ 43,889,901</u>	<u>\$ 3,471,345</u>	<u>\$ -</u>	<u>\$ (1,008)</u>	<u>\$ 47,360,238</u>

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

Governmental Activities:

General Government	\$311,823
Economic Development	12,040
Public Safety	325,111
Public Works	974,630
Parks, Recreation & Arts	<u>141,022</u>

Total Depreciation Expense –
Governmental Activities \$1,764,626

Business-Type Activities:

Electric	\$638,959
Water	434,483
Sewer	103,090
Community Center	659,594
Chaska Par 30	14,379
Chaska Town Course	480,889
Internet Service Provider	<u>176,964</u>

Total Depreciation Expense –
Business-Type Activities \$2,508,358

Note 6 Lease Receivable Agreement

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

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

A second agreement between the two parties gives MMPA the annual option to continue this agreement for an additional twenty-year period beginning May 1, 2031. The agreement calls for annual payments of \$500,000 to be made in equal monthly installments. MMPA will have the annual option to cancel the agreement for any of the twenty additional years by giving the City ninety days written notice in advance of May 1st of the year the option will not be exercised. MMPA will continue to have this option for the twenty-year life of the agreement, even if it chooses not to exercise the option in one or more years during the term of the agreement.

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

Year Ending December 31,	Lease Receivable	
	Principal	Interest
2006	\$ 316,624	\$ 2,324,444
2007	344,812	2,296,256
2008	375,510	2,265,558
2009	408,940	2,232,128
2010	445,350	2,195,718
2011-2015	2,896,983	10,308,357
2016-2020	4,437,572	8,767,768
2021-2025	6,797,423	6,407,917
2026-2030	10,412,232	2,793,108
2031	864,940	15,478
Total	<u>\$ 27,300,386</u>	<u>\$ 39,606,732</u>

Note 7 Long-Term Debt

Long-term liability for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds:					
Equipment Certificates	\$ 1,205,000	\$ -	\$ (390,000)	\$ 815,000	\$ 265,000
Tax Increment Bonds	36,030,000	-	(7,250,000)	28,780,000	5,375,000
Improvement Bonds	16,215,000	-	(2,345,000)	13,870,000	2,480,000
Revenue Bonds	9,745,000	-	(425,000)	9,320,000	425,000
Plus: Premium	148,073	-	(63,659)	84,414	-
Total Bonds Payable	<u>63,343,073</u>	<u>-</u>	<u>(10,473,659)</u>	<u>52,869,414</u>	<u>8,545,000</u>
Compensated Absences	<u>377,986</u>	<u>307,412</u>	<u>(296,941)</u>	<u>388,457</u>	<u>249,016</u>
Governmental Activity					
Long-term Liabilities	<u>\$ 63,721,059</u>	<u>\$ 307,412</u>	<u>\$ (10,770,600)</u>	<u>\$ 53,257,871</u>	<u>\$ 8,794,016</u>
Business-Type Activities:					
Bonds Payable:					
General Obligation Revenue Bonds	\$ 14,985,000	\$ -	\$ (390,000)	\$ 14,595,000	\$ 595,000
Revenue Bonds	32,990,000	30,735,000	(585,000)	63,140,000	725,000
Plus: Premium	49,626	925,649	(2,757)	972,518	-
Total Bonds Payable	<u>48,024,626</u>	<u>31,660,649</u>	<u>(977,757)</u>	<u>78,707,518</u>	<u>1,320,000</u>
Compensated Absences	<u>205,905</u>	<u>197,012</u>	<u>(162,556)</u>	<u>240,361</u>	<u>129,756</u>
Business-type Activity					
Long-term Liabilities	<u>\$ 48,230,531</u>	<u>\$ 31,857,661</u>	<u>\$ (1,140,313)</u>	<u>\$ 78,947,879</u>	<u>\$ 1,449,756</u>

For the Governmental Activities, compensated absences are generally liquidated by the General Fund.

General Obligation Bonds

General obligation debt is supported by the "full faith and credit" of the City. The City has obligated itself to levy ad valorem taxes in the event of any deficiency in the general obligation debt service funds.

General Obligation Equipment Certificates:

\$815,000 G.O. Equipment Certificates dated June 15, 2004; principal due in varying annual installments of \$265,000 to \$280,000 through December 1, 2008

<u>Purpose</u>	<u>Interest Rates</u>	<u>Outstanding Amount</u>
Governmental activities	2.1 - 3.0%	\$815,000

Annual debt service requirements to maturity for general obligation equipment certificates are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 265,000	\$ 21,052
2007	270,000	15,488
2008	280,000	8,400
<u>Total</u>	<u>\$ 815,000</u>	<u>\$ 44,940</u>

General Obligation Tax Increment Bonds:

\$12,120,000 G.O. Tax Increment Bonds dated March 1, 1999; principal due in varying annual installments of \$620,000 to \$3,000,000 through December 1, 2010

\$670,000 G.O. Tax Increment Bonds dated March 1, 1999; principal due in varying annual installments of \$70,000 to \$125,000 through December 1, 2010

\$4,675,000 G.O. Tax Increment Bonds dated August 1, 2000; principal due in varying annual installments of \$125,000 to \$1,000,000 through December 1, 2010

\$1,140,000 G.O. Taxable Tax Increment Bonds dated August 1, 2000; principal due in varying annual installments of \$100,000 to \$165,000 through December 1, 2010

\$2,220,000 G.O. Taxable Tax Increment Refunding Bonds dated October 1, 2001; final annual installment of \$600,000 principal due December 1, 2006

\$3,550,000 G.O. Tax Increment Crossover Refunding Bonds dated February 1, 2002; principal due in varying annual installments of \$725,000 to \$1,400,000 through December 1, 2008

\$1,555,000 G.O. Taxable Tax Increment Refunding Bonds dated September 1, 2002; principal due in varying annual installments of \$150,000 to \$280,000 through December 1, 2010

\$6,220,000 G.O. Tax Increment Refunding Bonds dated May 1, 2003; final annual installment of \$2,795,000 principal due December 1, 2006

\$2,470,000 G.O. Tax Increment Crossover Refunding Bonds dated June 15, 2004; principal due in varying annual installments of \$615,000 to \$625,000 through December 1, 2013

\$890,000 G.O. Taxable Tax Increment Bonds dated June 15, 2004; principal due in varying annual installments of \$45,000 to \$80,000 through December 1, 2021

Purpose	Interest Rates	Outstanding Amount
Governmental activities	3.9 - 7.4%	\$ 18,285,000
Governmental activities - refunding	2.75 - 5.2%	10,495,000
		<u>\$ 28,780,000</u>

Annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2006	5,375,000	1,216,258
2007	5,345,000	1,021,632
2008	5,820,000	798,183
2009	4,445,000	547,370
2010	5,245,000	346,033
2011-2015	2,115,000	315,403
2016-2020	355,000	92,500
2021-2025	80,000	4,960
Total	<u>28,780,000</u>	<u>\$ 4,342,339</u>

General Obligation Improvement Bonds:

\$7,565,000 G.O. Improvement Bonds dated June 1, 2001; principal due in varying annual installments of \$500,000 to \$1,065,000 through December 1, 2011

\$1,420,000 G.O. Improvement Refunding Bonds dated October 1, 2001; principal due in varying annual installments of \$50,000 to \$270,000 through December 1, 2009

\$455,000 G.O. Improvement Bonds dated September 1, 2002; principal due in varying annual installments of \$40,000 to \$75,000 through December 1, 2012

\$555,000 G.O. Taxable Improvement Bonds dated September 1, 2002; principal due in varying annual installments of \$50,000 to \$60,000 through December 1, 2012

\$2,780,000 G.O. Capital Improvement Plan Refunding Bonds dated March 1, 2004; principal due in varying annual installments of \$130,000 to \$305,000 through December 1, 2015

\$6,650,000 G.O. Improvement Bonds dated June 15, 2004; principal due in varying annual installments of \$115,000 to \$985,000 through December 1, 2020

Purpose	Interest Rates	Outstanding Amount
Governmental activities	1.5 - 4.9%	\$ 10,970,000
Governmental activities - refunding	1.1 - 3.9%	2,900,000
		\$ 13,870,000

Annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31	Governmental Activities	
	Principal	Interest
2006	\$ 2,480,000	\$ 487,880
2007	2,445,000	412,250
2008	2,290,000	330,368
2009	1,820,000	250,952
2010	1,075,000	186,475
2011-2015	3,195,000	426,510
2016-2020	565,000	76,075
Total	\$ 13,870,000	\$ 2,170,510

General Obligation Revenue Bonds:

\$1,130,000 G.O. Water Revenue Bonds dated May 1, 1996; final annual installment of \$40,000 principal due December 1, 2006

\$15,150,000 G.O. Water Revenue Bonds dated May 1, 2003; principal due in varying annual installments of \$245,000 to \$1,160,000 through December 1, 2022

Purpose	Interest Rates	Outstanding Amount
Water Treatment Facilities - Water Fund	2.25 - 4.8%	\$14,595,000.00

City of Chaska, Minnesota

December, 31 2005

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2006	\$ 595,000	\$ 557,821
2007	675,000	542,026
2008	690,000	525,152
2009	705,000	506,176
2010	725,000	485,026
2011-2015	4,030,000	1,999,988
2016-2020	4,905,000	1,131,475
2021-2025	2,270,000	150,920
Total	<u>\$ 14,595,000</u>	<u>\$ 5,898,584</u>

Revenue Bonds:

\$9,150,000 EDA School Facilities Lease Revenue Refunding Bonds dated June 1, 1999; principal due in varying annual installments of \$25,000 to \$1,440,000 through December 1, 2019

\$34,580,000 Electric Revenue Bonds dated July 1, 2000; principal due in varying annual installments of \$505,000 to \$760,000 through October 1, 2010. On October 1, 2010 these bonds will be partially advance refunded and a balance of \$100,000 will remain outstanding through October 1, 2030

\$1,650,000 Public Facilities Revenue Bonds dated October 1, 2001; principal due in varying annual installments of \$25,000 to \$360,000 through December 1, 2014

\$30,735,000 Electric Revenue Refunding Bonds dated April 20, 2005; principal due in varying annual installments of \$115,000 to \$2,220,000 through October 1, 2030.

Purpose	Interest Rates	Outstanding Amount
Governmental activities	3.25 - 4.9%	\$ 1,555,000
Governmental activities - refunding	5.13 - 5.5%	7,765,000
Business-type activities	4.9 - 5.65%	32,405,000
Business-type activities - refunding	3.0 - 5.0%	30,735,000
		<u>\$ 72,460,000</u>

City of Chaska, Minnesota

December, 31 2005

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 425,000	\$ 483,209	\$ 725,000	\$ 3,437,527
2007	440,000	463,282	765,000	3,400,527
2008	560,000	442,308	800,000	3,360,829
2009	580,000	415,043	845,000	3,318,549
2010	600,000	386,542	29,780,000	3,273,181
2011-2015	3,420,000	1,442,215	5,090,000	7,113,740
2016-2020	3,295,000	522,990	6,365,000	5,838,087
2021-2025	-	-	8,215,000	3,981,950
2026-2030	-	-	10,555,000	1,639,750
Total	<u>\$ 9,320,000</u>	<u>\$ 4,155,589</u>	<u>\$ 63,140,000</u>	<u>\$ 35,364,140</u>

2005 Activity

On April 20th, 2005 the City issued \$30,735,000 in Electric Revenue Refunding Bonds (Generating Facilities) with a net effective interest rate of 4.89% (3.0% to 5.25%). Proceeds of the refunding bond will be used to partially advance refund \$32,890,000 of the \$34,580,000 Electric Revenue Series 2000A Bonds. The call date of this partial advance refunding is October 1, 2010. The purpose of this refunding is to enable the City to achieve a debt service savings of \$2,594,566, a present value savings of \$1,508,627.

On December 1, 2005 a crossover refunding occurred related to bonds that were issued on June 15, 2004. On that date, the City issued \$2,470,000 General Obligation Tax Increment Crossover Refunding Bonds to refund in advance of maturity the 2006 – 2010 maturities of the City's G.O. Tax Increment Bonds dated March 1, 1998. The 2006 – 2010 maturities totaled \$2,360,000. The maturity date of the new bonds is December 1, 2013. The purpose of this refunding is to restructure future tax increment debt service requirements and allowed the City to take advantage of lower interest rates. This refunding will increase future net debt service by \$337,824, a present value cost of \$39,351.

NOTES PAYABLE:

The City also issues notes payable. For tax increment notes, the City pledges tax increment revenues captured by the tax increment districts to pay debt service on the notes issued to enhance economic development within the tax increment districts. Payments are first applied to accrued interest and then to principal balances. The note is cancelled at the end of the agreement term, whether or not they have been repaid.

City of Chaska, Minnesota

December, 31 2005

As of December 31, 2005, the City has two outstanding notes payable, which are for Entegris, Inc., (formerly Flouroware, Inc.) and North Meadows Apartments. The note for Entegris, Inc. was issued in 1997 at 8.5% interest with payments due through 2010. The outstanding balance as of December 31, 2005 is \$1,836,364. The note for North Meadows Apartments was issued in 2002 at 6.5% interest with payments due through 2023. The outstanding balance as of December 31, 2005 is \$1,148,296. These amounts have not been included in long-term debt because of the nature of the notes in that repayment is required only if sufficient tax increments are received. The City's position is that these are obligations to assign future and uncertain revenue sources and as such, is not actual debt in substance.

CONDUIT DEBT:

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

As of December 31, 2005, there were six series of IRBs outstanding. The aggregate principal amount payable for the one series issued after July 1, 1995, was \$1,635,000. The aggregate principal amount payable for the six series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$17,502,500.

