

PRELIMINARY OFFICIAL STATEMENT DATED JULY 11, 2024

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See "TAX EXEMPTION" herein.

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Bonds to the extent permitted under prior law.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF CHANHASSEN, MINNESOTA (Carver and Hennepin Counties)

\$24,250,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2024A

PROPOSAL OPENING: July 22, 2024, 10:00 A.M., C.T.

CONSIDERATION: July 22, 2024, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$24,250,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds") are being issued pursuant to Minnesota Statutes, Section 475.521 and Chapter 475, as amended, by the City of Chanhassen, Minnesota (the "City"), to finance a portion of the acquisition and betterment of a new city hall facility. The Bonds are general obligations of the City, for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Minneapolis, Minnesota.

DATE OF BONDS: August 15, 2024

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$120,000	2037	\$750,000	2047	\$1,140,000
2028	120,000	2038	775,000	2048	1,195,000
2029	120,000	2039	805,000	2049	1,250,000
2030	125,000	2040	835,000	2050	1,305,000
2031	605,000	2041	875,000	2051	1,370,000
2032	625,000	2042	915,000	2052	1,435,000
2033	645,000	2043	955,000	2053	1,500,000
2034	670,000	2044	995,000	2054	1,570,000
2035	695,000	2045	1,045,000		
2036	720,000	2046	1,090,000		

***MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2025 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on February 1, 2035 and thereafter are subject to call for prior optional redemption on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM PROPOSAL: \$24,056,000.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$485,000 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL: Taft Stettinius & Hollister LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).



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This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Underwriter (Syndicate Manager). Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF CHANHASSEN CITY COUNCIL

		<u>Term Expires</u>
Elise Ryan	Mayor	January 2027
Josh Kimber	Council Member	January 2025
Jerry McDonald	Council Member	January 2027
Haley Schubert	Council Member	January 2025
Mark Von Oven	Council Member	January 2027

ADMINISTRATION

Laurie Hokkanen, City Manager

Kelly Grinnell, Finance Director

PROFESSIONAL SERVICES

Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Chanhassen, Minnesota (the "City") and the issuance of its \$24,250,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on July 22, 2024.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of August 15, 2024. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.521 and Chapter 475, as amended, by the City, to finance a portion of the acquisition and betterment of a new city hall facility.

Minnesota Statutes, Section 475.521, adopted by the 2003 Minnesota State Legislature and amended in 2005, allows cities and towns to plan for and finance the acquisition and betterment of public lands, buildings, and certain other improvements within the municipality, including financing the construction of city halls, town halls, libraries, public safety, and public works facilities. Annual principal and interest payments on general obligation capital improvement bonds and all outstanding bonds issued under Section 475.521 are limited to 0.16% of the City's estimated market value of property in the City. The estimated market value of the property in the City for taxes collectible in 2024 is \$6,189,048,100. This results in a maximum annual debt service allowable of \$9,902,476 for capital improvement bonds outstanding at any time.

ESTIMATED SOURCES AND USES*

Sources			
Par Amount of Bonds		<u>\$24,250,000</u>	
Total Sources			\$24,250,000
Uses			
Total Underwriter's Discount (0.800%)		\$194,000	
Costs of Issuance		125,000	
Capitalized Interest		489,480	
Deposit to Project Fund		<u>23,441,520</u>	
Total Uses			\$24,250,000

*Preliminary, subject to change.

SECURITY

The Bonds will be general obligations of the City for which its full faith and credit and taxing powers are pledged without limitation as to rate or amount. The City anticipates that the debt service on the Bonds will be paid from ad valorem property taxes. In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the Bonds.

In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy an additional ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "AAA" by S&P Global Ratings ("S&P").

The City has requested an underlying rating on the Bonds from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB ") through its Electronic Municipal Market Access ("EMMA ") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

TAX EXEMPTION

On the date of issuance of the Bonds, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Bonds, the interest on the Bonds is excluded from gross income for federal income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions are subject to the condition that the City complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

Other Federal and State Tax Considerations

Other Tax Considerations

Though excluded from gross income, interest on the Bonds is subject to federal income taxation for certain types of taxpayers and certain income taxes, including without implied limitation, taxation to the extent it is included as part of (a) the adjusted current earnings of a corporation for purposes of the alternative minimum tax, (b) effectively connected earnings and profits of a foreign corporation for purposes of the branch profits tax on dividend equivalent amounts, (c) excess net passive income of an S Corporation which has Subchapter C earnings and profits, or (d) minimum effectively connected net investment income of a foreign insurance company. Interest on the Bonds is also taken into account in other ways for federal income tax purposes, including without implied limitation, (a) reducing loss reserve deductions of property and casualty insurance companies, (b) reducing interest expense deductions of financial institutions, and (c) causing certain taxpayers to include in gross income a portion of social security benefits and railroad retirement benefits. Ownership of the Bonds may result in other collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers who may be subject to such collateral consequences should consult their tax advisers.

Original Issue Discount

Some of the Bonds ("the OID Bonds") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

Original Issue Premium

Some of the Bonds may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

The above is not a comprehensive list of all federal tax consequences that may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or State of Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will NOT designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, relating to the ability of certain financial institutions (within the meaning of Section 265(6)(5) of the Code) to deduct from income for federal income tax purposes, 80% of the interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2023 have been audited by Abdo, Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

The following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds will be general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2021/22	2022/23	2023/24
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,150,000 - 0.50% ² Over \$2,150,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2023/24 Economic Market Value \$6,661,742,732¹

2023/24 Assessor's Estimated Market Value

	Carver County	Hennepin County	Total
Real Estate	\$6,046,836,400	\$118,604,000	\$6,165,440,400
Personal Property	<u>23,035,000</u>	<u>572,700</u>	<u>23,607,700</u>
Total Valuation	<u><u>\$6,069,871,400</u></u>	<u><u>\$119,176,700</u></u>	<u><u>\$6,189,048,100</u></u>

2023/24 Net Tax Capacity

	Carver County	Hennepin County	Total
Real Estate	\$69,591,292	\$2,362,330	\$71,953,622
Personal Property	<u>460,700</u>	<u>11,454</u>	<u>472,154</u>
Net Tax Capacity	\$70,051,992	\$2,373,784	\$72,425,776
Less:			
Captured Tax Increment Tax Capacity ²	(530,995)	0	(530,995)
Fiscal Disparities Contribution ³	<u>(4,848,534)</u>	<u>(846,299)</u>	<u>(5,694,833)</u>
Taxable Net Tax Capacity	\$64,672,463	\$1,527,485	\$66,199,948
Plus: Fiscal Disparities Distribution ³	<u>2,901,936</u>	<u>0</u>	<u>2,901,936</u>
Adjusted Taxable Net Tax Capacity	<u><u>\$67,574,399</u></u>	<u><u>\$1,527,485</u></u>	<u><u>\$69,101,884</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the portion of the City which is located in Carver County is about 92.97% and the portion in Hennepin county is about 94.98% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$6,661,742,732.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2023/24 NET TAX CAPACITY BY CLASSIFICATION

	2023/24 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$46,604,920	64.35%
Agricultural	140,037	0.19%
Commercial/industrial	14,843,981	20.50%
Public utility	4,966	0.01%
Railroad operating property	14,122	0.02%
Non-homestead residential	10,241,507	14.14%
Commercial & residential seasonal/rec.	104,089	0.14%
Personal property	472,154	0.65%
	<u> </u>	<u> </u>
Total	<u><u>\$72,425,776</u></u>	<u><u>100.00%</u></u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent Increase/Decrease in Estimated Market Value
2019/20	\$4,840,341,200	\$4,749,987,200	\$55,635,526	\$53,309,400	6.50%
2020/21	4,957,377,600	4,868,292,100	57,248,210	54,692,237	2.42%
2021/22	5,121,446,500	5,041,556,300	59,136,437	56,569,147	3.31%
2022/23	5,953,805,400	5,886,580,500	69,162,253	66,377,962	16.25%
2023/24	6,189,048,100	6,127,185,500	72,425,776	69,101,884	3.95%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGEST TAXPAYERS AND TAXPAYING PARCELS¹

Taxpayer	Type of Property	2023/24 Net Tax Capacity	Percent of City's Total Net Tax Capacity
LTF Real Estate Company, Inc.	Commercial	\$960,798	1.33%
Nicola Dell5, LP, et. al.	Industrial	1,207,110	1.67%
Istar Minnesota, LLC	Commercial	724,642	1.00%
IPX West Village Station, LLC	Commercial/Utilities	452,076	0.62%
Lake Susan Apartment Homes, LLC	Rental/Residential	433,391	0.60%
Rosemount	Commercial	407,724	0.56%
Chanhassen Frontier, LLC	Commercial/Rental	353,079	0.49%
8610, LLP	Commercial/Utilities	322,060	0.44%
Mission Hills Sr Housing Owner, LLC	Rental/Residential	304,249	0.42%
James Campbell Company, LLC	Commercial	<u>275,300</u>	<u>0.38%</u>
Total		\$5,440,429	7.51%

City's Total 2023/24 Net Tax Capacity \$72,425,776

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Largest Taxpayers and Largest Taxpaying Parcels have been furnished by Carver and Hennepin Counties.

DEBT

DIRECT DEBT²

General Obligation Debt (see schedules following)

Total G.O. debt secured by taxes (includes the Bonds)*	\$26,870,000
Total G.O. debt secured by utility revenues	19,520,000
Total G.O. debt secured by housing revenues (Carver County CDA)	2,595,000
Total General Obligation Debt*	<u><u>\$48,985,000</u></u>

*Preliminary, subject to change.

¹ Hennepin County has provided only the ten largest taxpaying *parcels* which appear on the tax rolls of the County, and therefore the information stated above may not be reflective of the entire valuation of all parcels and may not include all classifications of property.

² Outstanding debt is as of the dated date of the Bonds.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City has tentative plans to issue approximately \$3,900,000 in General Obligation Utility Bonds for stormwater system improvements and approximately \$10,000,000 in General Obligation Bonds for additional financing for the Civic Campus project in the next 12 months.

DEBT LIMIT

The statutory limit on net debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" means the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of certain obligations enumerated under Minnesota Statutes, Section 475.51, subd.4, including the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any revenue producing public convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay certain postemployment benefit liabilities; (9) obligations issued to pay certain judgments against the City; and (10) all other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2023/24 Assessor's Estimated Market Value	\$6,189,048,100
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$185,671,443
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes (includes the Bonds)*	<u>(26,870,000)</u>
Unused Debt Limit*	<u><u>\$158,801,443</u></u>

*Preliminary, subject to change.

City of Chanhassen, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 08/15/2024)

Dated Amount	G.O. Bonds 1) Series 2016A		Capital Improvement Plan Bonds Series 2024A							
	03/03/2016 \$4,805,000		08/15/2024 \$24,250,000*							
Maturity	02/01		02/01							
Calendar Year Ending	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	410,000	48,300	0	1,020,241	410,000	1,068,541	1,478,541	26,460,000	1.53%	2025
2026	420,000	40,000	0	1,061,523	420,000	1,101,523	1,521,523	26,040,000	3.09%	2026
2027	430,000	31,500	120,000	1,059,303	550,000	1,090,803	1,640,803	25,490,000	5.14%	2027
2028	440,000	22,800	120,000	1,054,863	560,000	1,077,663	1,637,663	24,930,000	7.22%	2028
2029	455,000	13,850	120,000	1,050,453	575,000	1,064,303	1,639,303	24,355,000	9.36%	2029
2030	465,000	4,650	125,000	1,045,981	590,000	1,050,631	1,640,631	23,765,000	11.56%	2030
2031			605,000	1,032,659	605,000	1,032,659	1,637,659	23,160,000	13.81%	2031
2032			625,000	1,010,211	625,000	1,010,211	1,635,211	22,535,000	16.13%	2032
2033			645,000	987,034	645,000	987,034	1,632,034	21,890,000	18.53%	2033
2034			670,000	963,035	670,000	963,035	1,633,035	21,220,000	21.03%	2034
2035			695,000	938,124	695,000	938,124	1,633,124	20,525,000	23.61%	2035
2036			720,000	912,120	720,000	912,120	1,632,120	19,805,000	26.29%	2036
2037			750,000	884,550	750,000	884,550	1,634,550	19,055,000	29.08%	2037
2038			775,000	855,381	775,000	855,381	1,630,381	18,280,000	31.97%	2038
2039			805,000	824,765	805,000	824,765	1,629,765	17,475,000	34.96%	2039
2040			835,000	790,906	835,000	790,906	1,625,906	16,640,000	38.07%	2040
2041			875,000	753,276	875,000	753,276	1,628,276	15,765,000	41.33%	2041
2042			915,000	713,220	915,000	713,220	1,628,220	14,850,000	44.73%	2042
2043			955,000	670,906	955,000	670,906	1,625,906	13,895,000	48.29%	2043
2044			995,000	626,544	995,000	626,544	1,621,544	12,900,000	51.99%	2044
2045			1,045,000	579,873	1,045,000	579,873	1,624,873	11,855,000	55.88%	2045
2046			1,090,000	530,768	1,090,000	530,768	1,620,768	10,765,000	59.94%	2046
2047			1,140,000	479,193	1,140,000	479,193	1,619,193	9,625,000	64.18%	2047
2048			1,195,000	424,904	1,195,000	424,904	1,619,904	8,430,000	68.63%	2048
2049			1,250,000	368,058	1,250,000	368,058	1,618,058	7,180,000	73.28%	2049
2050			1,305,000	308,328	1,305,000	308,328	1,613,328	5,875,000	78.14%	2050
2051			1,370,000	245,465	1,370,000	245,465	1,615,465	4,505,000	83.23%	2051
2052			1,435,000	179,548	1,435,000	179,548	1,614,548	3,070,000	88.57%	2052
2053			1,500,000	110,200	1,500,000	110,200	1,610,200	1,570,000	94.16%	2053
2054			1,570,000	37,288	1,570,000	37,288	1,607,288	0	100.00%	2054
	2,620,000	161,100	24,250,000	21,518,715	26,870,000	21,679,815	48,549,815			

* Preliminary, subject to change.