As of December 31, 2005, there were nine series of HRBs outstanding. The aggregate principal amounts payable for the seven series issued after July 1, 1995 was \$14,785,691. The aggregate principal amount payable for the two series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$6,260,000.

Note 8 Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2005 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	\$ 12,916,421	1
Other Nonmajor Governmental	Other Nonmajor Governmental	3,144,300	1
Fiduciary	Fiduciary	15,814	1
Total		<u>\$ 16,076,535</u>	

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Interfund</u>		<u>Total</u>	<u>Purpose</u>
		<u>Receivables/ Payables</u>	<u>Advances To/From</u>		
Electric Fund	Other Nonmajor Governmental	\$ 1,207,052	\$ 1,840,000	\$ 3,047,052	2/3/4
Other Nonmajor Governmental	District #4 Revolving	167,395	182,363	349,758	5
Other Nonmajor Governmental	Other Nonmajor Governmental	245,175	408,645	653,820	5
Other Nonmajor Governmental	Other Nonmajor Business-Type	201,920	419,080	621,000	6
Turbine	Electric Fund	24,055	1,303,159	1,327,214	7
Electric Fund	Other Nonmajor Business-Type	168,000	813,086	981,086	8
Total		<u>\$ 2,013,597</u>	<u>\$ 4,966,333</u>	<u>\$ 6,979,930</u>	

Explanation of Purpose for Receivables/Payables & Advances To/From Other Funds:

(1) The *Due To/Due From Other Funds* eliminate what would have been a negative cash balance in the fund. The City settled these interfund payables in early 2006.

(2) \$1,192,052 of this amount is related to the fact that TIF District #15 (Downtown Redevelopment) has financed project costs with a loan from the Electric Fund. The loan, plus interest, will be paid as housing units are sold during the construction of the project during 2006.

(3) \$55,000 of this amount is related to a loan that the Electric Fund made to the Public Facilities Improvement Fund for Facility Construction. \$40,000 of the amount outstanding will not be paid within one year.

(4) \$1,800,000 of this amount relates to the financing for the Chaska Community Center Wellness Addition. Financing was made possible by transferring cash from the Electric Fund to the Community Center Fund. The Electric Fund will be repaid \$1,800,000 when City land is sold in 2008. Therefore, the entire amount will not be paid within the year.

(5) These receivables/payables represent loans 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 these amounts, \$591,008 will not be paid within the next year.

(6) When the City developed the expanded wireless internet service, the City financed the Capital Investment through the sale of equipment certificates in the amount of \$621,000. This loan is between the Equipment Acquisition Fund and the Internet Service Provider Enterprise Fund. The entire principal amount of the loan will remain outstanding throughout 2006.

(7) A long-term interfund loan between the Electric Fund and the Turbine Fund was made in 2001 to finance a substation. Of the \$1,327,214 owed at 12/31/05, \$1,303,159 represents the portion that will not be paid within the year.

(8) The additional costs not covered by the loan explained in (6) were funded through an interfund loan between the Electric Utility and the Internet Service Provide Enterprise Fund. Of the amount listed, \$813,086 will not be paid within one year.

City of Chaska, Minnesota

December, 31 2005

Interfund Transfers:

	Transfers In:							Total
	Governmental Activities				Business-Type Activities			
	General	GO TI Crossover	TIF District #4	Other	Water	Community Center	Other Nonmajor Business-Type	
Transfers Out:	Fund	Bonds of 2003	Revolving	Nonmajor				
District #4 Revolving	\$ -	\$ 3,354,307	\$ -	\$ 1,401,178	\$ -	\$ -	\$ -	\$ 4,755,485
Other Nonmajor Governmental	7,500	-	496,402	2,799,153	938,616	1,800,000	99,877	6,141,548
Electric	-	-	-	239,139	4,787	1,100,000	-	1,343,926
Water	-	-	-	7,600	-	-	-	7,600
Community Center	-	-	-	212,179	-	-	-	212,179
Turbine	88,000	-	-	317,000	-	-	-	405,000
Other Nonmajor Business-Type	-	124,854	-	27,746	-	-	-	152,600
	\$ 95,500	\$ 3,479,161	\$ 496,402	\$ 5,003,995	\$ 943,403	\$ 2,900,000	\$ 99,877	\$ 13,018,338

* The discrepancy between this Note and the Proprietary Funds Statement of Activities is due to a transfer of an asset from the Enterprise Funds to Governmental Funds. Governmental Funds do not report capital assets; therefore, a transfer out is only reflected on the Proprietary Funds Statement of Activities without a corresponding Transfer In on the Governmental Funds Statements.

Explanation of Transfers:

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

Note 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:

Governmental Fund Balances As of December 31, 2005							
	GO TI Crossover			2003		Nonmajor	
	General	Refunding Bonds of 2003	TIF Dist #4 Revolving	Improvement Projects	Special Revenue	Debt Service	Capital Projects
Fund Balances:							
Reserved for Community Center	\$ -	\$ -	\$ -	\$ -	\$ 35,095	\$ -	\$ -
Reserved for Debt Requirements	-	6,499	-	-	-	1,567,958	-
Reserved for Advance to Other Funds	-	-	-	-	621,000	-	591,008
Reserved for Construction	-	-	-	887,619	-	-	23,584,456
Reserved for Mt. Pleasant Perpetual Care	-	-	-	-	93,669	-	-
Reserved for Grace Gibson Foundation	-	-	-	-	507	-	-
Total Reserved Fund Balances:	-	6,499	-	887,619	750,271	1,567,958	24,175,464
Unreserved Fund Balances:							
Designated for Capital Outlay Acquisition	-	-	-	-	1,534,783	-	-
Designated for Compensated Balances	388,457	-	-	-	-	-	-
Designated for Working Capital	2,500,000	-	-	-	-	-	-
Total Designated Fund Balances:	2,888,457	-	-	-	1,534,783	-	-
Undesignated	205	-	(13,215,623)	(237,726)	158,285	-	(7,097,349)
Total Unreserved Fund Balances:	2,888,662	-	(13,215,623)	(237,726)	1,693,068	-	(7,097,349)
Total Fund Balances	<u>\$ 2,888,662</u>	<u>\$ 6,499</u>	<u>\$ (13,215,623)</u>	<u>\$ 649,893</u>	<u>\$ 2,443,339</u>	<u>\$ 1,567,958</u>	<u>\$ 17,078,115</u>

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, 2005, the City had commitments for twenty-six uncompleted construction contracts with a remaining balance of \$2,977,940

Note 12 Right-of-Way

At December 31, 2005 the City had acquired in name eighteen properties for a total cost of \$5,521,958 for State Highway 312 right-of-way and one property for a total cost of \$917,739 for future State Highway 41 right-of way under the Metropolitan Council Right-of-Way Acquisition Loan Fund (RALF).

During 2005, the City received payments from the State of Minnesota totaling \$2,144,671 for seven of the properties acquired for Highway 312 right-of-way. As of year-end, the City still held 11 properties that are expected to be sold to the State of Minnesota in 2006.

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.

Internal Revenue Service rules require municipalities to “rebate” any bond proceeds that are invested at yields higher than the bond yield (“arbitrage”). However, a municipal issuer does not have to pay arbitrage rebate if it qualifies for certain rebate exceptions. The amount of arbitrage liability, if any, for the Electric Revenue Refunding Bonds, Series 2000 & 2005A has not been determined at this time.

Note 14 Jointly Governed Organization

The City, in conjunction with ten 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 eleven 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, 2005 were \$16,177,653. 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 Defined Benefit Pension Plans - Statewide

A) 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 Statutes*, 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 members 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 on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

B) 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 were required to contribute 9.10% and 5.10%, respectively, of their annual covered salary in 2005. Contribution rates in the Coordinated Plan will increase in 2006 to 5.5%. PEPFF members were required to contribute 6.20% of their annual covered salary in 2005. That rate will increase to 7% in 2006. 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. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.0% and 10.5% respectively, effective January 1, 2006.

City of Chaska, Minnesota

December, 31 2005

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>
December 31, 2003	\$ 241,193	\$ 129,104
December 31, 2004	256,576	136,804
December 31, 2005	271,175	144,846

Note 16 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 elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. 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.

Total contributions made by the City of Chaska during fiscal year 2005 were:

<u>Contribution Amount</u>		<u>Percentage of Covered Payroll</u>		<u>Required</u>
<u>Employees</u>	<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Rates</u>
\$456	\$456	5.00%	5.00%	5.00%

Note 17 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 CFDRRA issues a publicly available financial report that includes financial statements and required supplementary information for CFDRAPP. 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 CFDRRA is comprised of volunteers; therefore, there are no covered payroll amounts or member contributions required.

C) Annual Pension Cost and Net Pension Obligations

For 2004, the City of Chaska's annual pension cost of \$292,505 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, 2004 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, 2004 was 12 years (December 31, 2016).

The City recognizes the State of Minnesota's contributions to the Chaska Fire Department Relief Association as revenue and expense.

Total annual pension costs for the CFDRAPP for the year ended December 31, 2004 were as follows:

<u>Contribution</u>	<u>Amount</u>
State of Minnesota	\$ 120,939
City of Chaska:	
Tax Levy	106,566
Additional	65,000
Total City Contribution	171,566
Total Annual Pension Cost	\$ 292,505

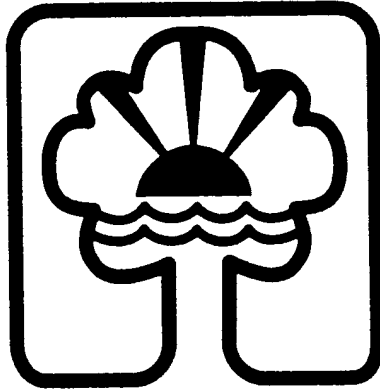
D) Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
12/31/2002	202,230	100.0%	-
12/31/2003	219,055	100.0%	-
12/31/2004	292,505	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>
12/31/02	2,358,094	4,017,005	1,658,911	58.7%	1.8000	21.60
12/31/03	2,719,820	4,135,388	1,415,568	65.8%	1.8000	21.60
12/31/04	3,055,921	4,224,276	1,168,355	72.3%	1.8000	21.60

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



CHASKA

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

City of Chaska

December 31, 2005

CITY OF CHASKA, MINNESOTA

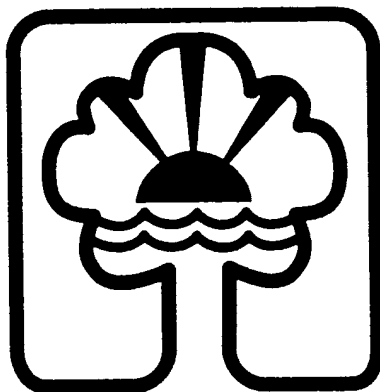
**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash And Investments	\$ 1,942,915	\$ 737,926	\$ 7,976,839	\$ 10,657,680
Investments with Escrow Agent	-	812,094	-	812,094
Receivables:				
Taxes	40,740	-	10,344	51,084
Special Assessments	224,067	5,705,376	1,058,037	6,987,480
Accounts	20,760	-	14,062	34,822
Interest	2,514	-	46,209	48,723
Other Receivables	-	250,417	1,733,637	1,984,054
Due from Other Funds	-	-	16,060,721	16,060,721
Due From Other Governments	165	16,984	25,920	43,069
Interfund Receivable	201,920	-	412,570	614,490
Advance to Other Funds	419,080	-	591,008	1,010,088
Land Held for Resale	-	-	1,893,394	1,893,394
TOTAL ASSETS	<u>\$ 2,852,161</u>	<u>\$ 7,522,797</u>	<u>\$ 29,822,741</u>	<u>\$ 40,197,699</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts Payable	\$ 178,935	\$ 675	\$ 598,547	\$ 778,157
Due To Other Funds	-	-	3,144,300	3,144,300
Due To Other Governments	76	-	293,707	293,783
Interfund Payable	-	-	1,452,227	1,452,227
Deferred and Unearned Revenue	229,811	5,954,164	5,007,200	11,191,175
Advance from Other Funds	-	-	2,248,645	2,248,645
TOTAL LIABILITIES	<u>408,822</u>	<u>5,954,839</u>	<u>12,744,626</u>	<u>19,108,287</u>
FUND BALANCES:				
Reserved	750,271	1,567,958	24,175,464	26,493,693
Unreserved, Designated Reported In:				
Special Revenue Funds	1,534,783	-	-	1,534,783
Unreserved, Undesignated Reported In:				
Special Revenue Funds	158,285	-	-	158,285
Capital Project Funds	-	-	(7,097,349)	(7,097,349)
TOTAL FUND BALANCES	<u>2,443,339</u>	<u>1,567,958</u>	<u>17,078,115</u>	<u>21,089,412</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,852,161</u>	<u>\$ 7,522,797</u>	<u>\$ 29,822,741</u>	<u>\$ 40,197,699</u>

CITY OF CHASKA, MINNESOTA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>				
Taxes:				
Property	\$ 469,201	\$ -	\$ 170,221	\$ 639,422
Intergovernmental	56,416	741,814	3,716,111	4,514,341
Charges for Services	176,419	-	1,119,740	1,296,159
Special Assessments	77,752	800,097	275,995	1,153,844
Other Revenue	169,508	213,533	1,077,126	1,460,167
TOTAL REVENUES	949,296	1,755,444	6,359,193	9,063,933
<u>EXPENDITURES</u>				
CURRENT:				
General Government	-	15,791	166,649	182,440
Economic Development	167,326	-	4,049,724	4,217,050
Public Safety	-	-	59,857	59,857
Public Works	8,070	-	342,250	350,320
Parks, Recreation and Arts	61,559	-	-	61,559
DEBT SERVICE:				
Principal	-	4,625,000	-	4,625,000
Interest	-	2,399,539	97,501	2,497,040
CAPITAL OUTLAY	528,947	-	920,130	1,449,077
TOTAL EXPENDITURES	765,902	7,040,330	5,636,111	13,442,343
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	183,394	(5,284,886)	723,082	(4,378,410)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	206,400	4,636,468	161,127	5,003,995
Transfers Out	(405,549)	(91,406)	(5,644,593)	(6,141,548)
Payment to Refunded Bond Escrow Agent	-	(2,360,000)	-	(2,360,000)
Sale of Capital Assets	18,105	-	89,406	107,511
TOTAL OTHER FINANCING SOURCES AND USES	(181,044)	2,185,062	(5,394,060)	(3,390,042)
NET CHANGE IN FUND BALANCES	2,350	(3,099,824)	(4,670,978)	(7,768,452)
FUND BALANCES, January 1	2,440,989	4,667,782	21,749,093	28,857,864
FUND BALANCES, December 31	\$ 2,443,339	\$ 1,567,958	\$ 17,078,115	\$ 21,089,412



CHASKA

Nonmajor Special Revenue Funds

City of Chaska

December 31, 2005

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

**Mount Pleasant Maintenance
& Care Fund**

This fund is used to account for property tax levies and lot sales that are legally restricted to the maintenance of the cemetery and principal amounts received and related interest income for the care of the Mt. Pleasant Cemetery.