1) This represents the \$4,805,000 Series 2008A Refunding portion of the \$6,370,000 General Obligation Bonds, Series 2016A.

City of Chanhassen, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 08/15/2024)

	Water Revenue Refunding Bonds Series 2011B		G.O. Bonds 1) Series 2016A		Water Revenue Bonds Series 2016B		Water Revenue Bonds Series 2017A		Water Revenue Bonds Series 2018A	
Dated	10/06/2011		03/03/2016		12/29/2016		02/01/2017		03/15/2018	
Amount	\$3,720,000		\$1,565,000		\$3,630,000		\$10,000,000		\$3,595,000	
Maturity	02/01		02/01		02/01		02/01		02/01	
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	575,000	8,625	170,000	5,200	0	138,238	165,000	267,600	300,000	54,000
2026			175,000	1,750	0	138,238	170,000	260,900	310,000	44,850
2027					0	138,238	595,000	248,575	320,000	35,400
2028					0	138,238	615,000	230,425	330,000	25,650
2029					0	138,238	635,000	211,675	340,000	15,600
2030					0	138,238	655,000	192,325	350,000	5,250
2031					0	138,238	670,000	172,450		
2032					0	138,238	690,000	152,050		
2033					0	138,238	715,000	130,975		
2034					0	138,238	735,000	109,225		
2035					0	138,238	755,000	86,875		
2036					0	138,238	780,000	63,850		
2037					0	138,238	800,000	38,150		
2038					140,000	135,788	690,000	12,075		
2039					825,000	118,900				
2040					855,000	88,431				
2041					885,000	54,700				
2042					925,000	18,500				
	575,000	8,625	345,000	6,950	3,630,000	2,213,406	8,670,000	2,177,150	1,950,000	180,750

1) This represents the \$1,565,000 Water Projects portion of the \$6,370,000 General Obligation Bonds, Series 2016A.

--Continued on next page

City of Chanhassen, Minnesota
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Utility Revenues
(As of 08/15/2024)

Utility Revenue Bonds Series 2020A								
Dated	04/02/2020							
Amount	\$6,220,000							
Maturity	02/01							
Calendar Year Ending	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2025	600,000	103,100	1,810,000	576,763	2,386,763	17,710,000	9.27%	2025
2026	620,000	84,800	1,275,000	530,538	1,805,538	16,435,000	15.80%	2026
2027	635,000	65,975	1,550,000	488,188	2,038,188	14,885,000	23.74%	2027
2028	655,000	46,625	1,600,000	440,938	2,040,938	13,285,000	31.94%	2028
2029	675,000	30,050	1,650,000	395,563	2,045,563	11,635,000	40.39%	2029
2030	685,000	16,450	1,690,000	352,263	2,042,263	9,945,000	49.05%	2030
2031	480,000	4,800	1,150,000	315,488	1,465,488	8,795,000	54.94%	2031
2032			690,000	290,288	980,288	8,105,000	58.48%	2032
2033			715,000	269,213	984,213	7,390,000	62.14%	2033
2034			735,000	247,463	982,463	6,655,000	65.91%	2034
2035			755,000	225,113	980,113	5,900,000	69.77%	2035
2036			780,000	202,088	982,088	5,120,000	73.77%	2036
2037			800,000	176,388	976,388	4,320,000	77.87%	2037
2038			830,000	147,863	977,863	3,490,000	82.12%	2038
2039			825,000	118,900	943,900	2,665,000	86.35%	2039
2040			855,000	88,431	943,431	1,810,000	90.73%	2040
2041			885,000	54,700	939,700	925,000	95.26%	2041
2042			925,000	18,500	943,500	0	100.00%	2042
	4,350,000	351,800	19,520,000	4,938,681	24,458,681			

Carver County Community Development Authority, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Housing Revenues
(As of 08/15/2024)

	Housing Development Refunding Bonds Series 2014		Taxable Housing Dev. & Refunding Bonds Series 2014T								
Dated Amount	08/28/2014 \$2,110,000		08/28/2014 \$2,370,000								
Maturity	01/01		01/01								
Fiscal Year Ending	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending	
2024	0	2,813	0	44,824	0	47,636	47,636	2,595,000	.00%	2024	
2025	225,000	2,813	0	89,648	225,000	92,460	317,460	2,370,000	8.67%	2025	
2026			230,000	85,853	230,000	85,853	315,853	2,140,000	17.53%	2026	
2027			235,000	78,004	235,000	78,004	313,004	1,905,000	26.59%	2027	
2028			245,000	69,540	245,000	69,540	314,540	1,660,000	36.03%	2028	
2029			250,000	60,505	250,000	60,505	310,505	1,410,000	45.66%	2029	
2030			260,000	50,940	260,000	50,940	310,940	1,150,000	55.68%	2030	
2031			270,000	40,600	270,000	40,600	310,600	880,000	66.09%	2031	
2032			280,000	29,600	280,000	29,600	309,600	600,000	76.88%	2032	
2033			295,000	18,100	295,000	18,100	313,100	305,000	88.25%	2033	
2034			305,000	6,100	305,000	6,100	311,100	0	100.00%	2034	
	225,000	5,625	2,370,000	573,713	2,595,000	579,338	3,174,338				

OVERLAPPING DEBT¹

Taxing District	2023/24 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Carver County	\$233,454,753	28.9454%	\$13,464,000	\$3,897,209
Hennepin County	2,859,451,218	0.0534%	1,071,970,000 ³	572,432
I.S.D. No. 112 (Eastern Carver County Schools)	136,782,116	34.3683%	121,967,000 ⁴	41,917,984
I.S.D. No. 272 (Eden Prairie Schools)	154,598,368	0.9880%	97,360,000	961,917
I.S.D. No. 276 (Minnetonka Public Schools)	152,977,998	13.4429%	114,895,000	15,445,220
Metropolitan Council	6,313,906,529	1.0944%	191,435,000 ⁵	2,095,065
Three Rivers Park District	2,052,772,775	0.0744%	51,405,000	38,245
City's Share of Total Overlapping Debt				<u>\$64,928,072</u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Hennepin County also has General Obligation Sales Tax Revenue Bonds (Ballpark Project) outstanding which are payable entirely from the proceeds of a dedicated 0.15% county-wide sales tax; and General Obligation Sales Tax Revenue Bonds (Transportation Sales Tax) which are expected to be paid from a 0.50% sales and use tax and a \$20 per vehicle excise taxes. These issues have not been included in the overlapping debt or debt ratios.

⁴ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Bonds.

⁵ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation wastewater revenue, grant anticipation notes and certificates of participation outstanding all of which are supported entirely by revenues and have not been included in the overlapping debt or debt ratios sections.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value \$6,661,742,732	Debt/ Per Capita 25,807 ¹
Direct G.O. Debt Secured By:			
Taxes*	\$26,870,000		
Utility Revenues	19,520,000		
Housing Revenues (Carver County CDA)	2,595,000		
Total General Obligation Debt*	\$48,985,000		
Less: G.O. Debt Paid Entirely from Revenues ²	(22,115,000)		
Tax Supported General Obligation Debt*	\$26,870,000	0.40%	\$1,041.19
City's Share of Total Overlapping Debt	\$64,928,072	0.97%	\$2,515.91
Total*	\$91,798,072	1.38%	\$3,557.10

*Preliminary, subject to change.

TAX LEVIES, COLLECTIONS AND RATES

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ³	Total Collected Following Year	Collected to Date	% Collected
2019/20	\$11,727,263	\$11,656,349	\$11,727,263	100.00%
2020/21	12,094,644	12,013,235	12,092,298	99.98%
2021/22	12,654,758	12,614,877	12,651,698	99.98%
2022/23	13,433,491	13,397,330	13,397,330	99.73%
2023/24	14,454,683	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.⁴ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

¹ Preliminary Estimated 2023 population.

² Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

³ This reflects the Final Levy Certification of the City after all adjustments have been made.

⁴ Second half tax payments on agricultural property are due on November 15th of each year.

TAX CAPACITY RATES¹

	2019/20	2020/21	2021/22	2022/23	2023/24
Carver County	35.179%	34.634%	34.170%	29.267%	30.106%
Hennepin County	41.084%	38.210%	38.535%	34.542%	34.681%
City of Chanhassen (rural)	16.107%	16.805%	17.025%	15.327%	15.922%
City of Chanhassen (urban)	21.176%	22.114%	22.415%	20.195%	20.956%
I.S.D. No. 112 (Eastern Carver County)	33.006%	32.327%	31.220%	27.747%	28.660%
I.S.D. No. 272 (Eden Prairie)	21.555%	21.717%	20.995%	19.243%	19.670%
I.S.D. No. 276 (Minnetonka Public Schools)	21.167%	20.167%	21.002%	17.720%	17.823%
Carver County CDA	1.598%	1.664%	1.635%	1.396%	1.449%
Carver County RRA	0.101%	0.099%	0.110%	0.088%	0.091%
Carver County WMO	0.893%	0.875%	0.859%	0.731%	0.746%
Hennepin County HRA	0.801%	0.722%	0.771%	0.663%	0.624%
Hennepin County RRA	1.388%	1.323%	1.329%	1.188%	1.153%
Lower Minnesota River Watershed #1	0.580%	0.506%	0.472%	0.417%	0.686%
Metropolitan Council (portion applicable to Carver County)	0.590%	0.628%	0.637%	0.544%	0.649%
Metropolitan Council (portion applicable to Hennepin County)	0.616%	0.631%	0.659%	0.576%	0.614%
Metropolitan Mosquito (portion applicable to Carver County)	0.395%	0.382%	0.365%	0.313%	0.331%
Metropolitan Mosquito (portion applicable to Hennepin County)	0.412%	0.381%	0.377%	0.331%	0.312%
Metropolitan Transit (portion applicable to Carver County)	1.396%	1.261%	1.169%	1.036%	1.000%
Metropolitan Transit (portion applicable to Hennepin County)	1.433%	1.256%	1.204%	1.066%	0.927%
Minnehaha Creek Watershed #3	1.450%	1.442%	1.432%	1.151%	1.206%
Park Museum	0.710%	0.707%	0.722%	0.647%	0.694%
Riley Purgatory Creek Watershed #2	2.123%	2.045%	1.941%	1.724%	1.811%
Three Rivers Park District	2.859%	2.793%	2.787%	2.473%	2.399%

Referendum Market Value Rates:

City of Chanhassen	0.00956%	N/A	N/A	N/A	N/A
I.S.D. No. 112 (Eastern Carver County)	0.19338%	0.17888%	0.22236%	0.18991%	0.17200%
I.S.D. No. 272 (Eden Prairie)	0.20912%	0.20120%	0.20500%	0.21642%	0.20896%
I.S.D. No. 276 (Minnetonka Public Schools)	0.33905%	0.32491%	0.31225%	0.30685%	0.29187%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Carver and Hennepin Counties.