Chaska EDA Fund

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.

Park Development Fund

This fund is used to account for grants and other dedicated revenues appropriated by budget for park and trail development.

Equipment Acquisition Fund

This fund is used to account for property tax levies appropriated by budget for capital equipment acquisition.

Grace Gibson Fund

This fund is used to account for assets received and related revenues and expenditures associated with Grace Gibson activities.

Community Land Trust

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, 2005**

	<u>MOUNT PLEASANT MAINTENANCE & CARE</u>	<u>CHASKA EDA</u>	<u>PARK DEVELOPMENT</u>
<u>ASSETS</u>			
Cash And Investments	\$ 155,478	\$ 72,332	\$ 1,023,098
Receivables:			
Taxes:			
Unremitted	423	3,493	-
Delinquent	77	570	-
Special Assessments:			
Unremitted	-	-	529
Delinquent	-	-	6,362
Deferred:			
Certified To County	-	-	217,176
Accounts:			
Current	-	20,396	-
Interest	-	-	2,514
Due From Other Governments	-	165	-
Interfund Receivable	-	-	-
Advance To Other Funds	-	-	-
TOTAL ASSETS	<u>\$ 155,978</u>	<u>\$ 96,956</u>	<u>\$ 1,249,679</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ -	\$ 333	\$ 60,993
Contracts Payable	-	-	61,470
Due To Other Governments	-	-	76
Deferred Revenue	77	570	223,538
TOTAL LIABILITIES	<u>77</u>	<u>903</u>	<u>346,077</u>
FUND BALANCES (Deficit):			
Reserved:			
Reserved For Advance to Other Funds	-	-	-
Reserved For Community Center	-	-	35,095
Reserved For Mt. Pleasant Perpetual Care	93,669	-	-
Reserved For Concerts In The Park	-	-	-
Unreserved:			
Designated For Capital Outlay Acquisition	-	-	868,507
Undesignated	62,232	96,053	-
TOTAL FUND BALANCES	<u>155,901</u>	<u>96,053</u>	<u>903,602</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 155,978</u>	<u>\$ 96,956</u>	<u>\$ 1,249,679</u>

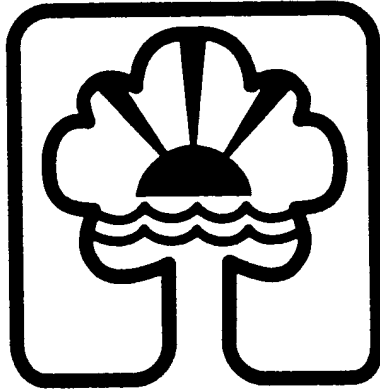
<u>EQUIPMENT ACQUISITION</u>	<u>GRACE GIBSON</u>	<u>COMMUNITY LAND TRUST</u>	<u>TOTALS</u>
\$ 691,500	\$ 507	\$ -	\$ 1,942,915
30,551	-	-	34,467
5,626	-	-	6,273
-	-	-	529
-	-	-	6,362
-	-	-	217,176
364	-	-	20,760
-	-	-	2,514
-	-	-	165
201,920	-	-	201,920
419,080	-	-	419,080
<u>\$ 1,349,041</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 2,852,161</u>
\$ 56,139	\$ -	\$ -	\$ 117,465
-	-	-	61,470
-	-	-	76
5,626	-	-	229,811
<u>61,765</u>	<u>-</u>	<u>-</u>	<u>408,822</u>
621,000	-	-	621,000
-	-	-	35,095
-	-	-	93,669
-	507	-	507
666,276	-	-	1,534,783
-	-	-	158,285
<u>1,287,276</u>	<u>507</u>	<u>-</u>	<u>2,443,339</u>
<u>\$ 1,349,041</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 2,852,161</u>

CITY OF CHASKA, MINNESOTA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	MOUNT PLEASANT MAINTENANCE & CARE	CHASKA EDA	PARK DEVELOPMENT
REVENUES:			
Taxes	\$ 5,668	\$ 46,836	\$ -
Intergovernmental:			
Federal:			
Small Cities Development Program	-	425	-
State:			
Market Value Credit	302	2,730	-
Other	-	910	-
Local:			
Other	-	-	-
Charges For Services	2,300	131,819	34,300
Special Assessments	-	-	77,752
Other Revenues:			
Investment Earnings	3,626	947	26,639
Rents	-	-	-
Contributions And Donations	-	-	33,425
Miscellaneous	-	23,596	-
TOTAL REVENUES	11,896	207,263	172,116
EXPENDITURES:			
Current:			
Economic Development	-	137,326	-
Public Works	8,070	-	-
Parks, Recreation and Arts	-	-	59,996
Capital Outlay	-	-	240,123
TOTAL EXPENDITURES	8,070	137,326	300,119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,826	69,937	(128,003)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers Out	-	-	(7,500)
Sale of Capital Assets	-	-	2,831
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(4,669)
NET CHANGE IN FUND BALANCES	3,826	69,937	(132,672)
FUND BALANCES (Deficit), January 1	152,075	26,116	1,036,274
FUND BALANCES (Deficit), December 31	\$ 155,901	\$ 96,053	\$ 903,602

<u>EQUIPMENT ACQUISITION</u>	<u>GRACE GIBSON</u>	<u>COMMUNITY LAND TRUST</u>	<u>TOTAL</u>
\$ 416,697	\$ -	\$ -	\$ 469,201
-	-	-	425
22,049	-	-	25,081
-	-	-	910
-	-	30,000	30,000
8,000	-	-	176,419
-	-	-	77,752
19,999	10	-	51,221
44,966	-	-	44,966
14,600	1,700	-	49,725
-	-	-	23,596
<u>526,311</u>	<u>1,710</u>	<u>30,000</u>	<u>949,296</u>
-	-	30,000	167,326
-	-	-	8,070
-	1,563	-	61,559
<u>288,824</u>	<u>-</u>	<u>-</u>	<u>528,947</u>
<u>288,824</u>	<u>1,563</u>	<u>30,000</u>	<u>765,902</u>
<u>237,487</u>	<u>147</u>	<u>-</u>	<u>183,394</u>
206,400	-	-	206,400
(398,049)	-	-	(405,549)
15,274	-	-	18,105
<u>(176,375)</u>	<u>-</u>	<u>-</u>	<u>(181,044)</u>
61,112	147	-	2,350
<u>1,226,164</u>	<u>360</u>	<u>-</u>	<u>2,440,989</u>
<u>\$ 1,287,276</u>	<u>\$ 507</u>	<u>\$ -</u>	<u>\$ 2,443,339</u>



CHASKA

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

Improvement Bond Funds	These funds service debt on the general obligation improvement bonds that were issued to finance construction of public improvements. Special assessment improvements are paid for completely or in part by property owners deemed to be benefited from such improvements.
Tax Increment Bond Funds	These funds service debt on the tax increment bonds issued to finance economic development and redevelopment projects.
Public Facilities Lease Revenue Bond Fund	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.
EDA Lease Revenue Bond Fund	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.
Equipment Certificate Fund	These funds service debt on the general obligation equipment certificates that were used to fund equipment purchases.
EDA Public Facilities Revenue Bond Funds	This fund services debt on the certificates of participation that were used to finance the City Hall and Municipal Services Building.

CITY OF CHASKA, MINNESOTA

**NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	<u>IMPROVEMENT BONDS</u>	<u>TAX INCREMENT BONDS</u>	<u>EDA LEASE REVENUE BONDS OF 1999</u>
<u>ASSETS</u>			
Cash And Investments	\$ 112,666	\$ 355,496	\$ 2,039
Investments With Escrow Agent	-	-	812,094
Receivables:			
Special Assessments:			
Unremitted	455	1,174	-
Delinquent	1,414	1,315	-
Deferred:			
Certified To County	4,777,725	923,293	-
Notes	250,417	-	-
Due From Other Governments	16,984	-	-
TOTAL ASSETS	<u>\$ 5,159,661</u>	<u>\$ 1,281,278</u>	<u>\$ 814,133</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts Payable	\$ 675	\$ -	\$ -
Deferred Revenue	<u>5,029,556</u>	<u>924,608</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,030,231</u>	<u>924,608</u>	<u>-</u>
 FUND BALANCES:			
Reserved For Debt Service	<u>129,430</u>	<u>356,670</u>	<u>814,133</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,159,661</u>	<u>\$ 1,281,278</u>	<u>\$ 814,133</u>

<u>\$760,000 GO EQUIPMENT CERTIFICATES OF 2001</u>	<u>\$1,650,000, \$325,000 EDA PUBLIC FACILITIES REVENUE BONDS OF 2001 & 2002</u>	<u>\$530,000 GO EQUIPMENT CERTIFICATES OF 2002</u>	<u>\$815,000 GO EQUIPMENT CERTIFICATES 2004</u>	<u>TOTALS</u>
\$ -	\$ 266,306	\$ -	\$ 1,419	\$ 737,926
-	-	-	-	812,094
-	-	-	-	1,629
-	-	-	-	2,729
-	-	-	-	5,701,018
-	-	-	-	250,417
-	-	-	-	16,984
<u>\$ -</u>	<u>\$ 266,306</u>	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 7,522,797</u>
\$ -	\$ -	\$ -	\$ -	\$ 675
-	-	-	-	5,954,164
-	-	-	-	5,954,839
-	266,306	-	1,419	1,567,958
<u>\$ -</u>	<u>\$ 266,306</u>	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 7,522,797</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, 2005**

	<u>IMPROVEMENT BONDS</u>	<u>TAX INCREMENT BONDS</u>	<u>EDA LEASE REVENUE BONDS OF 1999</u>
REVENUES:			
Intergovernmental:			
State/County:			
Building Rent - Base Rent	\$ 3,681	\$ -	\$ -
Building Rent - Camera Rent	41,757	-	-
Local:			
ISD112 Lease Payment	-	-	696,376
Special Assessments	571,951	228,146	-
Other Revenue:			
Payments	47,252	-	-
Investment Earnings	28,202	75,463	19,210
Leases	-	-	-
TOTAL REVENUES	692,843	303,609	715,586
EXPENDITURES:			
Current:			
General Government:			
Administrative Fees	15,791	-	-
Debt Service:			
Principal	2,345,000	1,465,000	280,000
Interest	554,137	1,309,227	428,119
TOTAL EXPENDITURES	2,914,928	2,774,227	708,119
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,222,085)	(2,470,618)	7,467
OTHER FINANCING SOURCES (USES):			
Transfers In	2,113,039	1,975,380	-
Transfers Out	-	(91,406)	-
Payment to Refunded Bond Escrow Agent	-	(2,360,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,113,039	(476,026)	-
NET CHANGE IN FUND BALANCES	(109,046)	(2,946,644)	7,467
FUND BALANCES, January 1	238,476	3,303,314	806,666
FUND BALANCES, December 31	\$ 129,430	\$ 356,670	\$ 814,133

<u>\$760,000 GO EQUIPMENT CERTIFICATES OF 2001</u>	<u>\$1,650,000 & \$325,000 EDA PUBLIC FACILITIES REVENUE BONDS OF 2001 & 2002</u>	<u>\$530,000 GO EQUIPMENT CERTIFICATES OF 2002</u>	<u>\$815,000 GO EQUIPMENT CERTIFICATES 2004</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,681
-	-	-	-	41,757
-	-	-	-	696,376
-	-	-	-	800,097
-	-	-	-	47,252
-	9,854	-	318	133,047
-	33,234	-	-	33,234
-	43,088	-	318	1,755,444
-	-	-	-	15,791
205,000	145,000	185,000	-	4,625,000
7,995	74,660	4,348	21,053	2,399,539
212,995	219,660	189,348	21,053	7,040,330
(212,995)	(176,572)	(189,348)	(20,735)	(5,284,886)
202,445	150,000	173,499	22,105	4,636,468
-	-	-	-	(91,406)
-	-	-	-	(2,360,000)
202,445	150,000	173,499	22,105	2,185,062
(10,550)	(26,572)	(15,849)	1,370	(3,099,824)
10,550	292,878	15,849	49	4,667,782
\$ -	\$ 266,306	\$ -	\$ 1,419	\$ 1,567,958

CITY OF CHASKA, MINNESOTA

DEBT SERVICE FUNDS - IMPROVEMENT BONDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2005

	\$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	\$2,780,000 GO IMPROVEMENT CURRENT REFUNDING BONDS OF 2004	\$6,650,000 GO IMPROVEMENT BONDS OF 2004	TOTALS
ASSETS							
Cash And Investments	\$ 2,070	\$ 3,315	\$ 35,492	\$ 55,486	\$ 6,557	\$ 9,746	\$ 112,666
Receivables:							
Special Assessments:							
Unremitted	354	2	-	-	-	99	455
Delinquent	673	620	-	-	-	121	1,414
Deferred:							
Certified To County	1,003,770	232,328	364,682	31,592	-	3,145,353	4,777,725
Notes	250,417	-	-	-	-	-	250,417
Due From Other Governments	3,938	-	-	-	13,046	-	16,984
TOTAL ASSETS	\$ 1,261,222	\$ 236,265	\$ 400,174	\$ 87,078	\$ 19,603	\$ 3,155,319	\$ 5,159,661
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	-	-	-	-	-	675	675
Deferred Revenue	1,254,860	232,948	364,682	31,592	-	3,145,474	5,029,556
TOTAL LIABILITIES	1,254,860	232,948	364,682	31,592	-	3,146,149	5,030,231
FUND BALANCES:							
Reserved For Debt Service	6,362	3,317	35,492	55,486	19,603	9,170	129,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,261,222	\$ 236,265	\$ 400,174	\$ 87,078	\$ 19,603	\$ 3,155,319	\$ 5,159,661

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, 2005

	\$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	\$2,780,000 GO IMPROVEMENT CURRENT REFUNDING BONDS OF 2004	\$6,650,000 GO IMPROVEMENT BONDS OF 2004	TOTALS
REVENUES:							
Intergovernmental:							
State/County:							
Building Rent - Base Rent	\$ -	\$ -	\$ -	\$ -	\$ 3,681	\$ -	\$ 3,681
Building Rent - Camera Rent	-	-	-	-	41,757	-	41,757
Special Assessments	213,437	126,159	66,564	5,665	-	160,126	571,951
Other Revenue:							
Payments	47,252	-	-	-	-	-	47,252
Investment Earnings	1,070	2,315	1,205	2,209	4,307	17,096	28,202
TOTAL REVENUES	261,759	128,474	67,769	7,874	49,745	177,222	692,843
EXPENDITURES:							
Current:							
General Government:							
Administrative Fees	-	-	-	-	-	15,791	15,791
Debt Service:							
Principal	1,000,000	200,000	60,000	45,000	200,000	840,000	2,345,000
Interest	231,000	22,425	18,590	10,410	74,780	196,932	554,137
TOTAL EXPENDITURES	1,231,000	222,425	78,590	55,410	274,780	1,052,723	2,914,928
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(969,241)	(93,951)	(10,821)	(47,536)	(225,035)	(875,501)	(2,222,085)
OTHER FINANCING SOURCES (USES):							
Transfers In	919,660	95,019	-	-	214,939	883,421	2,113,039
NET CHANGE IN FUND BALANCES	(49,581)	1,068	(10,821)	(47,536)	(10,096)	7,920	(109,046)
FUND BALANCES, January 1	55,943	2,249	46,313	103,022	29,699	1,250	238,476
FUND BALANCES, December 31	\$ 6,362	\$ 3,317	\$ 35,492	\$ 55,486	\$ 19,603	\$ 9,170	\$ 129,430

CITY OF CHASKA, MINNESOTA

**DEBT SERVICE FUNDS - TAX INCREMENT BONDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005**

	\$4,510,000 GO TI BONDS OF 1998	\$12,120,000 GO TI BONDS OF 1999	\$670,000 GO TI BONDS OF 1999	\$5,075,000 GO TI X-OVER ADV REF BONDS OF 1999	\$4,675,000 GO TI BONDS OF 2000
<u>ASSETS</u>					
Cash And Investments	\$ -	\$ 1,075	\$ 897	\$ -	\$ 281,711
Receivables:					
Special Assessments:					
Unremitted	-	-	-	-	921
Delinquent	-	-	-	-	726
Deferred:					
Certified To County	-	-	-	-	828,163
TOTAL ASSETS	\$ -	\$ 1,075	\$ 897	\$ -	\$ 1,111,521
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Deferred Revenue	\$ -	\$ -	\$ -	\$ -	\$ 828,889
FUND BALANCES:					
Reserved For Debt Service	-	1,075	897	-	282,632
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 1,075	\$ 897	\$ -	\$ 1,111,521

<u>\$1,140,000</u> GO TAXABLE TI BONDS OF OF 2000	<u>\$2,220,000</u> GO TAXABLE TI CURRENT REFUNDING BONDS OF 2001	<u>\$3,550,000</u> GO TI CROSSOVER REFUNDING BONDS OF 2002	<u>\$1,555,000</u> GO TAXABLE TI CROSSOVER REFUNDING BONDS OF 2002	<u>\$890,000</u> GO TAXABLE TI BONDS OF OF 2004	<u>\$2,470,000</u> GO TAXABLE TI CROSSOVER REFUNDING BONDS OF 2004	<u>TOTALS</u>
\$ 1,000	\$ 1,001	\$ 2,347	\$ 1,000	\$ 51,995	\$ 14,470	\$ 355,496
-	-	-	-	-	253	1,174
-	-	-	-	-	589	1,315
-	-	-	-	-	95,130	923,293
<u>\$ 1,000</u>	<u>\$ 1,001</u>	<u>\$ 2,347</u>	<u>\$ 1,000</u>	<u>\$ 51,995</u>	<u>\$ 110,442</u>	<u>\$ 1,281,278</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,719	\$ 924,608
<u>1,000</u>	<u>1,001</u>	<u>2,347</u>	<u>1,000</u>	<u>51,995</u>	<u>14,723</u>	<u>356,670</u>
<u>\$ 1,000</u>	<u>\$ 1,001</u>	<u>\$ 2,347</u>	<u>\$ 1,000</u>	<u>\$ 51,995</u>	<u>\$ 110,442</u>	<u>\$ 1,281,278</u>

CITY OF CHASKA, MINNESOTA

**DEBT SERVICE FUNDS - TAX INCREMENT BONDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	\$4,510,000 GO TI BONDS OF 1998	\$12,120,000 GO TI BONDS OF 1999	\$670,000 GO TI BONDS OF 1999	\$5,075,000 GO TI X-OVER ADV REF BONDS OF 1999	\$4,675,000 GO TI BONDS OF 2000
REVENUES:					
Special Assessments	\$ 89,274	\$ -	\$ -	\$ -	\$ 138,620
Other:					
Investment Earnings	54,550	-	-	-	13,060
TOTAL REVENUES	<u>143,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,680</u>
EXPENDITURES:					
Debt Service:					
Principal	360,000	-	70,000	-	250,000
Interest	121,660	499,180	38,807	-	213,875
TOTAL EXPENDITURES	<u>481,660</u>	<u>499,180</u>	<u>108,807</u>	<u>-</u>	<u>463,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(337,836)</u>	<u>(499,180)</u>	<u>(108,807)</u>	<u>-</u>	<u>(312,195)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	215,444	500,180	108,808	-	-
Transfers Out	(90,150)	-	-	(1,256)	-
Payment to Refunding Bond Escrow Agent	(2,360,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,234,706)</u>	<u>500,180</u>	<u>108,808</u>	<u>(1,256)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>(2,572,542)</u>	<u>1,000</u>	<u>1</u>	<u>(1,256)</u>	<u>(312,195)</u>
FUND BALANCES, January 1	<u>2,572,542</u>	<u>75</u>	<u>896</u>	<u>1,256</u>	<u>594,827</u>
FUND BALANCES, December 31	<u>\$ -</u>	<u>\$ 1,075</u>	<u>\$ 897</u>	<u>\$ -</u>	<u>\$ 282,632</u>

\$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 CURRENT REFUNDING BONDS OF 2002	\$890,000 GO TAXABLE TI BONDS OF OF 2004	\$2,470,000 GO TAXABLE TI CROSSOVER REFUNDING BONDS OF 2004	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252	\$ 228,146
-	-	1,378	-	1,872	4,603	75,463
-	-	1,378	-	1,872	4,855	303,609
110,000	500,000	-	175,000	-	-	1,465,000
60,845	56,200	126,625	52,572	49,313	90,150	1,309,227
170,845	556,200	126,625	227,572	49,313	90,150	2,774,227
(170,845)	(556,200)	(125,247)	(227,572)	(47,441)	(85,295)	(2,470,618)
171,040	556,329	105,757	227,672	-	90,150	1,975,380
-	-	-	-	-	-	(91,406)
-	-	-	-	-	-	(2,360,000)
171,040	556,329	105,757	227,672	-	90,150	(476,026)
195	129	(19,490)	100	(47,441)	4,855	(2,946,644)
805	872	21,837	900	99,436	9,868	3,303,314
<u>\$ 1,000</u>	<u>\$ 1,001</u>	<u>\$ 2,347</u>	<u>\$ 1,000</u>	<u>\$ 51,995</u>	<u>\$ 14,723</u>	<u>\$ 356,670</u>

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.

Tax Increment Funds	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.
Special Assessments Funds	This fund is used for the construction of improvements and assessment collections from properties benefiting from the improvements.
Major Road Construction Fund	This fund is used to account for the City's allocation of the State collected highway user tax for Minnesota State Aid (MSA) designated road construction.
Permanent Improvement Revolving Funds	These funds are used to collect the building permit revenues charged for the purpose of construction of the City's water, sewer and storm sewer systems. Three separate funds are shown: a Water Fund, a Sewer Fund, and a Storm Water Fund.
Storm Sewer Area Fund	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.
Highway 312 R.A.L.F. Loan Fund	This fund is used to account for acquisitions for the new Highway 312 funded by the Metropolitan Council Right-Of-Way Acquisition Loan Fund (R.A.L.F.)
Public Facilities Capital Improvement Fund	This fund is used to account for sources to be used to finance future capital facility construction and improvements to existing City facilities.

(Continued)

(Continued)

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

CITY OF CHASKA, MINNESOTA

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING BALANCE SHEET
 DECEMBER 31, 2005

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	COMMERCIAL REVOLVING LOANS
ASSETS									
Cash And Investments	\$ -	\$ 9,441	\$ 981,805	\$ 952,972	\$ 1,613,619	\$ 1,904,924	\$ 524,195	\$ -	\$ 128,543
Receivables:									
Taxes:									
Delinquent	9,218	-	-	-	-	-	-	-	-
Unremitted	1,126	-	-	-	-	-	-	-	-
Special Assessments:									
Unremitted	-	-	-	423	451	520	-	-	-
Delinquent	-	-	-	2,477	634	2,947	-	-	-
Deferred:									
Certified To County	2,038	-	-	297,322	161,249	200,514	-	-	-
City Owned	-	15,734	-	-	-	-	-	-	-
Accounts:									
Current	14,062	-	-	-	-	-	-	-	-
Interest	3,542	-	2,756	10,824	4,182	5,793	-	-	-
Other: Notes	1,358,600	-	-	-	-	-	-	-	81,330
Due From Other Funds	2,437,538	-	242,199	4,442,349	184,988	719,620	90,007	-	-
Due From Other Governments	-	-	25,920	-	-	-	-	-	-
Interfund Receivable	-	-	-	-	-	206,285	-	206,285	-
Advance To Other Funds	-	-	-	-	-	295,504	-	295,504	-
Land Held For Resale	-	-	-	-	-	-	1,893,394	-	-
TOTAL ASSETS	\$ 3,826,124	\$ 25,175	\$ 1,252,680	\$ 5,706,367	\$ 1,965,123	\$ 3,336,107	\$ 2,507,596	\$ 501,789	\$ 209,873
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts Payable	\$ 454	\$ 4,989	\$ -	\$ 6,499	\$ 4,726	\$ 28,324	\$ -	\$ 88,676	\$ -
Due To Other Funds	746,339	2,065,755	-	-	-	-	-	90,007	-
Due To Other Governments	-	-	-	-	-	-	-	-	-
Interfund Payable	1,230,942	-	-	-	-	-	-	221,285	-
Deferred and Unearned Revenue	1,371,360	15,734	-	299,799	161,883	203,461	2,500,000	-	81,330
Advance From Other Funds	113,141	-	-	-	-	-	1,800,000	335,504	-
TOTAL LIABILITIES	3,462,236	2,086,478	-	306,298	166,609	231,785	4,300,000	735,472	81,330
FUND BALANCES:									
Reserved:									
Reserved For Advance To Other Funds	-	-	-	-	-	295,504	-	295,504	-
Reserved For Construction	2,438,363	9,441	1,252,680	5,400,069	1,798,514	2,808,818	-	-	128,543
Unreserved:									
Undesignated	(2,074,475)	(2,070,744)	-	-	-	-	(1,792,404)	(529,187)	-
TOTAL FUND BALANCES	363,888	(2,061,303)	1,252,680	5,400,069	1,798,514	3,104,322	(1,792,404)	(233,683)	128,543
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,826,124	\$ 25,175	\$ 1,252,680	\$ 5,706,367	\$ 1,965,123	\$ 3,336,107	\$ 2,507,596	\$ 501,789	\$ 209,873

(Continued)