¹ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1967. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Manager and Finance Director are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 85 full-time, 27 part-time, and 25 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Unit

Bargaining Unit	Expiration Date of Current Contract
International Union of Operating Engineers, Local No. 49	December 31, 2025

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent Audited Financial Statements shows a total OPEB liability of \$255,651 as of December 31, 2023. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent Audit.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (as of June 24, 2024)

Fund	Total Cash and Investments
General	\$6,873,940
Special Revenue	3,949,798
Debt Service	1,847,419
Capital Projects	11,438,270
Enterprise Funds	<u>10,164,778</u>
 Total Funds on Hand	 <u><u>\$34,274,205</u></u>

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2021 Audited	2022 Audited	2023 Audited
Water			
Total Operating Revenues	\$4,367,397	\$4,452,527	\$5,197,230
Less: Operating Expenses	<u>(4,644,339)</u>	<u>(6,045,175)</u>	<u>(5,268,215)</u>
Operating Income	(\$276,942)	(\$1,592,648)	(\$70,985)
Plus: Depreciation	1,915,739	1,908,914	1,915,911
Connection Charges	<u>1,794,283</u>	<u>409,646</u>	<u>680,763</u>
Revenues Available for Debt Service	<u><u>\$3,433,080</u></u>	<u><u>\$725,912</u></u>	<u><u>\$2,525,689</u></u>
Sewer			
Total Operating Revenues	\$3,468,661	\$3,690,740	\$3,991,372
Less: Operating Expenses	<u>(4,977,667)</u>	<u>(5,830,016)</u>	<u>(5,337,187)</u>
Operating Income	(\$1,509,006)	(\$2,139,276)	(\$1,345,815)
Plus: Depreciation	919,246	908,359	923,644
Connection Charges	<u>790,780</u>	<u>263,417</u>	<u>239,626</u>
Revenues Available for Debt Service	<u><u>\$201,020</u></u>	<u><u>(\$967,500)</u></u>	<u><u>(\$182,545)</u></u>
Surface Water Management			
Total Operating Revenues	\$1,496,666	\$1,607,702	\$1,845,241
Less: Operating Expenses	<u>(2,520,371)</u>	<u>(3,767,726)</u>	<u>(2,551,271)</u>
Operating Income	(\$1,023,705)	(\$2,160,024)	(\$706,030)
Plus: Depreciation	936,298	926,340	933,433
Connection Charges	<u>225,159</u>	<u>135,573</u>	<u>711,700</u>
Revenues Available for Debt Service	<u><u>\$137,752</u></u>	<u><u>(\$1,098,111)</u></u>	<u><u>\$939,103</u></u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2023 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2024 Adopted Budget ¹
	2020 Audited	2021 Audited	2022 Audited	2023 Audited	
Revenues					
General property taxes	\$9,241,003	\$9,483,858	\$10,245,765	\$10,689,452	\$11,851,000
Licenses and permits	1,546,669	2,272,079	1,556,723	1,528,524	1,585,500
Intergovernmental revenues	804,688	385,630	496,037	521,586	466,000
Charges for services	347,115	523,708	686,462	1,026,121	962,350
Fine and forfeits	73,800	78,673	69,173	76,295	70,000
Franchise fees	0	0	0	143,187	145,000
Investment income (loss)	127,746	15,664	(401,261)	467,266	275,000
Contributions and donations	31,231	21,593	20,785	0	21,500
Refunds and reimbursements	55,214	53,016	79,355	0	0
Other	258,802	270,832	378,092	124,955	37,000
Total Revenues	\$12,486,268	\$13,105,053	\$13,131,131	\$14,577,386	\$15,413,350
Expenditures					
Current:					
General government	\$2,272,604	\$2,628,898	\$2,839,873	\$3,342,084	\$3,583,105
Public safety	3,765,520	3,821,823	4,344,716	4,820,264	5,440,052
Public works	2,621,483	2,736,052	2,373,389	2,521,038	3,102,597
Parks and recreation	1,842,466	2,086,932	2,446,503	2,752,491	2,920,554
Community development	573,498	590,599	595,052	651,641	607,042
Capital outlay	0	0	58,882	0	0
Total Expenditures	\$11,075,571	\$11,864,304	\$12,658,415	\$14,087,518	\$15,653,350
Excess of revenues over (under) expenditures	\$1,410,697	\$1,240,749	\$472,716	\$489,868	(\$240,000)
Other Financing Sources (Uses)					
Transfers in	\$0	\$0	\$160,000	\$180,000	\$330,000
Transfers (out)	0	0	(250,000)	(170,000)	0
Total Other Financing Sources (Uses)	0	0	(90,000)	10,000	330,000
Net changes in Fund Balances	\$1,410,697	\$1,240,749	\$382,716	\$499,868	\$90,000
General Fund Balance January 1	\$5,338,069	\$6,748,766	\$7,989,515	\$8,372,231	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$6,748,766	\$7,989,515	\$8,372,231	\$8,872,099	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$63,775	\$69,953	\$91,340	\$63,227	
Assigned	0	0	657,000	797,600	
Unassigned	6,684,991	7,919,562	7,623,891	8,011,272	
Total	\$6,748,766	\$7,989,515	\$8,372,231	\$8,872,099	

¹ The 2024 budget was adopted on December 11, 2023.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 25,947 and a 2023 preliminary population estimate of 25,807, and comprising an area of 23.8 square miles, is located approximately 28 miles southwest of St. Paul, Minnesota.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
I.S.D. No.112 (Eastern Carver County Schools)	Elementary and secondary education	2,323
Life Time Fitness	Health club & fitness center company	1,191
ABC Millwork & Cabinetry-Chanhassen	Cabinetry & millwork	1,000
Bernard Group	Outdoor advertising	741
Emerson	Measuring instruments	600
IWCO Direct ²	Commercial printing	570
Chanhassen Dinner Theaters	Dinner theater company	350
General Mills	Breakfast cereal production facility	344
RR Donnelly	Digital printing	242
Target	Retail	218

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

² Formally listed as Instant Web Companies.

BUILDING PERMITS (as of June 12, 2024)

	2020	2021	2022	2023	2024
<u>New Single Family Homes</u>					
No. of building permits	68	98	48	35	12
Valuation	\$27,948,000	\$49,369,812	\$26,521,191	\$20,480,302	\$9,065,655
<u>New Multiple Family Buildings</u>					
No. of building permits	0	1	0	0	0
Valuation	\$0	\$16,100,000	\$0	\$0	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	2	2	3	8
Valuation	\$0	\$2,282,000	\$1,433,100	\$8,620,000	\$88,021,176
<u>All Building Permits</u>					
<i>(including additions and remodelings)</i>					
No. of building permits	4,528	6,072	3,936	3,439	728
Valuation	\$87,160,588	\$160,438,828	\$87,812,422	\$90,564,997	\$108,198,832

Source: The City.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	22,952
2020 U.S. Census population	25,947
Percent of Change 2010 - 2020	13.05%

2023 Metropolitan Council Preliminary Population Estimate	25,807
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Income and Age Statistics

	The City	Carver County	State of Minnesota	United States
2022 per capita income	\$67,775	\$55,216	\$44,947	\$41,261
2022 median household income	\$131,633	\$116,308	\$74,313	\$75,149
2022 median family income	\$166,101	\$141,884	\$107,072	\$92,646
2022 median gross rent	\$1,706	\$1,384	\$1,178	\$1,268
2022 median value owner occupied units	\$488,000	\$400,500	\$286,800	\$281,900
2022 median age	40.6 yrs.	38.5 yrs.	38.5 yrs.	38.5 yrs.

	State of Minnesota	United States
City % of 2022 per capita income	150.79%	164.26%
City % of 2022 median family income	155.13%	179.29%

Housing Statistics

	<u>The City</u>		Percent of Change
	2020	2023	
All Housing Units	9,644	9,839	2.02%

Source: 2010 and 2020 Census of Population and Housing, and 2022 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov>), and 2023 Preliminary Population Estimates, Metropolitan Council (<https://metro council.org/>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>	<u>Average Unemployment</u>	
	Carver County	Carver County	State of Minnesota
2020	56,643	5.2%	6.3%
2021	56,552	3.0%	3.7%
2022	57,885	2.1%	2.7%
2023	58,305	2.4%	2.8%
2024, May	58,047	2.4%	2.7%

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse changes in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



2023

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023 City of Chanhassen, Minnesota

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CITY OF CHANHASSEN, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023



**PREPARED BY
FINANCE DEPARTMENT**

Member of the Government Finance Officers Association
of the United States and Canada

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Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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CITY OF CHANHASSEN

Chanhassen is a Community for Life - Providing for Today and Planning for Tomorrow

May 17, 2024

**To the Citizens of the City of Chanhassen, Honorable Mayor and City Council Members,
and Ms. Laurie Hokkanen, City Manager**

The Annual Comprehensive Financial Report of the City of Chanhassen, Minnesota (the “City”) for the fiscal year ended December 31, 2023, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and meets the requirements of the Minnesota State Auditor’s Office.

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

The City’s financial statements have been audited by Abdo, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unmodified opinion that the City’s financial statements for the fiscal year ended December 31, 2023, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first item in the financial section of this report.

GAAP requires the 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 MD&A can be found in the financial section of this report, immediately following the report of the independent auditors.

City Profile

The City of Chanhassen strives to be "A Community for Life." Our vision is that Chanhassen is a safe, welcoming community with engaged residents, abundant natural amenities, and vibrant businesses, supported by valued services that make this a community for life. Our mission is to serve the public. We do this through the delivery of reliable, cost-effective services designed to provide a safe, sustainable community. Our core values are innovation, respect, stewardship, and engagement.

The City of Chanhassen, Minnesota, a suburban community located southwest of the Twin Cities metropolitan area, is situated primarily in eastern Carver County with a small portion in Hennepin County. The City encompasses an area of 22.8 square miles. Chanhassen enjoys an excellent location, with convenient access to the Minneapolis-Saint Paul metropolitan area via U.S. Highway 212, and State Highways 5 and 7. State Highways 41 and 101 provide access to the north and south.

The village of Chanhassen was organized in 1896. In 1967 the village of Chanhassen and Chanhassen Township merged to become the City of Chanhassen. The City of Chanhassen operates as a statutory Plan B or Council-Manager form of government in Minnesota. Plan B cities have an elected mayor and council members with an appointed City Manager. The City Manager oversees administrative duties for the City while the Mayor and Council maintain traditional policy-making roles.

With a staff of about 85 regular, full-time employees, the City of Chanhassen provides a full range of services, including police and fire protection; building inspections; construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and general administrative services. The City also operates three enterprises: water, sewer, and surface water management.

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

The Chanhassen Fire Relief Association is a separate legal entity and accordingly is excluded from this report.

Strategic Priorities

The City of Chanhassen 2021-2024 Strategic Plan consists of five strategic priorities. Associated with each priority is a set of desired outcomes, key outcome indicators, and performance targets, describing expected results and how the results will be measured.

The five strategic priorities (with desired outcomes) are:

- Financial Sustainability
 - Financial stability in all funds
 - Financial policies guide decision making
 - Financial systems produce timely, accurate, and meaningful information
- Asset Management
 - Effective utilization and protection of assets
 - Ability to pay for critical assets
 - Assets adequate to support adopted levels of service
- Development and Redevelopment
 - Diversity in new development
 - Redevelopment consistent with our vision
 - New innovative places and spaces

- Operational Excellence
 - Satisfied workforce
 - A competent workforce
 - Improved operational effectiveness, including through the use of technology and innovation
- Communications
 - Improved understanding of City operations
 - Improved internal communication
 - Improved communication with outside organizations

Annual Budget

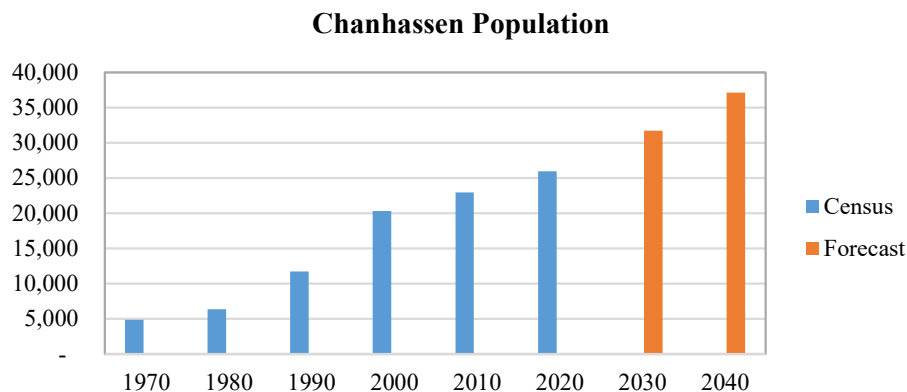
The annual budget serves as the foundation for the City of Chanhassen’s financial planning and control. The objectives of these budgetary controls are to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Chanhassen City Council. Activities of the General Fund and certain special revenue, debt service, capital project, and enterprise funds are included in the annual budget.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Expenditures for departments or divisions that exceed appropriations are not authorized unless additional revenue sources or fund balance are identified and available. Unused appropriated expenditures lapse at year-end.