INDUSTRIAL REVOLVING LOANS	HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM/WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	1997 HWY 41 UPGRADE	HWY 312 IMPROVEMENTS	ANNUAL STREET REPLACEMENT	TOTALS	
\$ 3,036	\$ -	\$ 641,474	\$ 35,724	\$ 1,108,415	\$ -	\$ 72,691	\$ -	\$ 7,976,839	ASSETS
-	-	-	-	-	-	-	-	9,218	Cash And Investments
-	-	-	-	-	-	-	-	1,126	Receivables:
-	-	95	-	-	-	-	-	1,489	Taxes:
-	-	539	-	243	-	-	-	6,840	Delinquent
-	-	165,428	167,781	30,888	-	-	-	1,025,220	Unremitted
-	-	-	-	8,754	-	-	-	24,488	Special Assessments:
-	-	-	-	-	-	-	-	14,062	Unremitted
-	2,727	-	-	2,460	13,925	-	-	46,209	Delinquent
293,707	-	-	-	-	-	-	-	1,733,637	Deferred:
-	1,202,521	-	-	-	6,741,499	-	-	16,060,721	Certified To County
-	-	-	-	-	-	-	-	25,920	City Owned
-	-	-	-	-	-	-	-	412,570	Accounts:
-	-	-	-	-	-	-	-	591,008	Current
-	-	-	-	-	-	-	-	1,893,394	Interest
\$ 296,743	\$ 1,205,248	\$ 807,536	\$ 203,505	\$ 1,150,760	\$ 6,755,424	\$ 72,691	\$ -	\$ 29,822,741	Other: 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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,848	\$ 458,199	\$ 2,832	\$ 598,547	LIABILITIES:
-	-	-	-	-	-	-	242,199	3,144,300	Accounts Payable
293,707	-	-	-	-	-	-	-	293,707	Due To Other Funds
-	-	-	-	-	-	-	-	1,452,227	Due To Other Governments
-	-	165,967	167,781	39,885	-	-	-	5,007,200	Interfund Payable
-	-	-	-	-	-	-	-	2,248,645	Deferred and Unearned Revenue
293,707	-	165,967	167,781	39,885	3,848	458,199	245,031	12,744,626	Advance From Other Funds
									TOTAL LIABILITIES
									FUND BALANCES:
-	-	-	-	-	-	-	-	591,008	Reserved:
3,036	1,205,248	641,569	35,724	1,110,875	6,751,576	-	-	23,584,456	Reserved For Advance To Other Funds
-	-	-	-	-	-	(385,508)	(245,031)	(7,097,349)	Reserved For Construction
3,036	1,205,248	641,569	35,724	1,110,875	6,751,576	(385,508)	(245,031)	17,078,115	Unreserved:
\$ 296,743	\$ 1,205,248	\$ 807,536	\$ 203,505	\$ 1,150,760	\$ 6,755,424	\$ 72,691	\$ -	\$ 29,822,741	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, 2005

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	COMMERCIAL REVOLVING LOANS
REVENUES:									
General Property Taxes:									
Tax Increment	\$ 170,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:									
State:									
Municipal State Aid	-	-	482,589	-	-	-	-	-	-
Other	-	-	-	-	-	-	2,164,671	-	-
Local:									
Other	-	-	-	-	-	22,046	-	-	-
Acreage And Connection Charges	-	-	-	1,039,753	79,987	-	-	-	-
Special Assessments	3,062	-	-	45,336	31,287	104,814	-	-	-
Other Revenues:									
Investment Earnings	67,258	12,214	28,549	121,814	43,549	93,230	14,369	56,421	3,449
Miscellaneous	353,666	21,444	-	-	-	-	-	4,727	17,282
TOTAL REVENUES	594,207	33,658	511,138	1,206,903	154,823	220,090	2,179,040	61,148	20,731
EXPENDITURES:									
Current:									
General Government:									
Administrative Fees	1,875	46,347	-	2,330	944	-	-	2,439	-
Professional Services	-	-	-	-	-	-	-	100,123	-
Economic Development:									
Professional Services	102,658	-	-	-	-	-	18,245	-	52,059
Miscellaneous	1,426,485	-	-	-	-	-	2,144,343	-	-
Public Safety:									
Miscellaneous	-	-	-	-	-	-	-	-	-
Public Works:									
Professional Services	-	75,159	-	35,799	8,799	131,172	-	-	-
Miscellaneous	-	1,483	-	-	-	-	-	-	-
Debt Service:									
Interest	61,510	-	-	-	-	-	-	35,991	-
Capital Outlay:									
Land Purchase/Land Writedowns	35,841	-	-	34,300	-	-	31,583	-	-
Building	-	18,868	-	-	-	-	-	-	-
System Improvements:									
General	2,833	6,147	-	-	-	-	-	-	-
Water	-	-	-	33,934	-	-	-	-	-
Sanitary Sewer	-	-	-	-	-	-	-	-	-
Storm Sewer	-	-	-	-	-	43,200	-	-	-
Electric	-	-	-	-	-	-	-	-	-
Furniture & Equipment	-	24,854	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,631,202	172,858	-	106,363	9,743	174,372	2,194,171	138,553	52,059

(Continued)

NONMAJOR CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED DECEMBER 31, 2005

	TAX INCREMENT	SPECIAL ASSESSMENTS	MAJOR ROAD CONSTRUCTION	PERMANENT IMPROVEMENT REVOLVING/ WATER	PERMANENT IMPROVEMENT REVOLVING/ SEWER	STORM SEWER AREA	HWY. 312 RALF LOANS	PUBLIC FACILITIES CAPITAL IMPROVEMENT	COMMERCIAL REVOLVING LOANS
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,036,995)	\$ (139,200)	\$ 511,138	\$ 1,100,540	\$ 145,080	\$ 45,718	\$ (15,131)	\$ (77,405)	\$ (31,328)
OTHER FINANCING SOURCES (USES):									
Transfers In	-	-	-	-	-	-	-	-	159,871
Transfers Out	(496,402)	-	(882,635)	(1,522,951)	(254,731)	(84,643)	(1,800,000)	-	(159,871)
Sale of Capital Assets	-	-	-	-	-	-	-	89,406	-
TOTAL OTHER FINANCING SOURCES (USES)	(496,402)	-	(882,635)	(1,522,951)	(254,731)	(84,643)	(1,800,000)	89,406	-
NET CHANGE IN FUND BALANCES	(1,533,397)	(139,200)	(371,497)	(422,411)	(109,651)	(38,925)	(1,815,131)	12,001	(31,328)
FUND BALANCES, January 1	1,897,285	(1,922,103)	1,624,177	5,822,480	1,908,165	3,143,247	22,727	(245,684)	159,871
FUND BALANCES, December 31	\$ 363,888	\$ (2,061,303)	\$ 1,252,680	\$ 5,400,069	\$ 1,798,514	\$ 3,104,322	\$ (1,792,404)	\$ (233,683)	\$ 128,543

(Continued)

INDUSTRIAL REVOLVING LOANS	HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	1997 HWY 41 UPGRADE	HWY 312 IMPROVEMENTS	ANNUAL STREET REPLACEMENT	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,221
-	-	-	-	-	-	-	-	482,589
300,000	-	-	-	-	608,805	138,000	-	3,211,476
-	-	-	-	-	-	-	-	22,046
-	-	-	-	-	-	-	-	1,119,740
-	-	49,858	19,289	22,349	-	-	-	275,995
70	28,875	14,402	8,164	26,077	150,721	1,945	-	671,107
8,900	-	-	-	-	-	-	-	406,019
308,970	28,875	64,260	27,453	48,426	759,526	139,945	-	6,359,193
-	-	1,894	7,257	-	-	-	3,440	66,526
-	-	-	-	-	-	-	-	100,123
-	-	-	-	-	-	-	-	172,962
305,934	-	-	-	-	-	-	-	3,876,762
-	-	-	59,857	-	-	-	-	59,857
-	-	-	-	-	12,313	8,979	68,546	340,767
-	-	-	-	-	-	-	-	1,483
-	-	-	-	-	-	-	-	97,501
-	-	-	-	-	-	-	-	101,724
-	-	-	-	-	-	-	-	18,868
-	-	-	-	-	-	57,445	173,045	239,470
-	-	-	-	-	-	303,155	-	337,089
-	-	-	-	-	-	25,022	-	25,022
-	-	-	-	-	-	-	-	43,200
-	-	-	-	-	-	129,903	-	129,903
-	-	-	-	-	-	-	-	24,854
305,934	-	1,894	67,114	-	12,313	524,504	245,031	5,636,111

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

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

(Continued)

(Continued)

(Continued)

(Continued)

INDUSTRIAL REVOLVING LOANS	HWY. 41 IMPROVEMENT	PERMANENT IMPROVEMENT REVOLVING/ STORM WATER	FIRE PROTECTION SYSTEMS	IMPROVEMENT REVOLVING	1997 HWY 41 UPGRADED	HWY 312 IMPROVEMENTS	ANNUAL STREET REPLACEMENT	TOTALS	
\$ 3,036	\$ 28,875	\$ 62,366	\$ (39,661)	\$ 48,426	\$ 747,213	\$ (384,559)	\$ (245,031)	\$ 723,082	EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
-	-	-	-	1,256	-	-	-	161,127	OTHER FINANCING SOURCES (USES):
-	-	-	-	-	(443,360)	-	-	(5,644,593)	Transfers In
-	-	-	-	-	-	-	-	89,406	Transfers Out
-	-	-	-	1,256	(443,360)	-	-	(5,394,060)	Sale of Capital Assets
3,036	28,875	62,366	(39,661)	49,682	303,853	(384,559)	(245,031)	(4,670,978)	TOTAL OTHER FINANCING SOURCES (USES)
-	1,176,373	579,203	75,385	1,061,193	6,447,723	(949)	-	21,749,093	NET CHANGE IN FUND BALANCES
\$ 3,036	\$ 1,205,248	\$ 641,569	\$ 35,724	\$ 1,110,875	\$ 6,751,576	\$ (385,508)	\$ (245,031)	\$ 17,078,115	FUND BALANCES, January 1
									FUND BALANCES, December 31

CITY OF CHASKA, MINNESOTA

CAPITAL PROJECT FUNDS - TAX INCREMENT
 COMBINING BALANCE SHEET
 DECEMBER 31, 2005

114

	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
ASSETS							
Receivables:							
Taxes:							
Delinquent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unremitted	-	-	-	-	-	-	-
Special Assessments:							
Deferred:							
Certified To County	-	-	-	-	-	-	-
Accounts:							
Current	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other: Notes	-	-	89,600	-	-	-	-
Due From Other Funds	-	12,836	830,319	370,839	-	590,400	385,719
TOTAL ASSETS	\$ -	\$ 12,836	\$ 919,919	\$ 370,839	\$ -	\$ 590,400	\$ 385,719
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-	-	23,493	-	-
Interfund Payable	-	-	-	-	38,890	-	-
Deferred Revenue	-	-	89,600	-	-	-	-
Advance From Other Funds	-	-	-	-	113,141	-	-
TOTAL LIABILITIES	-	-	89,600	-	175,524	-	-
FUND BALANCES:							
Reserved:							
Reserved For Construction	-	12,836	830,319	370,839	-	590,400	385,719
Unreserved, Undesignated	-	-	-	-	(175,524)	-	-
TOTAL FUND BALANCES	-	12,836	830,319	370,839	(175,524)	590,400	385,719
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 12,836	\$ 919,919	\$ 370,839	\$ -	\$ 590,400	\$ 385,719

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	DIST #15 CHAMBER REDEVELOPMENT	TOTALS
\$ -	\$ -	\$ -	\$ 9,218	\$ -	\$ -	\$ -	\$ 9,218
-	-	-	1,126	-	-	-	1,126
-	-	2,038	-	-	-	-	2,038
14,062	-	-	-	-	-	-	14,062
-	-	-	-	-	3,542	-	3,542
189,000	-	-	80,000	-	1,000,000	-	1,358,600
175,050	-	-	-	59,138	13,237	-	2,437,538
<u>\$ 378,112</u>	<u>\$ -</u>	<u>\$ 2,038</u>	<u>\$ 90,344</u>	<u>\$ 59,138</u>	<u>\$ 1,016,779</u>	<u>\$ -</u>	<u>\$ 3,826,124</u>

ASSETS

Receivables:
Taxes:
Delinquent
Unremitted
Special Assessments:
Deferred:
Certified To County
Accounts:
Current
Interest
Other: Notes
Due From Other Funds

TOTAL ASSETS

LIABILITIES AND FUND BALANCES

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

TOTAL LIABILITIES

FUND BALANCES:
Reserved:
Reserved For Construction
Unreserved, Undesignated

TOTAL FUND BALANCES

**TOTAL LIABILITIES
AND FUND BALANCES**

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454	\$ -	\$ 454
-	404,989	231,198	83,433	-	-	3,226	746,339
-	-	-	-	-	1,192,052	-	1,230,942
189,000	-	-	89,218	-	1,003,542	-	1,371,360
-	-	-	-	-	-	-	113,141
<u>189,000</u>	<u>404,989</u>	<u>231,198</u>	<u>172,651</u>	<u>-</u>	<u>2,196,048</u>	<u>3,226</u>	<u>3,462,236</u>
189,112	-	-	-	59,138	-	-	2,438,363
-	(404,989)	(229,160)	(82,307)	-	(1,179,269)	(3,226)	(2,074,475)
<u>189,112</u>	<u>(404,989)</u>	<u>(229,160)</u>	<u>(82,307)</u>	<u>59,138</u>	<u>(1,179,269)</u>	<u>(3,226)</u>	<u>363,888</u>
<u>\$ 378,112</u>	<u>\$ -</u>	<u>\$ 2,038</u>	<u>\$ 90,344</u>	<u>\$ 59,138</u>	<u>\$ 1,016,779</u>	<u>\$ -</u>	<u>\$ 3,826,124</u>

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, 2005

	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
REVENUES:							
General Property Taxes:							
Tax Increment, Current	\$ -	\$ -	\$ -	\$ 35,001	\$ -	\$ -	\$ -
Special Assessments	328	-	-	-	-	-	-
Other Revenues:							
Investment Earnings	-	298	19,248	8,058	-	13,687	8,942
Miscellaneous	337,557	-	-	-	-	-	-
TOTAL REVENUES	337,885	298	19,248	43,059	-	13,687	8,942
EXPENDITURES:							
Current:							
General Government:							
Administrative Fees	-	-	-	-	-	-	-
Economic Development:							
Professional Services	-	-	-	170	170	-	-
Miscellaneous	-	-	-	-	-	-	-
Debt Service:							
Interest	-	-	-	-	15,662	-	-
Capital Outlay:							
Land Purchase / Land Writedowns	-	-	-	-	-	-	-
System Improvements:							
General	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	170	15,832	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	337,885	298	19,248	42,889	(15,832)	13,687	8,942
OTHER FINANCING SOURCES (USES):							
Transfers Out	(496,402)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(158,517)	298	19,248	42,889	(15,832)	13,687	8,942
FUND BALANCES, January 1	158,517	12,538	811,071	327,950	(159,692)	576,713	376,777
FUND BALANCES, December 31	\$ -	\$ 12,836	\$ 830,319	\$ 370,839	\$ (175,524)	\$ 590,400	\$ 385,719

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	DIST #15 CHAMBER REDEVELOPMENT	TOTALS	
\$ -	\$ -	\$ -	\$ 66,628	\$ 66,093	\$ 2,181	\$ 318	\$ 170,221	REVENUES:
-	-	2,734	-	-	-	-	3,062	General Property Taxes:
4,973	-	-	-	371	11,681	-	67,258	Tax Increment, Current
12,400	-	-	-	-	3,709	-	353,666	Special Assessments
17,373	-	2,734	66,628	66,464	17,571	318	594,207	Other Revenues:
								Investment Earnings
								Miscellaneous
								TOTAL REVENUES
-	-	-	1,875	-	-	-	1,875	EXPENDITURES:
31,959	-	-	4,598	460	65,301	-	102,658	Current:
-	-	-	85,000	1,296	1,340,189	-	1,426,485	General Government:
-	-	-	-	-	45,848	-	61,510	Administrative Fees
35,841	-	-	-	-	-	-	35,841	Economic Development:
-	-	-	-	-	2,833	-	2,833	Professional Services
67,800	-	-	91,473	1,756	1,454,171	-	1,631,202	Miscellaneous
(50,427)	-	2,734	(24,845)	64,708	(1,436,600)	318	(1,036,995)	Debt Service:
-	-	-	-	-	-	-	(496,402)	Interest
(50,427)	-	2,734	(24,845)	64,708	(1,436,600)	318	(1,533,397)	Capital Outlay:
239,539	(404,989)	(231,894)	(57,462)	(5,570)	257,331	(3,544)	1,897,285	Land Purchase / Land Writedowns
\$ 189,112	\$ (404,989)	\$ (229,160)	\$ (82,307)	\$ 59,138	\$ (1,179,269)	\$ (3,226)	\$ 363,888	System Improvements:
								General
								TOTAL EXPENDITURES
								EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES
								OTHER FINANCING SOURCES (USES):
								Transfers Out
								NET CHANGE IN FUND BALANCES
								FUND BALANCES, January 1
								FUND BALANCES, December 31

CITY OF CHASKA, MINNESOTA

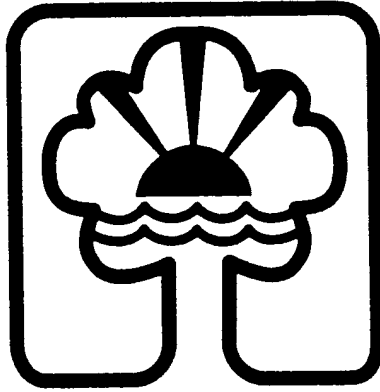
CAPITAL PROJECT FUNDS - SPECIAL ASSESSMENT
 COMBINING BALANCE SHEET
 DECEMBER 31, 2005

	UNFINANCED IMPROVEMENT PROJECTS	1999 IMPROVEMENT PROJECTS	2000 IMPROVEMENT PROJECTS	2002 IMPROVEMENT PROJECTS	2005 IMPROVEMENT PROJECTS	2006 IMPROVEMENT PROJECTS	TOTALS
ASSETS							
Cash And Investments	\$ -	\$ 9,441	\$ -	\$ -	\$ -	\$ -	\$ 9,441
Special Assessments:							
Deferred:							
City Owned	15,734	-	-	-	-	-	15,734
TOTAL ASSETS	\$ 15,734	\$ 9,441	\$ -	\$ -	\$ -	\$ -	\$ 25,175
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts Payable	\$ -	\$ -	\$ -	\$ 4,870	\$ -	\$ 119	\$ 4,989
Due To Other Funds	1,880,767	-	114,751	37,254	32,983	-	2,065,755
Deferred Revenue	15,734	-	-	-	-	-	15,734
TOTAL LIABILITIES	1,896,501	-	114,751	42,124	32,983	119	2,086,478
FUND BALANCES:							
Reserved:							
Reserved For Construction	-	9,441	-	-	-	-	9,441
Unreserved, Undesignated	(1,880,767)	-	(114,751)	(42,124)	(32,983)	(119)	(2,070,744)
TOTAL FUND BALANCES	(1,880,767)	9,441	(114,751)	(42,124)	(32,983)	(119)	(2,061,303)
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,734	\$ 9,441	\$ -	\$ -	\$ -	\$ -	\$ 25,175

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, 2005

	UNFINANCED IMPROVEMENT PROJECTS	1999 IMPROVEMENT PROJECTS	2000 IMPROVEMENT PROJECTS	2002 IMPROVEMENT PROJECTS	2005 IMPROVEMENT PROJECTS	2006 IMPROVEMENT PROJECTS	TOTALS
REVENUES:							
Other Revenues:							
Investment Earnings	\$ -	\$ 11,998	\$ -	\$ 216	\$ -	\$ -	\$ 12,214
Miscellaneous	-	-	-	17,650	3,794	-	21,444
TOTAL REVENUES	-	11,998	-	17,866	3,794	-	33,658
EXPENDITURES:							
Current:							
General Government:							
Administrative Fees	43,457	-	2,660	-	230	-	46,347
Public Works:							
Professional Services	8,642	-	-	29,851	36,547	119	75,159
Miscellaneous	-	-	-	1,483	-	-	1,483
Capital Outlay:							
Building	-	-	-	18,868	-	-	18,868
Systems Improvements:							
General	-	-	-	6,147	-	-	6,147
Furniture & Equipment	-	-	-	24,854	-	-	24,854
TOTAL EXPENDITURES	52,099	-	2,660	81,203	36,777	119	172,858
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(52,099)	11,998	(2,660)	(63,337)	(32,983)	(119)	(139,200)
NET CHANGE IN FUND BALANCES	(52,099)	11,998	(2,660)	(63,337)	(32,983)	(119)	(139,200)
FUND BALANCES, January 1	(1,828,668)	(2,557)	(112,091)	21,213	-	-	(1,922,103)
FUND BALANCES, December 31	\$ (1,880,767)	\$ 9,441	\$ (114,751)	\$ (42,124)	\$ (32,983)	\$ (119)	\$ (2,061,303)



CHASKA

Nonmajor Budgeted Special Revenue Funds

City of Chaska

December 31, 2005

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

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

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, 2005**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes:			
Property	\$ 5,698	\$ 5,668	\$ (30)
Intergovernmental:			
State:			
Market Value Credit	302	302	-
Charges For Services	1,000	2,300	1,300
Other:			
Investment Earnings	500	3,626	3,126
TOTAL REVENUES	<u>7,500</u>	<u>11,896</u>	<u>4,396</u>
EXPENDITURES:			
Current:			
Public Works:			
Other Services And Charges	7,500	8,070	(570)
NET CHANGE IN FUND BALANCES	-	3,826	3,826
FUND BALANCES, January 1	<u>152,075</u>	<u>152,075</u>	-
FUND BALANCES, December 31	<u>\$ 152,075</u>	<u>\$ 155,901</u>	<u>\$ 3,826</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, 2005

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes:			
Property	\$ 46,801	\$ 46,836	\$ 35
Intergovernmental:			
Federal:			
Small Cities Development Program	-	425	425
State:			
Market Value Credit	2,730	2,730	-
Other	-	910	910
Charges For Services	131,819	131,819	-
Other:			
Investment Earnings	-	947	947
Miscellaneous	22,000	23,596	1,596
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	203,350	207,263	3,913
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
Economic Development:			
Operating Supplies	547	865	(318)
Other Services And Charges	202,803	136,461	66,342
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	203,350	137,326	66,024
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	69,937	69,937
	<hr/>	<hr/>	<hr/>
FUND BALANCES, January 1	26,116	26,116	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES, December 31	\$ 26,116	\$ 96,053	\$ 69,937
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2005**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes:			
Property	\$ 416,056	\$ 416,697	\$ 641
Intergovernmental:			
State:			
Market Value Credit	22,049	22,049	-
Charges For Services	4,000	8,000	4,000
Other:			
Investment Earnings	-	19,999	19,999
Rents	40,000	44,966	4,966
Contributions And Donations	5,000	14,600	9,600
	<u>487,105</u>	<u>526,311</u>	<u>39,206</u>
TOTAL REVENUES			
EXPENDITURES:			
Debt Service:			
Issuance Costs & Fiscal Agent Fees	50,000	-	50,000
Capital Outlay:			
Administrative Services	150,000	-	150,000
Data Processing	46,414	75,704	(29,290)
Community Development	18,540	-	18,540
Police	62,131	80,349	(18,218)
Fire	15,000	18,638	(3,638)
Public Works	147,600	114,133	33,467
	<u>489,685</u>	<u>288,824</u>	<u>200,861</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,580)</u>	<u>237,487</u>	<u>240,067</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	223,242	206,400	(16,842)
Transfers Out	(424,448)	(398,049)	26,399
Sale of Capital Assets	-	15,274	15,274
	<u>(201,206)</u>	<u>(176,375)</u>	<u>24,831</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(203,786)	61,112	264,898
FUND BALANCES, January 1	<u>1,226,164</u>	<u>1,226,164</u>	<u>-</u>
FUND BALANCES, December 31	<u>\$ 1,022,378</u>	<u>\$ 1,287,276</u>	<u>\$ 264,898</u>

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.

Sewer Fund	This fund is used to account for the operations of the City's Sewer Utility.
Par 30 Golf Fund	This fund is used to account for the operations of the City's 9-hole par 30 public golf course.
Chaska Town Course Fund	This fund is used to account for the operations of the City's 18-hole public golf course.
Internet Service Provider Fund	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, 2005

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	TOTALS
ASSETS					
Current Assets:					
Cash And Investments	\$ 2,018,672	\$ 75,797	\$ 7,932	\$ 1,622	\$ 2,104,023
Accounts Receivable:					
Current	154,514	71	466	49,272	204,323
Unbilled	77,190	-	-	-	77,190
Allowance For Uncollectible Accounts	(1,541)	-	-	(467)	(2,008)
Interest	3,965	-	-	-	3,965
Inventories	13,230	198	47,681	-	61,109
Total Current Assets	2,266,030	76,066	56,079	50,427	2,448,602
Noncurrent Assets:					
Capital Assets:					
Buildings	255,000	111,537	7,899,302	-	8,265,839
Other Improvements	-	21,315	207,954	-	229,269
Furniture & Equipment	379,494	111,414	1,133,795	1,120,941	2,745,644
Infrastructure	2,430,696	-	-	157,799	2,588,495
Less: Accumulated Depreciation	(2,229,372)	(146,719)	(3,099,578)	(230,170)	(5,705,839)
Total Net Capital Assets	835,818	97,547	6,141,473	1,048,570	8,123,408
TOTAL ASSETS	3,101,848	173,613	6,197,552	1,098,997	10,572,010
LIABILITIES					
Current Liabilities:					
Accounts Payable	101,860	563	6,990	42,830	152,243
Salaries Payable	13,558	1,938	15,733	2,113	33,342
Deposits Payable	-	-	35,747	-	35,747
Compensated Absences	12,934	4,464	15,533	728	33,659
Due To Other Governments	-	-	1,481	533	2,014
Interfund Payable	-	-	-	369,920	369,920
Unearned Revenue	-	-	-	64,006	64,006
Total Current Liabilities	128,352	6,965	75,484	480,130	690,931
Noncurrent Liabilities:					
Compensated Absences	7,029	3,504	22,707	2,783	36,023
Advance From Other Funds	-	-	-	1,232,166	1,232,166
Total Noncurrent Liabilities	7,029	3,504	22,707	1,234,949	1,268,189
TOTAL LIABILITIES	135,381	10,469	98,191	1,715,079	1,959,120
NET ASSETS					
Invested in Capital Assets	835,818	97,547	6,141,473	1,048,570	8,123,408
Unrestricted	2,130,649	65,597	(42,112)	(1,664,652)	489,482
TOTAL NET ASSETS	\$ 2,966,467	\$ 163,144	\$ 6,099,361	\$ (616,082)	\$ 8,612,890