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

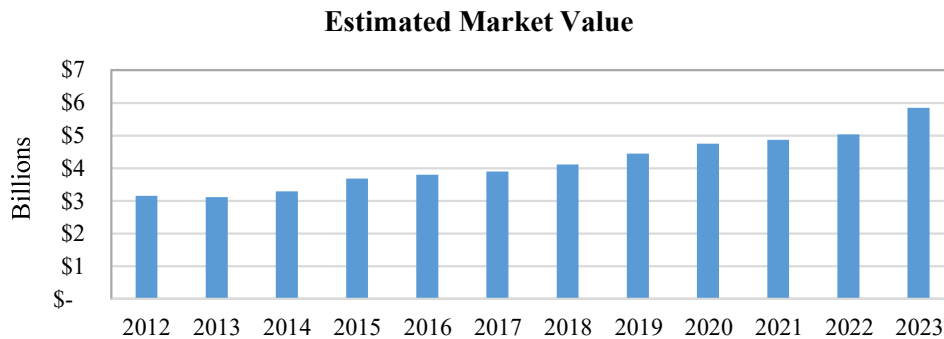
Economic Condition and Outlook

The City has grown steadily since incorporating in 1967. The chart below shows population counts from the U.S. Census through 2020 and forecasts from the Metropolitan Council for 2030 and 2040:



Forecasted employment and annual average wages continue to grow in the City according to the Minnesota Department of Employment and Economic Development, which surveys quarterly employment and wages in the state. Forecasted employment of 15,600 in 2020 and is expected to increase to 17,000 by 2030 and 18,400 by 2040. Average annual wages in 2022 were \$73,372, up from \$46,265 in 2010. Average annual unemployment is low for Chanhassen residents, coming in at 1.9% in 2022 and 2.3% in 2023.

The City continues to see steady building permit activity and expects to see continuous growth into the future. The Avienda Project, located near Highway 212 and Powers Boulevard is underway. The project includes a mix of high-quality detached villa homes, multi-family and senior living residential facilities, office, medical and professional services, retail, entertainment, restaurants, and hospitality. The following chart summarizes the City's annual market value since 2012.



In 2021, the City began a facilities study to evaluate the current condition and long-term replacement needs of the City's facilities. The study evaluated current condition, maintenance planning, and future needs.

Based on the facilities study results, the City is moving forward with replacement of the existing City Hall and Senior Center building. The new civic campus will include a new City Hall, Council Chambers, Senior Center, and destination park amenities, such as a playground, splash pad, pickleball courts, park rental facility, bandshell, and several other features. Construction of the new City Hall will start in the summer of 2024 and is expected to finish in summer 2025. The existing City Hall will then be demolished and construction of the park amenities will occur, with completion expected by July 2026, in time for the City's 4th of July festivities. The City plans to issue Capital Improvement Bonds in 2024 for construction of the new Civic Campus.

The Lake Ann Park Preserve Project is currently in the construction phase. The City Council has dedicated about \$2.6 million of American Rescue Plan Act (ARPA) funds for this project. This project has several objectives, including:

- Continue trails around Lake Ann to allow for an eventual loop
- Preserve the land as a valued natural area in Chanhassen
- Connect residents with nature, trails, and parks
- Protect the ecological functioning (habitat, water quality) of the site
- Celebrate Lake Ann, Lake Lucy, and this property as community amenities

Chanhassen General Obligation bonds continue to maintain the highest possible rating from Standard & Poor's Rating Services, reaffirming their confidence in the City's financial management and its economic outlook. High bond ratings mean the City is able to sell General Obligation bonds at lower interest rates.

Long-Term Financial Planning

The City expanded its long-term financial planning in 2021 to prepare multi-year financial plans for each of its funds in the 2022 annual budget. The plans include projections of revenues, expenditures, fund balance, and cash balance for a minimum of five years as well as a comparison to historical actual results and the current budget. A narrative describes the fund, background, sources and uses of funds, assumptions, and challenges for the future. These plans form the foundation for making budget decisions for the City's resources. The plans are updated each year.

The City is committed to preserving the value of the City's capital asset investment. The City has dedicated franchise fee revenue from electric and natural gas utilities as a funding source for the replacement of the City's streets. The City annually adopts a five-year Capital Improvement Plan to coordinate the financing and timing of major equipment purchases and construction projects.

Each year the City selects city streets for a pavement rehabilitation project. In 2023, approximately five miles of roadway were rehabilitated in the following areas: Curry Farms/Mulberry/Creek Run Trail, Lake Susan West, Mission Hills, Saddlebrook, Ches Mar, and Bramble. Improvements included a full-depth reclamation or mill and overlay, spot curb and gutter replacement, ADA improvements, and water, sewer, and stormwater management repairs.

Relevant Financial Policies

The City has established a comprehensive set of financial policies for use as a guideline for operations. The City's policy for General Fund reserve balances is to maintain an unassigned fund balance at a minimum of 50% of the ensuing year's budgeted tax levy to provide cash flow between property tax settlements. The City's Investment Policy is designed to preserve capital while attaining a market-average yield consistent with cash flow needs. The policy prioritizes safety, liquidity, and yield in that order. The City also has adopted policies for debt, capital assets, public purpose expenditures, and purchasing.

Awards

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 Chanhassen for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the 31st consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to express our appreciation to the members of the City Council for their interest and support in planning and conducting the financial operations of the City. We also want to thank the City Manager, department directors, and members of the Finance Department for their assistance in compiling the information necessary for this report. Special recognition goes to Danielle Washburn, Assistant Finance Director, for her essential contributions to the preparation of this report. Finally, we wish to acknowledge Abdo for their assistance in preparing this report.

Respectfully submitted,

Kelly Grinnell

Kelly Grinnell
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chanhassen
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

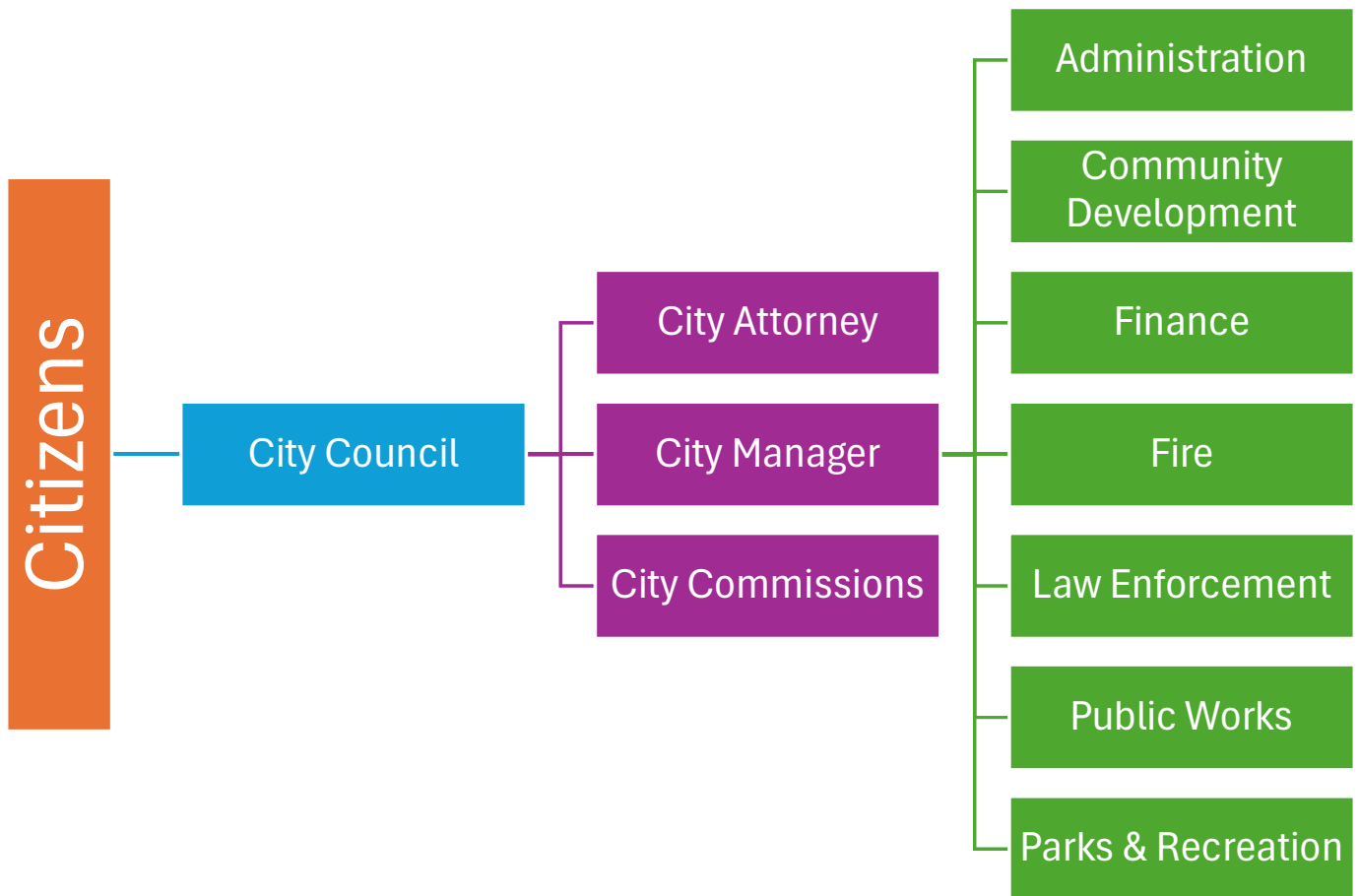
December 31, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF CHANHASSEN

ORGANIZATION CHART



City of Chanhassen, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2023

ELECTED

Name	Title	Term Expires
Elise Ryan	Mayor	12/31/26
Josh Kimber	Council Member	12/31/24
Jerry McDonald	Council Member	12/31/26
Haley Schubert	Council Member	12/31/24
Mark von Oven	Council Member	12/31/26

APPOINTED

Name	Title
Laurie Hokkanen	City Manager
Matthew Unmacht	Assistant City Manager
Samantha DiMaggio	Economic Development Manager
Kelly Grinnell	Finance Director
Charles Howley	Public Works Director/City Engineer
Donald Johnson	Fire Chief
Jerry Ruegemer	Parks and Recreation Director
Richard Rice	IT Manager
Eric Maass	Planning Director

FINANCIAL SECTION

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Chanhassen, Minnesota

Opinions

We have audited the accompanying financial statements of each major fund of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Chanhassen, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis starting on page 25 and the schedule of Employer's Share of the Net Pension Liability, the schedule of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, and the Schedule of Changes in the City's OPEB Liability and Related Ratios, starting on page 96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Minneapolis, Minnesota
May 17, 2024



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Management's Discussion and Analysis

As management of the City of Chanhassen, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023.

Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net position table on the following pages. The increase this year was due to an increase in operating grants and contributions, an increase in property tax revenues, and higher investment earnings.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was primarily due to state aid and positive budget variances. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the City's funds section increased from prior year due to positive budget variances for revenues and expenditures.
- The City's total bonded debt decreased during the fiscal year. The decrease was a result of scheduled bond principal payments.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

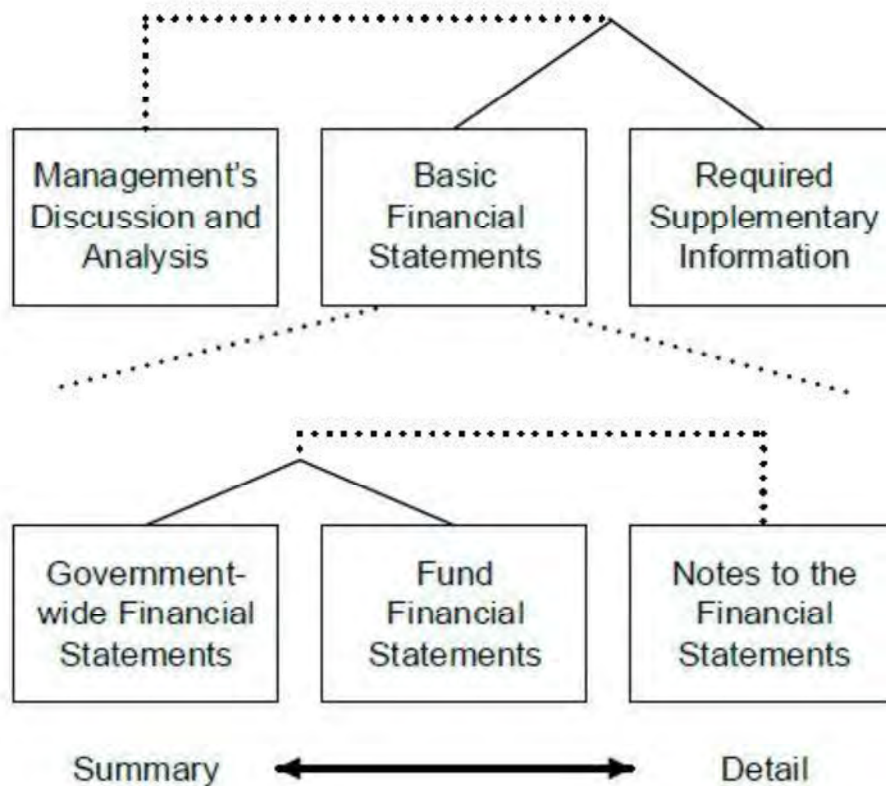


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as administrative, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works (streets and highways), culture and recreation, community development, and interest on long-term debt. The business-type activities of the City include water, sewer, and surface water management.

The government-wide financial statements start on page 41 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Grant fund, and Pavement Management Program fund, which are considered to be major funds. Data from the other governmental funds is presented as nonmajor.

The City adopts an annual appropriated budget for its General fund and Nonmajor Special Revenue funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 46 of this report.

Proprietary Funds. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and surface water management operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 52 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 59 of this report.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 96 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds is presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 108 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

A portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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'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 the capital assets themselves cannot be used to liquidate these liabilities.

City of Chanhassen's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	\$ 33,191,131	\$ 31,618,730	\$ 1,572,401	\$ 13,496,336	\$ 14,145,617	\$ (649,281)
Capital assets	72,533,901	72,230,374	303,527	79,102,235	80,531,259	(1,429,024)
Total Assets	<u>105,725,032</u>	<u>103,849,104</u>	<u>1,875,928</u>	<u>92,598,571</u>	<u>94,676,876</u>	<u>(2,078,305)</u>
Deferred Outflows of Resources						
Deferred other postemployment benefit resources	77,330	1,940	75,390	12,911	393	12,518
Deferred pension resources	2,695,101	3,061,196	(366,095)	586,895	743,917	(157,022)
Total Deferred Outflows of Resources	<u>2,772,431</u>	<u>3,063,136</u>	<u>(290,705)</u>	<u>599,806</u>	<u>744,310</u>	<u>(144,504)</u>
Liabilities						
Noncurrent liabilities outstanding	8,887,524	11,458,747	(2,571,223)	2,853,950	26,678,192	(23,824,242)
Other liabilities	8,421,811	7,591,813	829,998	22,552,600	824,143	21,728,457
Total Liabilities	<u>17,309,335</u>	<u>19,050,560</u>	<u>(1,741,225)</u>	<u>25,406,550</u>	<u>27,502,335</u>	<u>(2,095,785)</u>
Deferred Inflows of Resources						
Deferred other postemployment benefit resources	59,689	55,481	4,208	9,966	11,211	(1,245)
Deferred pension resources	2,676,175	395,946	2,280,229	173,263	32,474	140,789
Deferred lease resources	3,471,066	3,656,943	(185,877)	-	-	-
Total Deferred Inflows of Resources	<u>6,206,930</u>	<u>4,108,370</u>	<u>2,098,560</u>	<u>183,229</u>	<u>43,685</u>	<u>139,544</u>
Net Position						
Net investment in capital assets	67,404,190	68,702,496	(1,298,306)	56,649,651	56,585,833	63,818
Restricted	2,858,088	1,135,813	1,722,275	-	-	-
Unrestricted	<u>14,718,920</u>	<u>13,915,001</u>	<u>803,919</u>	<u>10,958,947</u>	<u>11,289,333</u>	<u>(330,386)</u>
Total Net Position	<u>\$ 84,981,198</u>	<u>\$ 83,753,310</u>	<u>\$ 1,227,888</u>	<u>\$ 67,608,598</u>	<u>\$ 67,875,166</u>	<u>\$ (266,568)</u>
Net Position as a Percent of Total						
Net investment in capital assets	79.3 %	82.0 %		83.8 %	83.4 %	
Restricted	3.4	1.4		-	-	
Unrestricted	17.3	16.6		16.2	16.6	
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

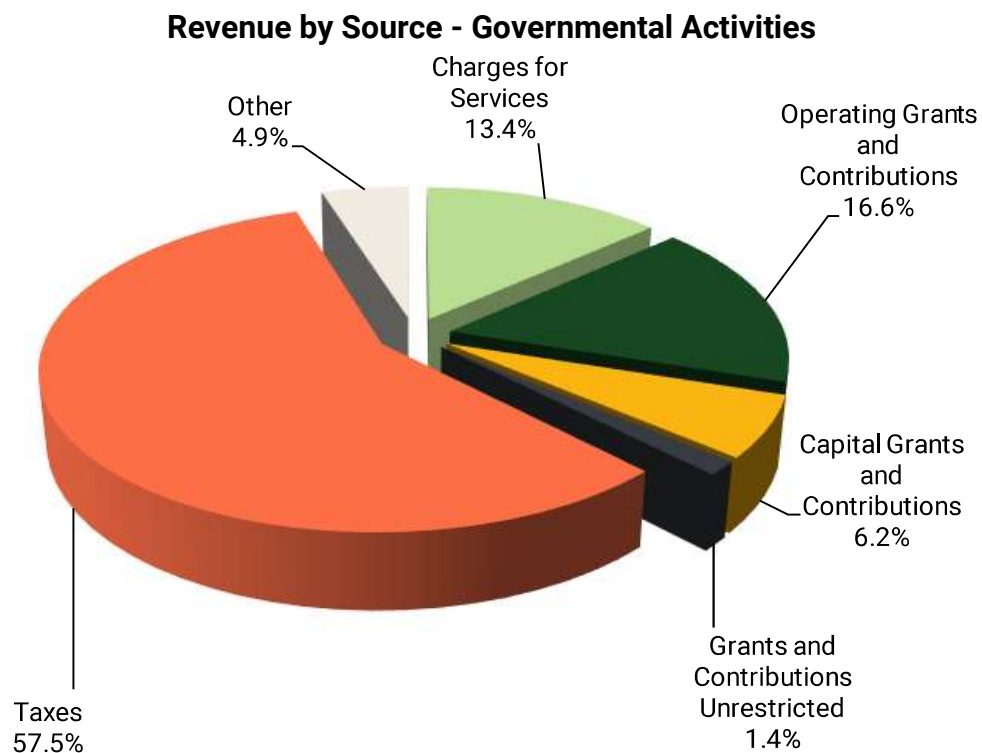
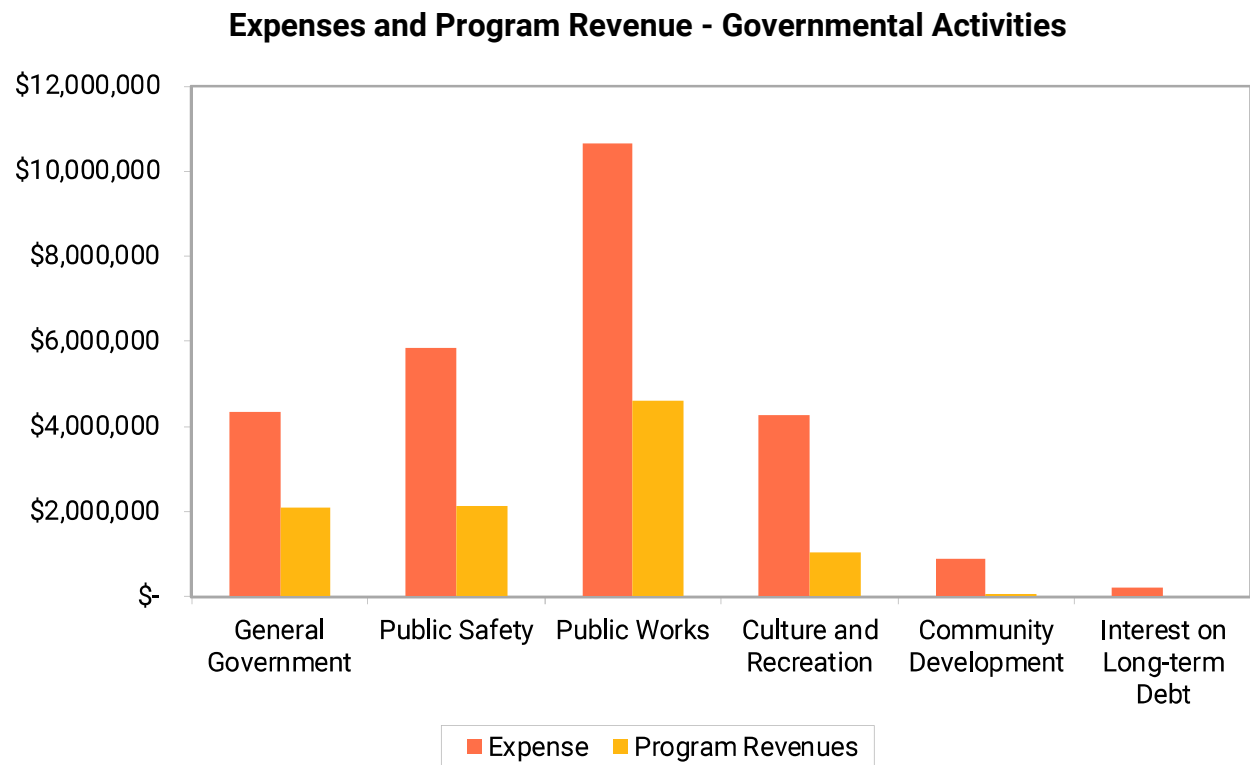
An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for governmental activities and the net investment in capital assets for business-type activities.

Governmental Activities. Governmental activities increased the City's net position as shown below in the summary of changes in net position. Key elements of this increase are shown in the table below.

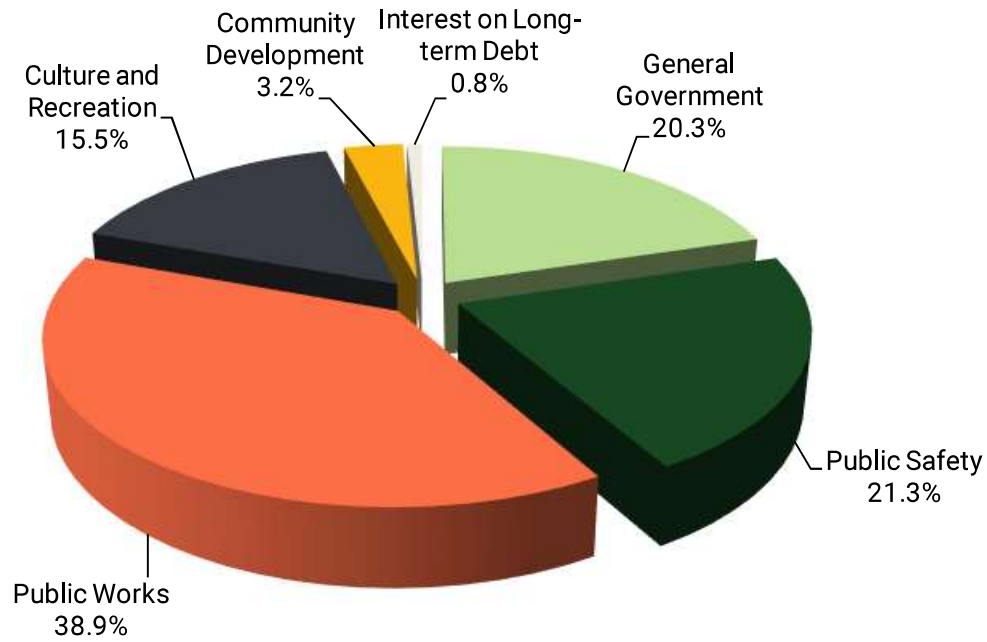
City of Chanhassen's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,642,164	\$ 2,931,203	\$ 710,961	\$ 10,999,440	\$ 9,749,237	\$ 1,250,203
Operating grants and contributions	4,556,281	2,552,195	2,004,086	46,458	47,850	(1,392)
Capital grants and contributions	1,693,875	3,881,530	(2,187,655)	1,853,961	4,090,784	(2,236,823)
General Revenues						
Taxes						
Property taxes	13,409,631	12,644,286	765,345	-	-	-
Tax increment	282,067	279,283	2,784	-	-	-
Franchise fees	2,045,767	2,036,470	9,297	-	-	-
Grants and contributions not restricted to specific programs	390,075	170,656	219,419	-	-	-
Unrestricted investment earnings	1,054,685	(824,062)	1,878,747	540,984	(434,818)	975,802
Other general revenues	126,114	-	126,114	-	-	-
Gain on sale of capital assets	164,746	155,654	9,092	-	-	-
Total Revenues	<u>27,365,405</u>	<u>23,827,215</u>	<u>3,538,190</u>	<u>13,440,843</u>	<u>13,453,053</u>	<u>(12,210)</u>
Expenses						
General government	4,326,016	3,537,796	788,220	-	-	-
Public safety	5,825,937	4,396,715	1,429,222	-	-	-
Public works	10,646,546	11,350,075	(703,529)	-	-	-
Culture and recreation	4,252,161	3,432,625	819,536	-	-	-
Community development	868,229	850,151	18,078	-	-	-
Interest on long-term debt	218,628	71,680	146,948	-	-	-
Water	-	-	-	5,782,514	7,301,583	(1,519,069)
Sewer	-	-	-	5,359,316	6,548,611	(1,189,295)
Surface water management	-	-	-	2,565,581	4,489,250	(1,923,669)
Total Expenses	<u>26,137,517</u>	<u>23,639,042</u>	<u>2,498,475</u>	<u>13,707,411</u>	<u>18,339,444</u>	<u>(4,632,033)</u>
Increase (decrease) in net position before transfers	1,227,888	188,173	1,039,715	(266,568)	(4,886,391)	4,619,823
Transfers	-	(334,918)	334,918	-	334,918	(334,918)
Change in net position	1,227,888	(146,745)	1,374,633	(266,568)	(4,551,473)	4,284,905
Net Position, January 1	<u>83,753,310</u>	<u>83,900,055</u>	<u>(146,745)</u>	<u>67,875,166</u>	<u>72,426,639</u>	<u>(4,551,473)</u>
Net Position, December 31	<u>\$ 84,981,198</u>	<u>\$ 83,753,310</u>	<u>\$ 1,227,888</u>	<u>\$ 67,608,598</u>	<u>\$ 67,875,166</u>	<u>\$ (266,568)</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.



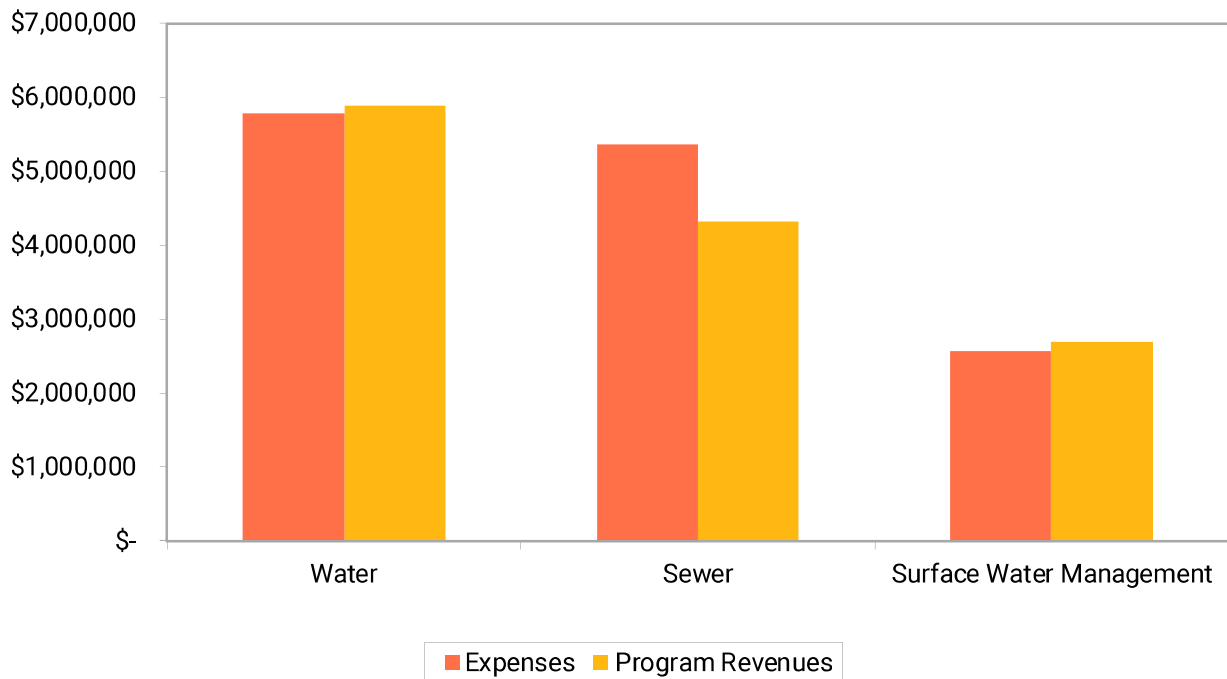
Expense by Program - Governmental Activities



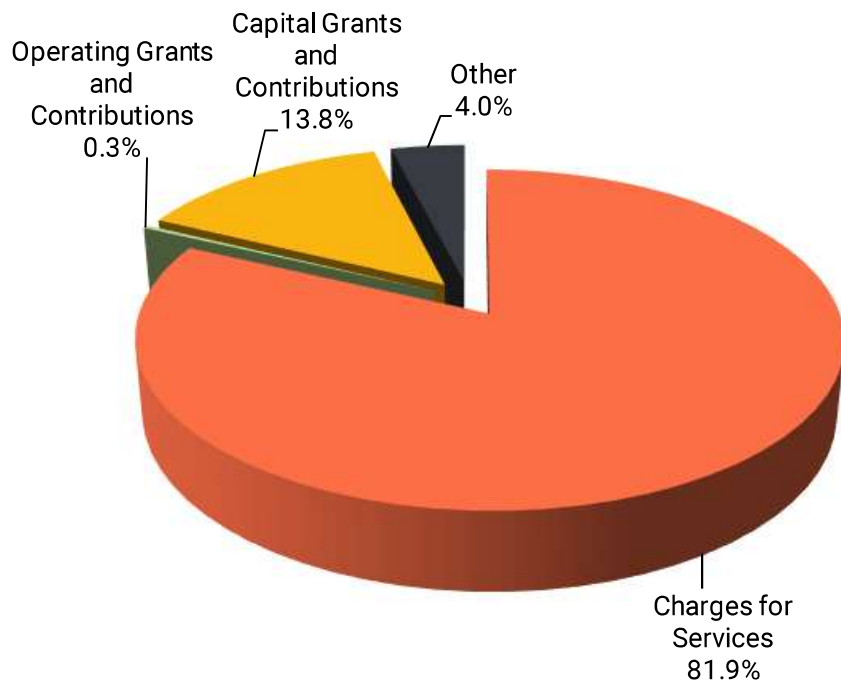
Business-type Activities. Business-type activities decreased the City's net position as noted in the table above. Key elements of the changes are listed below:

- Revenues in the business-type activities decreased mainly due to a decrease in capital grants and contributions for the year since there was a smaller amount of contributed assets for water, sewer, and surface water management.

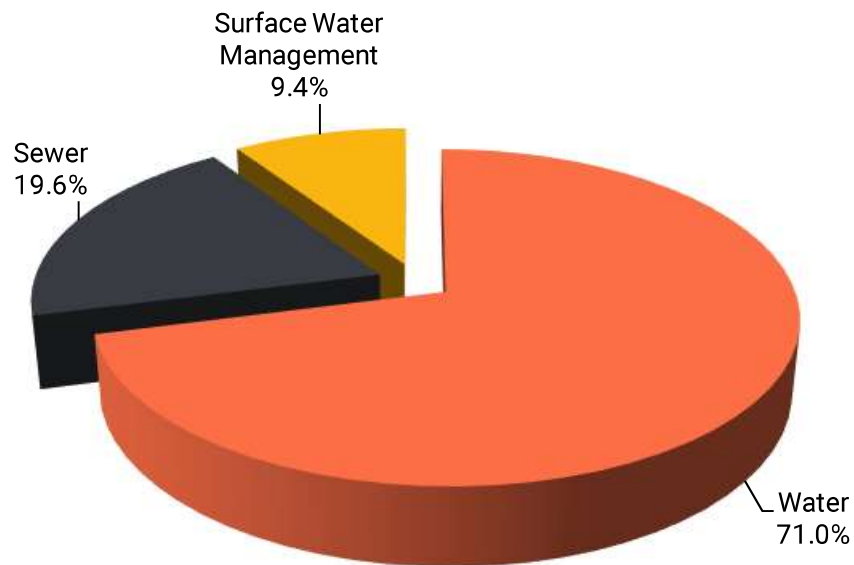
Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



Expenses by Program - Business-type Activities



Financial Analysis of the Government's Funds

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

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

	General Fund	Grant Fund	Pavement Mgmt Prgm (PMP)	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances							
Nonspendable	\$ 63,227	\$ -	\$ -	\$ 15,400	\$ 78,627	\$ 91,340	\$ (12,713)
Restricted	-	1,193,139	-	1,691,720	2,884,859	1,167,396	1,717,463
Committed	-	-	-	344,647	344,647	-	344,647
Assigned	797,600	-	3,312,577	3,799,795	7,909,972	9,260,977	(1,351,005)
Unassigned	8,011,272	-	-	(1,002,175)	7,009,097	7,529,736	(520,639)
Total Fund Balances	<u>\$ 8,872,099</u>	<u>\$ 1,193,139</u>	<u>\$ 3,312,577</u>	<u>\$ 4,849,387</u>	<u>\$ 18,227,202</u>	<u>\$ 18,049,449</u>	<u>\$ 177,753</u>

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances as shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 66 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance percent of total fund expenditures is shown in the chart below along with total fund balance as a percentage of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 63,227	\$ 91,340	\$ (28,113)
Assigned	797,600	657,000	140,600
Unassigned	8,011,272	7,623,891	387,381
Total General Fund Balances	<u>\$ 8,872,099</u>	<u>\$ 8,372,231</u>	<u>\$ 499,868</u>
General Fund expenditures	14,087,518	12,658,415	
Unassigned as a percent of expenditures	56.9%	60.2%	
Total Fund Balance as a percent of expenditures	63.0%	66.1%	

Other governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase/ (Decrease)
Grant fund	\$ 1,193,139	\$ (69,452)	\$ 1,262,591
<i>The Grant fund balance increased during the year mainly due to the receipt of Public Safety Aid from the State of Minnesota.</i>			
Pavement Management Program (PMP) fund	\$ 3,312,577	\$ 4,319,679	\$ (1,007,102)
<i>The Pavement Management Program (PMP) fund balance decreased during the year due to capital expenditures. These expenditures were associated with construction costs relating to the City's ongoing projects as part of the Pavement Management Program.</i>			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds is as follows:

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water	\$ 35,087,132	\$ 34,737,970	\$ 349,162
<i>The increase is primarily attributed to the charges for services and the capital contributions from connection fees during the year.</i>			
Sewer	\$ 16,615,145	\$ 17,372,908	\$ (757,763)
<i>The decrease is primarily attributed to the operating loss during the year.</i>			
Surface Water Management	\$ 15,906,321	\$ 15,764,288	\$ 142,033
<i>The increase is primarily attributed to capital contributions.</i>			

General Fund Budgetary Highlights

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 14,163,070	\$ 14,577,386	\$ 414,316
Expenditures	14,343,070	14,087,518	(255,552)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,000)	489,868	669,868
Other Financing Sources (Uses)			
Transfers in	180,000	180,000	-
Transfer out	(170,000)	(170,000)	-
Total Other Financing Sources (Uses)	10,000	10,000	-
Net Change in Fund Balances	(170,000)	499,868	669,868
Fund Balances, January 1	8,372,231	8,372,231	-
Fund Balances, December 31	\$ 8,202,231	\$ 8,872,099	\$ 669,868

The City's General fund budget was not amended during the year as shown above. Actual revenues were over the final budget and expenditures were under the final budget amounts as shown above.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2023, is shown below in the schedule of capital assets (net of depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads.