CITY OF CHASKA, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>SEWER</u>	<u>PAR 30 GOLF</u>	<u>CHASKA TOWN COURSE</u>	<u>INTERNET SERVICE PROVIDER</u>	<u>TOTALS</u>
OPERATING REVENUES:					
Sales	\$ 1,772,320	\$ 188,268	\$ 1,562,967	\$ 896,337	\$ 4,419,892
OPERATING EXPENSES:					
Production	1,141,870	-	-	135,585	1,277,455
Distribution / Collections	314,458	-	-	101,653	416,111
Administration	213,083	176,538	1,285,961	452,841	2,128,423
Depreciation	103,090	14,379	480,889	176,964	775,322
TOTAL OPERATING EXPENSES	<u>1,772,501</u>	<u>190,917</u>	<u>1,766,850</u>	<u>867,043</u>	<u>4,597,311</u>
OPERATING INCOME (LOSS)	<u>(181)</u>	<u>(2,649)</u>	<u>(203,883)</u>	<u>29,294</u>	<u>(177,419)</u>
NON-OPERATING REVENUES:					
Investment Earnings	42,156	1,388	-	63	43,607
NON-OPERATING EXPENSES:					
Interest	-	-	-	16,842	16,842
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	41,975	(1,261)	(203,883)	12,515	(150,654)
CAPITAL CONTRIBUTIONS	1,853	-	-	-	1,853
TRANSFER (OUT)					
Transfers In	99,877	-	-	-	99,877
Transfers Out	(7,600)	-	(145,000)	-	(152,600)
Total Transfers In (Out)	<u>92,277</u>	<u>-</u>	<u>(145,000)</u>	<u>-</u>	<u>(52,723)</u>
CHANGE IN NET ASSETS	136,105	(1,261)	(348,883)	12,515	(201,524)
NET ASSETS, January 1	<u>2,830,362</u>	<u>164,405</u>	<u>6,448,244</u>	<u>(628,597)</u>	<u>8,814,414</u>
NET ASSETS, December 31	<u>\$ 2,966,467</u>	<u>\$ 163,144</u>	<u>\$ 6,099,361</u>	<u>\$ (616,082)</u>	<u>\$ 8,612,890</u>

CITY OF CHASKA, MINNESOTA

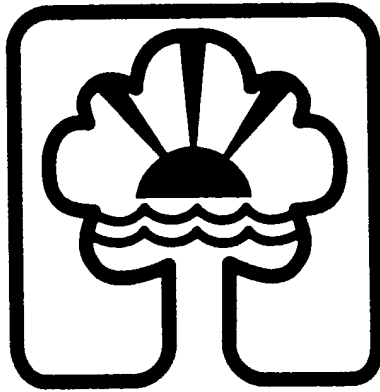
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	SEWER	PAR 30 GOLF	CHASKA TOWN COURSE	INTERNET SERVICE PROVIDER	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Customers	\$ 1,755,260	\$ 188,277	\$ 1,559,165	\$ 910,096	\$ 4,412,798
Cash Payments To Suppliers For Goods And Services	(1,203,627)	(71,984)	(629,603)	(722,487)	(2,627,701)
Cash Payments To Employees For Services	(359,687)	(101,251)	(705,784)	(61,129)	(1,227,851)
Net Cash Provided (Used) By Operating Activities	<u>191,946</u>	<u>15,042</u>	<u>223,778</u>	<u>126,480</u>	<u>557,246</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfers From Other Funds	99,877	-	-	-	99,877
Transfers To Other Funds	(7,600)	-	(145,000)	-	(152,600)
Due To Other Funds	-	-	(16,279)	-	(16,279)
Net Cash Provided (Used) By Non-Capital Finance Activities	<u>92,277</u>	<u>-</u>	<u>(161,279)</u>	<u>-</u>	<u>(69,002)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital Contributions	1,853	-	-	-	1,853
Interest And Fiscal Charges	-	-	-	(16,842)	(16,842)
Acquisition Of Capital Assets	(101,503)	1	(54,567)	(276,901)	(432,970)
	<u>(99,650)</u>	<u>1</u>	<u>(54,567)</u>	<u>(293,743)</u>	<u>(447,959)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest On Investments	40,531	1,388	-	63	41,982
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	225,104	16,431	7,932	(167,200)	82,267
CASH AND CASH EQUIVALENTS, January 1	1,793,568	59,366	-	168,822	2,021,756
CASH AND CASH EQUIVALENTS, December 31	<u>\$ 2,018,672</u>	<u>\$ 75,797</u>	<u>\$ 7,932</u>	<u>\$ 1,622</u>	<u>\$ 2,104,023</u>

(Continued)

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	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)	\$ (181)	\$ (2,649)	\$ (203,883)	\$ 29,294	\$ (177,419)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:					
Depreciation Expense	103,090	14,379	480,889	176,964	775,322
Allowance For Uncollectible Accounts	250	-	-	(22)	228
(Increase) Decrease In Assets:					
Accounts Receivable	(17,310)	9	38	97	(17,166)
Inventory	688	(198)	(752)	-	(262)
Prepaid Items	-	-	-	3,125	3,125
Increase (Decrease) In Liabilities:					
Accounts Payable	97,533	267	(51,120)	(99,205)	(52,525)
Salaries Payable	8,486	3,234	3,337	2,010	17,067
Deposits Payable	-	-	(3,840)	-	(3,840)
Unearned Revenue	-	-	-	13,684	13,684
Due To Other Governments	(610)	-	(891)	533	(968)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 191,946</u>	<u>\$ 15,042</u>	<u>\$ 223,778</u>	<u>\$ 126,480</u>	<u>\$ 557,246</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

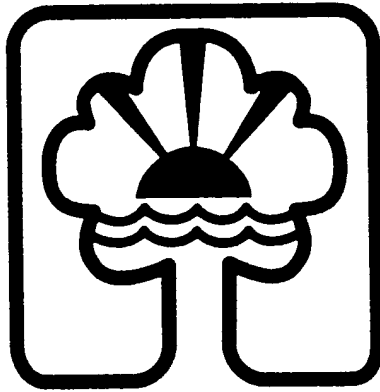
COMBINING STATEMENT OF NET ASSETS
 AGENCY FUNDS
 DECEMBER 31, 2005

	BUILDERS' DEPOSIT FUND	DEVELOPERS' FUND	MCES COLLECTIONS FUND	TOTAL AGENCY FUNDS
<u>ASSETS</u>				
Cash And Investments	\$ 113,137	\$ -	\$ 89,900	\$ 203,037
Receivables:				
Accounts	-	22,808	-	22,808
Other	-	9,727	-	9,727
Due From Other Funds	15,814	-	-	15,814
TOTAL ASSETS	\$ 128,951	\$ 32,535	\$ 89,900	\$ 251,386
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 16,721	\$ -	\$ 16,721
Due To Other Funds	-	15,814	-	15,814
Due To Other Governments	-	-	89,900	89,900
Deposits Payable	128,951	-	-	128,951
TOTAL LIABILITIES	\$ 128,951	\$ 32,535	\$ 89,900	\$ 251,386

CITY OF CHASKA, MINNESOTA

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2005

	BALANCE JANUARY 1, 2005	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 2005
BUILDERS' DEPOSIT FUND				
<u>ASSETS</u>				
Cash And Investments	\$ 196,322	\$ 165,699	\$ 248,884	\$ 113,137
Due From Other Funds	6,428	15,814	6,428	15,814
TOTAL ASSETS	\$ 202,750	\$ 181,513	\$ 255,312	\$ 128,951
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 233,070	\$ 233,070	\$ -
Deposits Payable	202,750	159,271	233,070	128,951
TOTAL LIABILITIES	\$ 202,750	\$ 392,341	\$ 466,140	\$ 128,951
DEVELOPERS' FUND				
<u>ASSETS</u>				
Cash And Investments	\$ -	\$ 47,093	\$ 47,093	\$ -
Accounts Receivable	7,181	47,963	32,336	22,808
Other Receivable	-	57,538	47,811	9,727
Due from Other Governments	161	-	161	-
TOTAL ASSETS	\$ 7,342	\$ 152,594	\$ 127,401	\$ 32,535
<u>LIABILITIES</u>				
Accounts Payable	\$ 914	\$ 56,472	\$ 40,665	\$ 16,721
Due To Other Funds	6,428	15,814	6,428	15,814
TOTAL LIABILITIES	\$ 7,342	\$ 72,286	\$ 47,093	\$ 32,535
MCES COLLECTIONS				
<u>ASSETS</u>				
Cash	\$ 29,700	\$ 566,950	\$ 506,750	\$ 89,900
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,350	\$ 10,800	\$ 12,150	\$ -
Due To Other Governments	28,350	639,450	577,900	89,900
TOTAL LIABILITIES	\$ 29,700	\$ 650,250	\$ 590,050	\$ 89,900
TOTAL ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash And Investments	\$ 226,022	\$ 779,742	\$ 802,727	\$ 203,037
Accounts Receivable	7,181	47,963	32,336	22,808
Other Receivable	-	57,538	47,811	9,727
Due From Other Funds	6,428	15,814	6,428	15,814
Due From Other Governments	161	-	161	-
TOTAL ASSETS	\$ 239,792	\$ 901,057	\$ 889,463	\$ 251,386
<u>LIABILITIES</u>				
Accounts Payable	2,264	300,342	285,885	16,721
Due To Other Funds	6,428	15,814	6,428	15,814
Due To Other Governments	28,350	639,450	577,900	89,900
Deposits Payable	202,750	159,271	233,070	128,951
TOTAL LIABILITIES	\$ 239,792	\$ 1,114,877	\$ 1,103,283	\$ 251,386



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)**

<u>FISCAL YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>PUBLIC SAFETY</u>	<u>PUBLIC WORKS</u>	<u>RECREATION</u>
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
2004	2,487,962	168,041	2,840,569	1,790,846
2005	2,549,278	167,326	2,975,845	2,198,794

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

(2) Due to the implemetation of GASB 34 in 2003, function titles have changed

TABLE 1

<u>MISCELLANEOUS</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 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
388,727	603,392	11,802,382	20,081,919
421,572	530,193	10,636,139	19,479,147

CITY OF CHASKA, MINNESOTA

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

<u>FISCAL YEAR</u>	<u>TAXES</u>	<u>LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL REVENUES</u>	<u>CHARGES FOR SERVICES</u>
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
2004	4,378,367	1,289,746	1,800,158	1,249,861
2005	4,974,833	910,346	1,789,511	1,155,697

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

TABLE 2

<u>FINES AND FORFEITURES</u>	<u>OTHER REVENUE</u>	<u>TOTAL</u>
\$ 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
73,684	2,101,725	10,893,541
77,292	1,564,537	10,472,216

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		
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
2004	2,708,636	155,091	2,553,545	937	(6,216)	2,548,266	2,527,225
2005	3,158,424	165,125	2,993,299	-	(4,498)	2,988,801	2,966,919

- (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
Includes Market Value Credit beginning 2002
- (3) Includes penalty and interest
- (4) Excludes delinquent tax increment

TABLE 3

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
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
99.2%	11,722	2,538,947	99.6%	30,066	1.2%	106,657
99.3%	26,732	2,993,651	100.2%	39,065	1.3%	56,451

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
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
2004	17,494,021	1,534,978,800	104,052	5,270,800	(2,048,369)	1,768,330
2005	20,061,271	1,774,189,400	104,666	5,270,800	(2,169,443)	1,931,734

(1) 2005 population not available, 2004 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
\$ (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%	20,260	595	64,667
(3,470,363)	13,847,671	1,540,249,600	0.9%	21,478	645	71,713
(4,225,573)	15,702,655	1,779,460,200	0.9%	21,478	(1) 731	82,850

CITY OF CHASKA, MINNESOTA

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

TAXES PAYABLE YEAR	CITY		CITY HOUSING/ ECONOMIC DEVELOPMENT AUTHORITY	COUNTY	COUNTY HOUSING/ DEVELOPMENT AUTHORITY	INDEPENDENT SCHOOL DISTRICT #112	METROPOLITAN COUNCIL
	URBAN	TRANSIT (2)					
(Per \$100 of Assessed Value)							
1996	14.984	N/A	0.031	47.321	0.860	71.201	0.759
1997	14.988	2.257	0.029	46.606	0.858	69.138	0.756
1998	15.665	2.423	0.029	47.336	0.910	63.797	0.878
1999	14.086	2.385	0.026	47.593	1.003	62.035	0.876
2000	14.098	2.393	0.025	45.744	0.786	74.237	0.851
2001	14.052	2.062	0.021	43.105	0.945	60.805	0.761
2002	19.789	N/A	0.048	53.336	1.581	29.808	1.365
2003	19.656	N/A	0.041	53.137	1.543	38.436	1.452
2004	19.233	N/A	0.306	48.443	1.542	37.524	1.228
2005	19.877	N/A	0.317	44.107	1.478	33.299	0.944