Additional information on the City's capital assets can be found in Note 4 starting on page 70 of this report.

City of Chanhassen's Capital Assets (Net of Depreciation/Amortization)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 19,915,918	\$ 19,915,918	\$ -	\$ 2,116,335	\$ 2,116,335	\$ -
Permanent easements	2,826,748	2,826,748	-	7,088,204	7,088,204	-
Construction in progress	3,826,559	577,143	3,249,416	3,126,181	5,483,666	(2,357,485)
Buildings and structures	12,919,348	13,538,163	(618,815)	22,643,399	23,093,551	(450,152)
Right to use lease assets	597,153	220,498	376,655	35,759	25,846	9,913
Machinery and equipment	3,560,772	3,436,361	124,411	1,208,861	787,489	421,372
Other improvements	6,795,537	7,025,377	(229,840)	42,883,496	41,936,168	947,328
Infrastructure	22,091,866	24,690,166	(2,598,300)	-	-	-
Total	\$ 72,533,901	\$ 72,230,374	\$ 303,527	\$ 79,102,235	\$ 80,531,259	\$ (1,429,024)
Percent increase (decrease)			0.4%			-1.8%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding consisting solely of general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City. The City leases multiple vehicles from Enterprise Rent-a-Car. As of December 31, 2023, the City had 26 outstanding vehicle leases, 16 of which were entered into during 2023.

City of Chanhassen's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 3,015,000	\$ 3,400,000	\$ (385,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	21,275,000	23,120,000	(1,845,000)
Bond Premium	111,893	127,878	(15,985)	894,245	1,012,877	(118,632)
Lease Payable	614,439	221,761	392,678	37,140	26,136	11,004
Total	\$ 3,741,332	\$ 3,749,639	\$ (8,307)	\$ 22,206,385	\$ 24,159,013	\$ (1,952,628)
Percent increase (decrease)			-0.2%			-8.1%

The City's total debt decreased during the current fiscal year. The key factor in the decrease was scheduled bond principal payments.

Additional information on the City's long-term debt can be found in Note 8 starting on page 74 of this report.

Economic Factors and Next Year's Budget and Rates

The City's elected officials considered many factors when setting the fiscal year 2024 budget, rates, and fees. These considerations included, but are not limited to, the following:

- The City participates in several long-term planning processes that align with the City's budget process. The strategic plan and comprehensive plan form the basis for the City's operating and capital budgets.
- The City will use the remaining allocation of American Rescue Plan Act (ARPA) funds for construction of the Lake Ann Park Preserve Project.
- High inflation rates continue to impact several budget line items for 2024.
- The City's contract with the County Sheriff for policing services increased nearly 12.6 percent from 2023 due to the approved union contract.
- The 2024 budget includes one new full-time firefighter. Over the last several years the City has shifted to staffing with more full-time firefighters, however paid-on-call firefighters will continue to be an integral part of the department as both work together on weekend and overnight shifts.
- The budget maintains planned, modest annual increases in funding levels for transportation/routine road maintenance, pavement management/street reconstruction, trail maintenance, and capital equipment.
- The City's goal is to maintain road conditions in the City to achieve a stable score of 70 on the Pavement Condition Index (PCI).
- The City contracted for a utility rate study analysis to determine rates for 2023 and beyond given the increased capital and operating costs for each utility. The 2024 rates from the study are incorporated into the utility fund budgets.

The City's adopted budget for 2024 includes a property tax levy of \$14,455,000, which is a 7.37 percent increase over the previous year. The City's growth in tax capacity was approximately 4.2 percent and the tax rate increased approximately 3.7 percent, from 20.20 percent to 20.94 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Chanhassen, 7700 Market Boulevard, P.O. Box 147, Chanhassen, Minnesota 55317.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Chanhassen, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 24,270,340	\$ 11,992,838	\$ 36,263,178
Receivables			
Accounts	654,554	953,692	1,608,246
Accrued interest	118,690	60,698	179,388
Taxes	119,190	-	119,190
Leases	3,471,066	-	3,471,066
Special assessments	2,683,032	241,560	2,924,592
Due from other governments	1,795,632	55,082	1,850,714
Inventories	-	192,434	192,434
Prepaid items	78,627	32	78,659
Capital assets			
Land and construction in progress	26,569,225	12,330,720	38,899,945
Depreciable assets (net of accumulated depreciation and amortization)	45,964,676	66,771,515	112,736,191
Total Assets	<u>105,725,032</u>	<u>92,598,571</u>	<u>198,323,603</u>
Deferred Outflows of Resources			
Deferred pension resources	2,695,101	586,895	3,281,996
Deferred other postemployment benefit resources	77,330	12,911	90,241
Total Deferred Outflows of Resources	<u>2,772,431</u>	<u>599,806</u>	<u>3,372,237</u>
Liabilities			
Accounts and contracts payable	2,952,999	617,792	3,570,791
Accrued salaries	136,601	44,652	181,253
Accrued interest payable	26,771	274,224	300,995
Due to other governments	357,410	95,748	453,158
Deposits payable	2,080,432	-	2,080,432
Unearned revenue	2,399,320	1,230	2,400,550
Noncurrent liabilities			
Due within one year			
Long-term liabilities	933,991	1,820,304	2,754,295
Due in more than one year			
Long-term liabilities	3,934,988	20,669,693	24,604,681
Other postemployment benefits liability	219,074	36,577	255,651
Net pension liability	4,267,749	1,846,330	6,114,079
Total Liabilities	<u>17,309,335</u>	<u>25,406,550</u>	<u>42,715,885</u>
Deferred Inflows of Resources			
Deferred pension resources	2,676,175	173,263	2,849,438
Deferred other postemployment benefit resources	59,689	9,966	69,655
Deferred lease resources	3,471,066	-	3,471,066
Total Deferred Inflows of Resources	<u>6,206,930</u>	<u>183,229</u>	<u>6,390,159</u>
Net Position			
Net investment in capital assets	67,404,190	56,649,651	124,053,841
Restricted for			
Park improvements	848,781	-	848,781
Tax increments	39,192	-	39,192
Public safety	1,252,418	-	1,252,418
Debt service	673,860	-	673,860
Communications	43,837	-	43,837
Unrestricted	14,718,920	10,958,947	25,677,867
Total Net Position	<u>\$ 84,981,198</u>	<u>\$ 67,608,598</u>	<u>\$152,589,796</u>

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

City of Chanhassen, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 4,326,016	\$ 952,621	\$ 1,134,967	\$ 8,730
Public safety	5,825,937	1,556,441	562,872	-
Public works	10,646,546	81,253	2,834,610	1,685,145
Culture and recreation	4,252,161	1,007,606	23,832	-
Community development	868,229	44,243	-	-
Interest on long-term debt	218,628	-	-	-
Total Governmental Activities	<u>26,137,517</u>	<u>3,642,164</u>	<u>4,556,281</u>	<u>1,693,875</u>
Business-type Activities				
Water	5,782,514	5,193,977	5,794	680,763
Sewer	5,359,316	3,998,048	-	332,038
Surface water management	2,565,581	1,807,415	40,664	841,160
Total Business-type Activities	<u>13,707,411</u>	<u>10,999,440</u>	<u>46,458</u>	<u>1,853,961</u>
Total Governmental and Business-type Activities	<u>\$ 39,844,928</u>	<u>\$ 14,641,604</u>	<u>\$ 4,602,739</u>	<u>\$ 3,547,836</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Tax increments

Franchise fees

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Other general revenues

Gain on sale of capital assets

Total General Revenues

Change in Net Position

Net Position - January 1

Net Position - December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (2,229,698)	\$ -	\$ (2,229,698)
(3,706,624)	-	(3,706,624)
(6,045,538)	-	(6,045,538)
(3,220,723)	-	(3,220,723)
(823,986)	-	(823,986)
(218,628)	-	(218,628)
<u>(16,245,197)</u>	<u>-</u>	<u>(16,245,197)</u>
-	98,020	98,020
-	(1,029,230)	(1,029,230)
-	123,658	123,658
<u>-</u>	<u>(807,552)</u>	<u>(807,552)</u>
<u>(16,245,197)</u>	<u>(807,552)</u>	<u>(17,052,749)</u>
13,409,631	-	13,409,631
282,067	-	282,067
2,045,767	-	2,045,767
390,075	-	390,075
1,054,685	540,984	1,595,669
126,114	-	126,114
164,746	-	164,746
<u>17,473,085</u>	<u>540,984</u>	<u>18,014,069</u>
1,227,888	(266,568)	961,320
<u>83,753,310</u>	<u>67,875,166</u>	<u>151,628,476</u>
<u>\$ 84,981,198</u>	<u>\$ 67,608,598</u>	<u>\$152,589,796</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Chanhassen, Minnesota

Balance Sheet
Governmental Funds
December 31, 2023

	General	212 Grant Fund	601 Pavement Mgmt Prgm (PMP)	Other Governmental Funds	Total
Assets					
Cash and investments	\$ 10,542,960	\$ 3,524,535	\$ 3,615,782	\$ 6,587,063	\$ 24,270,340
Receivables					
Accounts	79,594	-	476,230	98,730	654,554
Accrued interest	56,339	13,830	17,586	30,935	118,690
Taxes	105,690	-	4,565	8,935	119,190
Leases	3,471,066	-	-	-	3,471,066
Special assessments	555	-	2,366,034	316,443	2,683,032
Interfund loan	851,263	-	-	-	851,263
Due from other governments	137,522	-	1,418,324	239,786	1,795,632
Prepaid items	63,227	-	-	15,400	78,627
Total Assets	\$ 15,308,216	\$ 3,538,365	\$ 7,898,521	\$ 7,297,292	\$ 34,042,394
Liabilities					
Accounts payable	\$ 338,895	\$ -	\$ 570,279	\$ 1,104,173	\$ 2,013,347
Accrued salaries payable	136,601	-	-	-	136,601
Contracts payable	-	-	774,305	165,347	939,652
Due to other governments	317,236	-	29,495	10,679	357,410
Due to other funds	-	-	-	851,263	851,263
Deposits payable	2,080,432	-	-	-	2,080,432
Unearned revenue	49,765	2,345,226	4,329	-	2,399,320
Total Liabilities	2,922,929	2,345,226	1,378,408	2,131,462	8,778,025
Deferred Inflows of Resources					
Unavailable revenue - intergovernmental	-	-	844,201	-	844,201
Unavailable revenue - property taxes	41,567	-	-	-	41,567
Unavailable revenue - special assessments	555	-	2,363,335	316,443	2,680,333
Deferred lease resources	3,471,066	-	-	-	3,471,066
Total Deferred Inflows of Resources	3,513,188	-	3,207,536	316,443	7,037,167
Fund Balances					
Nonspendable	63,227	-	-	15,400	78,627
Restricted	-	1,193,139	-	1,691,720	2,884,859
Committed	-	-	-	344,647	344,647
Assigned	797,600	-	3,312,577	3,799,795	7,909,972
Unassigned	8,011,272	-	-	(1,002,175)	7,009,097
Total Fund Balances	8,872,099	1,193,139	3,312,577	4,849,387	18,227,202
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,308,216	\$ 3,538,365	\$ 7,898,521	\$ 7,297,292	\$ 34,042,394

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

City of Chanhassen, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

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

Total Fund Balances - Governmental	\$ 18,227,202
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	203,727,401
Less accumulated depreciation	(131,193,500)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond principal payable	(3,015,000)
Unamortized premiums on bonds	(111,893)
Project financing	(448,727)
Leases payable	(614,439)
Compensated absences payable	(678,920)
Other postemployment benefits payable	(219,074)
Pension liability	(4,267,749)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable in the funds.	
Property taxes receivable	41,567
Special assessments receivable	2,680,333
Intergovernmental	844,201
Governmental funds do not report long-term amounts related to pensions and other post-employment benefits.	
Deferred outflows of pension resources	2,695,101
Deferred inflows of pension resources	(2,676,175)
Deferred outflows of OPEB resources	77,330
Deferred inflows of OPEB resources	(59,689)
Governmental funds do not report a liability for accrued interest until due and payable.	(26,771)
Total Net Position - Governmental Activities	<u>\$ 84,981,198</u>