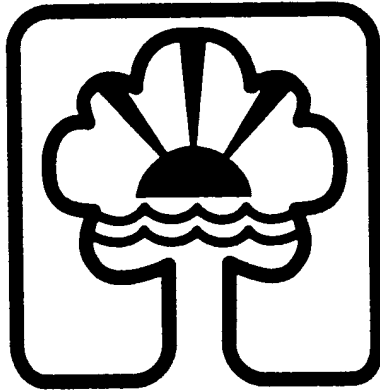
(1) Total excludes watershed #2

(2) In years 1997 through 2001, the City levied under the Local Transit Option

(3) The Carver County Rail Authority was added in 2005

TABLE 5

<u>REGIONAL TRANSIT BOARD</u>	<u>LOWER MINNESOTA WATERSHED #1</u>	<u>RILEY WATERSHED #2</u>	<u>EAST CHASKA CREEK WATERSHED</u>	<u>WEST CHASKA CREEK WATERSHED</u>	<u>MOSQUITO CONTROL</u>	<u>CARVER COUNTY RAIL AUTHORITY (3)</u>	<u>TOTAL (1)</u>
3.280	0.264	0.864	N/A	N/A	0.248	N/A	138.948
1.621	0.253	0.860	N/A	N/A	0.247	N/A	136.753
1.722	0.297	0.843	N/A	N/A	0.285	N/A	133.342
1.453	0.252	0.880	N/A	N/A	0.325	N/A	130.034
1.483	0.268	0.866	N/A	N/A	0.343	N/A	140.228
1.115	0.221	0.946	N/A	N/A	0.304	N/A	123.391
1.434	0.371	1.608	0.268	0.400	0.470	N/A	108.870
1.667	0.338	1.616	0.293	0.575	0.544	N/A	117.682
1.710	0.330	0.732	0.209	0.602	0.597	N/A	111.724
1.249	0.328	1.335	0.613	0.578	0.563	0.067	103.420



CHASKA

PRINCIPAL TAXPAYERS
DECEMBER 31, 2005
(UNAUDITED)

	TYPE OF PROPERTY	2004-2005 ESTIMATED ACTUAL VALUE (1)	2004-2005 ESTIMATED NET TAX CAPACITY	PERCENT OF REAL PROPERTY TAX CAPACITY VALUE
IDS Financial Services	Commercial	\$ 25,389,100	\$ 495,974	2.5%
Entegris, Inc.	Industrial	15,437,300	305,655	1.5%
Target Corporation	Commercial	12,941,200	258,074	1.3%
Lifecore Biomedical, Inc.	Industrial	10,534,000	209,930	1.0%
Aurora Investment LLC	Comm/Ag NonHstd	10,729,100	202,828	1.0%
FSI International	Industrial	9,787,300	194,996	1.0%
Trustee Group Realty PTR VII	Industrial	7,173,700	142,724	0.7%
Hazeltine National Golf Club	Comm/Ag NonHstd	8,871,200	141,013	0.7%
Home Depot USA	Commercial	6,667,100	132,592	0.7%
Hazeltine Gates LLC	Commercial	6,128,900	121,828	0.6%
		<u>\$ 113,658,900</u>	<u>\$ 2,205,614</u>	<u>11.0%</u>

(1) Assessed 2004 values are determined as of January 2, 2004

CITY OF CHASKA, MINNESOTA

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

ASSESSMENTS PAYABLE YEAR	CURRENT ASSESSMENT LEVY (1)	CURRENT ASSESSMENTS COLLECTED	PERCENT OF CURRENT COLLECTED TO CURRENT LEVY	DELINQUENT ASSESSMENTS COLLECTED (2)	TOTAL COLLECTED
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
2004	1,077,826	1,060,138	98.4%	23,070	1,083,208
2005	849,084	832,397	98.0%	17,265	849,662

(1) Does not include assessments on City property

(2) Does not include penalties and interest

TABLE 7

<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>
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
100.5%	37,873	3.5%	8,352,136
100.1%	37,415	4.4%	9,105,409

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005
(UNAUDITED)**

Assessed 2004, Payable 2005 Market Value		<u>\$ 1,779,460,200</u>
Legal Debt Margin:		
Debt Limit, 2% of Market Value (1)		\$ 35,589,204
Debt Applicable to Limitation:		
Total Bonded Debt	\$ 130,520,000	
Less (2):		
G.O. Tax Increment Bonds	28,780,000	
G.O. Special Assessment Bonds	13,870,000	
G.O. Revenue Bonds	14,595,000	
Revenue Bonds	72,460,000	
Debt Service Funds	<u>1,419</u>	
Total Debt Applicable to Limitation		<u>813,581</u>
Legal Debt Margin		<u>\$ 34,775,623</u>
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 (4)	NET BONDED DEBT	PERCENT OF NET BONDED DEBT TO TAX CAPACITY VALUE	NET BONDED DEBT PER CAPITA
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	20,260	12,054,791	44,762,133	7,711,941	37,050,192	307.3%	1,829
2004	21,478	13,847,671	36,030,000	3,315,542	32,714,458	236.2%	1,523
2005	21,478	(5) 15,702,655	28,780,000	363,169	28,416,831	181.0%	1,323

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 (3)	LESS DEBT SERVICE FUNDS (4)	NET BONDED DEBT	PERCENT OF NET BONDED DEBT TO TAX CAPACITY VALUE	NET BONDED DEBT PER CAPITA
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	20,260	12,054,791	-	-	-	0.0%	-
2004	21,478	13,847,671	-	-	-	0.0%	-
2005	21,478	(5) 15,702,655	-	-	-	0.0%	-

(1) From Table 4

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

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

(4) Amount available for repayment of general obligation bonds

(5) 2005 population not available, 2004 population used

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 GOVERNMENTAL EXPENDITURES	PERCENTAGE OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
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%
2004 (5)	14,482,152	2,023,165	16,505,317	20,081,919	82.2%
2005	9,985,000	2,083,360	12,068,360	19,479,147	62.0%

(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

(5) Principal includes \$6,242,152 defeased from crossover refunding escrow

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
 DECEMBER 31, 2005
 (UNAUDITED)

	GROSS DEBT	DEBT SERVICE FUNDS	NET DEBT	PERCENT OF DEBT APPLICABLE TO CITY	NET DEBT APPLICABLE TO CITY
DIRECT DEBT:					
City of Chaska (1)	\$ 52,785,000	\$ 1,574,457	\$ 51,210,543	100.00%	\$ 51,210,543
OVERLAPPING DEBT:					
Carver County	21,089,000	2,808,285	18,280,715	19.46%	3,557,427
Carver County HRA	26,936,070	2,676,655	24,259,415	19.46%	4,720,882
Independent School District #112	180,905,000	53,916,905	126,988,095	35.12%	44,598,219
Metropolitan Council	1,025,002,184	99,356,050	925,646,134	0.46%	4,257,972
Metropolitan Airports Commission	2,028,242,000	273,366,831	1,754,875,169	0.46%	8,072,426
Total Overlapping Debt	3,282,174,254	432,124,726	2,850,049,528		65,206,926
Total Direct and Overlapping Debt	\$ 3,334,959,254	\$ 433,699,183	\$ 2,901,260,071		\$ 116,417,469

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

CITY OF CHASKA, MINNESOTA

REVENUE BOND COVERAGE
DECEMBER 31, 2005
(UNAUDITED)

FISCAL YEAR	GROSS REVENUE (2)	OPERATING EXPENSES (3)	NET AVAILABLE FOR DEBT SERVICE
DEBT SERVICE FUNDS: LAST TEN FISCAL YEARS			
1996	\$ 197,184	\$ 2,956	\$ 194,228
1997	290,151	16,346	273,805
1998	331,202	1,609	329,593
1999	390,528	146,773	243,755
2000	952,652	1,000	951,652
2001	869,740	186,382	683,358
2002	926,006	3,000	923,006
2003	1,327,732	4,816	1,322,916
2004	3,375,471	54,406	3,321,065
2005	758,674	-	758,674
ELECTRIC ENTERPRISE FUND: LAST TEN FISCAL YEARS			
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
2004	17,242,951	16,412,399	830,552
2005	20,426,462	18,897,123	1,529,339
WATER ENTERPRISE FUND: LAST TEN FISCAL YEARS			
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
2004	1,087,103	752,324	334,779
2005	1,108,514	993,960	114,554
SEWER ENTERPRISE FUND: LAST TEN FISCAL YEARS			
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	1,598,728	1,527,943	70,785
2004	1,747,400	1,520,616	226,784
2005	1,814,476	1,669,410	145,066
TURBINE GENERATOR ENTERPRISE FUND: LAST FIVE FISCAL YEARS (1)			
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
2004	2,562,781	121,331	2,441,450
2005	4,130,667	86,146	4,044,521

(1) First year shown is first year of issuance

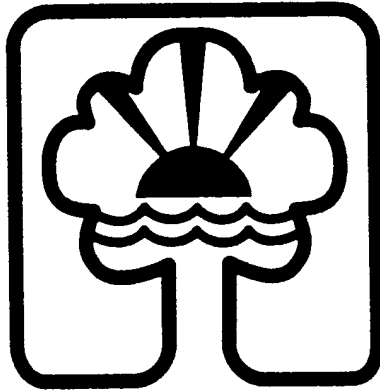
(2) Includes interest revenue

(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
\$ 170,000	\$ 306,773	\$ 476,773	0.41
185,000	330,080	515,080	0.53
265,000	346,046	611,046	0.54
225,000	513,469	846,342	0.29
380,000	748,521	1,128,521	0.84
415,000	729,464	1,144,464	0.60
460,000	800,574	1,260,574	0.73
1,320,000	768,042	2,088,042	0.63
3,525,000	611,320	4,136,320	0.80
425,000	502,779	927,779	0.82
\$ 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
-	-	-	N/A
-	-	-	N/A
\$ 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
280,000	574,728	854,728	0.39
390,000	567,596	957,596	0.12
\$ 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
-	-	-	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
555,000	1,978,029	2,533,029	0.96
585,000	2,708,528	3,293,528	1.23



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>
1996	14,239	5,339	27,881	4,831	2.4%
1997	14,673	5,513	31,469	4,992	2.1%
1998	15,361	5,699	34,284	5,418	2.0%
1999	15,801	5,867	36,063	5,764	2.1%
2000	17,449	(5) 6,104	(5) 38,917	6,053	2.4%
2001	18,380	6,514	40,358	6,522	3.3%
2002	18,961	6,888	40,571	7,020	4.1%
2003	20,260	7,445	40,696	7,187	4.2%
2004	21,478	8,020	42,599	7,355	3.9%
2005	21,478	(6) 8,020	(6) 42,599	(6) 7,306	3.2%

(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 (2004 estimate as of April 2006)

(3) Source: Minnesota Department of Education for Independent School District #112, includes private school data for 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: 1995-2004 for Carver County

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

(6) 2005 population, household and per capita income data not available, 2004 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	
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	15,576,817	
2004	242,952,000	5,628,082	11,865,939	47	29,750,940	
2005	249,449,000	5,735,373	14,325,898	62	13,118,935	

(1) Includes deposit data as of 6/30/05 for 5 banks located in Chaska which include:

Wells Fargo Bank Minnesota (MidAmerica Bank through October 1998 and Norwest Bank from October 1998 - June 2000), KleinBank (First National Bank of Chaska through May 2005), Security Bank, Community Bank Corporation (beginning in 2000) and Bank of the West beginning in 2005

(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

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
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
235	49,017,120	546	29,257,168	828	108,025,228
145	30,236,155	659	25,805,478	866	69,160,568

CITY OF CHASKA, MINNESOTA

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2005
(UNAUDITED)**

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	17.4 Square Miles (11,100 Acres)	
Miles of Streets	State Trunk Highway	8.05
	County MSA	8.83
	Unbuilt	(2.71)
	County	2.38
	City MSA	16.22
	Unbuilt	(0.51)
	City/Local	72.60
	Total Paved Roads	<u>104.86</u>
Fire Protection:		
Number of Stations	1	
Number of Hydrants:		
City	1,164	
Private	320	
Number of Firefighters	44	
ISO Fire Rating	5 (1-Best, 10-Lowest)	
Police Protection:		
Number of Stations	1	
Number of Police Officers	23	
Electric System:		
Number of Connections (Billed)	8,753	
Number of Substations	3	
Purchased KWH Power Wholesale From		
MMPA	299,246,992 (KWH)	
Total KWH Sales	286,709,941 (KWH)	
Peak KW Demand	60,856 (KW)	

(Continued)

TABLE 15
(Continued)

Water System:

Number of Connections (Billed)	5,846
Number of Wells (Well #4, #5, #6, #7, #8, and #9)	6
Total Water Pumped	1,039,256,000 gallons
Total Water Sold	908,328,000 gallons
System Peak Day	7,720,000 gallons
Average Daily Usage	2,800,000 gallons per day
Total Pumping Capacity	13,400,000 gallons per day
Filtration Capacity	12,600,000 gallons per day
Total Storage Capacity	3,600,000 gallons

Sewer System:

Number of Connections (Billed)	5,713
Total Gallons Treated	709,948,000 gallons
Sewer Service from Treatment Plant at Metropolitan Council Environmental Services	

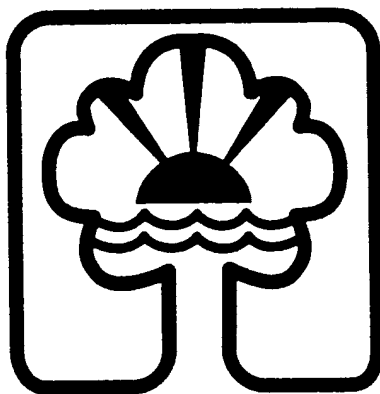
Culture and Recreation:

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:

Independent School District #112		
Elementary (K-5)	8 buildings, total enrollment (1)	4,054
Middle School (6-8)	2 buildings, total enrollment	1,871
Freshman Center (9)	1 building, total enrollment	606
Senior High (10-12)	1 building, total enrollment	1,880
Total Independent School District #112		<u>8,411</u>
St. John's Lutheran (K-8)	1 building, total enrollment	246
Guardian Angels Catholic (K-8)	1 building, total enrollment	245
Southwest Christian High School	1 building, total enrollment	180
Total Enrollment		<u>9,082</u>
Less Enrollment in Four Elementary Buildings not Located within the City		<u>(1,776)</u>
Total Enrollment within the City		<u><u>7,306</u></u>

(1) Includes 1,776 students in four buildings not located within the city



CHASKA