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

City of Chanhassen, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	212 Grant Fund	601 PMP Pavement Management Capital	Other Governmental Funds	Total
Revenues					
Taxes	\$ 10,689,452	\$ -	\$ 918,000	\$ 1,796,000	\$ 13,403,452
Tax increments	-	-	-	282,067	282,067
Licenses and permits	1,528,524	-	-	424,099	1,952,623
Intergovernmental	521,586	1,513,590	578,749	1,412,480	4,026,405
Charges for services	1,026,121	-	-	1,900	1,028,021
Franchise fees	143,187	-	1,902,580	-	2,045,767
Fines and forfeits	76,295	-	-	-	76,295
Special assessments	-	-	1,310,047	8,730	1,318,777
Investment earnings	467,266	127,624	187,861	272,330	1,055,081
Miscellaneous	124,955	-	-	163,706	288,661
Total Revenues	<u>14,577,386</u>	<u>1,641,214</u>	<u>4,897,237</u>	<u>4,361,312</u>	<u>25,477,149</u>
Expenditures					
Current					
General government	3,342,084	-	-	162,839	3,504,923
Public safety	4,820,264	-	-	-	4,820,264
Public works	2,521,038	-	-	-	2,521,038
Culture and recreation	2,752,491	-	-	-	2,752,491
Community development	651,641	-	-	-	651,641
Capital outlay					
General government	-	-	-	1,496,187	1,496,187
Public safety	-	-	-	304,133	304,133
Public works	-	-	5,759,339	2,320,349	8,079,688
Culture and recreation	-	-	-	830,158	830,158
Community development	-	-	-	273,621	273,621
Debt service					
Principal	-	-	145,000	595,208	740,208
Interest and other charges	-	-	-	125,527	125,527
Total Expenditures	<u>14,087,518</u>	<u>-</u>	<u>5,904,339</u>	<u>6,108,022</u>	<u>26,099,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>489,868</u>	<u>1,641,214</u>	<u>(1,007,102)</u>	<u>(1,746,710)</u>	<u>(622,730)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	293,907	293,907
Transfers in	180,000	-	-	613,623	793,623
Issuance of leases	-	-	-	506,576	506,576
Transfers out	(170,000)	(378,623)	-	(245,000)	(793,623)
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>(378,623)</u>	<u>-</u>	<u>1,169,106</u>	<u>800,483</u>
Net Changes in Fund Balances	499,868	1,262,591	(1,007,102)	(577,604)	177,753
Fund Balances, January 1	<u>8,372,231</u>	<u>(69,452)</u>	<u>4,319,679</u>	<u>5,426,991</u>	<u>18,049,449</u>
Fund Balances, December 31	<u>\$ 8,872,099</u>	<u>\$ 1,193,139</u>	<u>\$ 3,312,577</u>	<u>\$ 4,849,387</u>	<u>\$ 18,227,202</u>

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

City of Chanhassen, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2023

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

Total Net Change in Fund Balances	\$ 177,753
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. This is the amount by which capital outlays exceeded depreciation in the current period.	
Depreciation expense	(4,423,346)
Capital outlays	4,856,034
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.	
Disposals	(978,785)
Depreciation on disposals	849,624
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments on bonds	385,000
Principal repayments on leases	113,898
Principal repayments on project financing	241,310
Leases issued	(506,576)
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.	4,812
Governmental funds report debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums and discounts are reported as an unamortized asset or liability in the city-wide financial statements.	
Amortization of bond premiums and discount	15,985
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Special assessments	374,278
Property taxes	(4,486)
Intergovernmental	844,201
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences and other postemployment benefit payable	76,301
Long-term pension activity is not reported in governmental funds.	
Pension expense	(801,056)
Direct aid contributions	2,941
Change in Net Position - Governmental Activities	<u>\$ 1,227,888</u>

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

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City of Chanhassen, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 10,749,000	\$ 10,749,000	\$ 10,689,452	\$ (59,548)
Franchise fees	154,000	154,000	143,187	(10,813)
Licenses and permits	1,579,475	1,579,475	1,528,524	(50,951)
Intergovernmental	447,795	447,795	521,586	73,791
Charges for services	961,900	961,900	1,026,121	64,221
Fines and forfeits	75,000	75,000	76,295	1,295
Investment earnings	140,000	140,000	467,266	327,266
Miscellaneous	55,900	55,900	124,955	69,055
Total Revenues	<u>14,163,070</u>	<u>14,163,070</u>	<u>14,577,386</u>	<u>414,316</u>
Expenditures				
Current				
General government	3,325,973	3,325,973	3,342,084	(16,111)
Public safety	5,116,961	5,116,961	4,820,264	296,697
Public works	2,603,669	2,603,669	2,521,038	82,631
Culture and recreation	2,684,850	2,684,850	2,752,491	(67,641)
Community development	611,617	611,617	651,641	(40,024)
Total Expenditures	<u>14,343,070</u>	<u>14,343,070</u>	<u>14,087,518</u>	<u>255,552</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(180,000)</u>	<u>(180,000)</u>	<u>489,868</u>	<u>669,868</u>
Other Financing Sources (Uses)				
Transfers in	180,000	180,000	180,000	-
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balances	(170,000)	(170,000)	499,868	669,868
Fund Balances, January 1	<u>8,372,231</u>	<u>8,372,231</u>	<u>8,372,231</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 8,202,231</u>	<u>\$ 8,202,231</u>	<u>\$ 8,872,099</u>	<u>\$ 669,868</u>

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

City of Chanhassen, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Surface Water Management	Totals
Assets				
Current Assets				
Cash and investments	\$ 6,113,338	\$ 5,874,424	\$ 5,076	\$ 11,992,838
Receivables				
Accounts	326,708	377,711	249,273	953,692
Accrued interest	30,768	29,434	496	60,698
Special assessments	140,544	-	-	140,544
Due from other funds	85,000	-	-	85,000
Due from other governments	3,438	1,710	49,934	55,082
Inventory	192,434	-	-	192,434
Prepaid expenses	16	9	7	32
Total Current Assets	6,892,246	6,283,288	304,786	13,480,320
Noncurrent Assets				
Special assessments	79,569	21,447	-	101,016
Capital assets				
Land	1,370,974	145,550	599,811	2,116,335
Land improvements	2,433,426	2,327,389	2,327,389	7,088,204
Construction in progress	758,794	1,132,563	1,234,824	3,126,181
Improvements	56,658,433	36,920,878	34,202,564	127,781,875
Leased equipment	24,450	24,450	-	48,900
Buildings	28,189,035	-	-	28,189,035
Machinery and equipment	907,216	964,608	776,651	2,648,475
Less accumulated depreciation/amortization	(41,299,571)	(29,127,417)	(21,469,782)	(91,896,770)
Total Capital Assets (Net of Accumulated Depreciation/Amortization)	49,042,757	12,388,021	17,671,457	79,102,235
Total Assets	56,014,572	18,692,756	17,976,243	92,683,571
Deferred Outflows of Resources				
Deferred other postemployment benefit resources	7,281	3,668	1,962	12,911
Deferred pension resources	185,618	172,495	228,782	586,895
Total deferred outflows of resources	192,899	176,163	230,744	599,806
Total Assets and Deferred Outflows of Resources	\$ 56,207,471	\$ 18,868,919	\$ 18,206,987	\$ 93,283,377
Liabilities				
Current Liabilities				
Accounts payable	\$ 68,130	\$ 64,808	\$ 84,062	\$ 217,000
Contracts payable	92,564	62,029	246,199	400,792
Accrued salaries	16,330	12,627	15,695	44,652
Accrued interest payable	249,745	14,146	10,333	274,224
Unearned revenue	-	-	1,230	1,230
Due to other governments	1,281	57,275	37,192	95,748
Due to other funds	-	-	85,000	85,000
Lease liability - current	5,709	5,709	-	11,418
Bonds payable - current	1,470,000	165,000	120,000	1,755,000
Compensated absences payable - current	20,250	15,386	18,250	53,886
Total Current Liabilities	1,924,009	396,980	617,961	2,938,950

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

City of Chanhassen, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Surface Water Management	Total
Noncurrent Liabilities				
Compensated absences	\$ 86,328	\$ 65,595	\$ 77,803	\$ 229,726
Lease liability	12,861	12,861	-	25,722
Bonds payable	18,367,422	1,181,204	865,619	20,414,245
Net OPEB obligation	20,626	10,392	5,559	36,577
Net pension liability	614,419	538,118	693,793	1,846,330
Total Noncurrent Liabilities	<u>19,101,656</u>	<u>1,808,170</u>	<u>1,642,774</u>	<u>22,552,600</u>
Total Liabilities	<u>21,025,665</u>	<u>2,205,150</u>	<u>2,260,735</u>	<u>25,491,550</u>
Deferred Inflows of Resources				
Deferred other postemployment benefit resources	5,620	2,832	1,514	9,966
Deferred pension resources	89,054	45,792	38,417	173,263
Total deferred inflows of resources	<u>94,674</u>	<u>48,624</u>	<u>39,931</u>	<u>183,229</u>
Net Position				
Net investment in capital assets	29,186,765	11,023,247	16,439,639	56,649,651
Unrestricted	5,900,367	5,591,898	(533,318)	10,958,947
Total Net Position	<u>35,087,132</u>	<u>16,615,145</u>	<u>15,906,321</u>	<u>67,608,598</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 56,207,471</u>	<u>\$ 18,868,919</u>	<u>\$ 18,206,987</u>	<u>\$ 93,283,377</u>

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

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City of Chanhassen, Minnesota
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Surface Water Management	Total
Operating Revenues				
Charges for services	\$ 5,191,436	\$ 3,991,372	\$ 1,804,577	\$ 10,987,385
Intergovernmental	5,794	-	40,664	46,458
Total Operating Revenues	<u>5,197,230</u>	<u>3,991,372</u>	<u>1,845,241</u>	<u>11,033,843</u>
Operating Expenses				
Salaries and benefits	1,128,987	750,566	951,969	2,831,522
Materials and Supplies	340,047	83,625	46,366	470,038
Professional services	149,580	2,849,190	300,043	3,298,813
Utilities	414,702	60,352	-	475,054
Insurance	20,000	20,000	7,500	47,500
Repairs and maintenance	913,708	464,500	127,255	1,505,463
Depreciation	1,915,911	923,644	933,433	3,772,988
Other	385,280	185,310	184,705	755,295
Total Operating Expenses	<u>5,268,215</u>	<u>5,337,187</u>	<u>2,551,271</u>	<u>13,156,673</u>
Operating Income (Loss)	<u>(70,985)</u>	<u>(1,345,815)</u>	<u>(706,030)</u>	<u>(2,122,830)</u>
Nonoperating Revenues (Expenses)				
Investment income	256,565	276,890	7,529	540,984
Refunds and reimbursements	2,541	6,676	2,838	12,055
Interest expense and fiscal charges	(514,299)	(22,129)	(14,310)	(550,738)
Total Nonoperating Revenues (Expenses)	<u>(255,193)</u>	<u>261,437</u>	<u>(3,943)</u>	<u>2,301</u>
Income (Loss) Before Contributions and Transfers	<u>(326,178)</u>	<u>(1,084,378)</u>	<u>(709,973)</u>	<u>(2,120,529)</u>
Capital Contributions				
Contributions of capital assets	-	26,239	129,460	155,699
Intergovernmental	-	66,173	-	66,173
Connection charges	680,763	239,626	711,700	1,632,089
Transfers In	-	-	10,846	10,846
Transfers Out	<u>(5,423)</u>	<u>(5,423)</u>	<u>-</u>	<u>(10,846)</u>
Change in Net Position	349,162	(757,763)	142,033	(266,568)
Net Position, January 1	<u>34,737,970</u>	<u>17,372,908</u>	<u>15,764,288</u>	<u>67,875,166</u>
Net Position, December 31	<u><u>\$ 35,087,132</u></u>	<u><u>\$ 16,615,145</u></u>	<u><u>\$ 15,906,321</u></u>	<u><u>\$ 67,608,598</u></u>

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

City of Chanhassen, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Surface Water Management	Total
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 5,495,667	\$ 4,383,917	\$ 1,924,410	\$ 11,803,994
Payments to suppliers	(2,159,798)	(3,572,439)	(707,234)	(6,439,471)
Payments to employees	(1,131,395)	(759,680)	(841,986)	(2,733,061)
Net Cash Provided (Used) by Operating Activities	2,204,474	51,798	375,190	2,631,462
Cash Flows from Noncapital Financing Activities				
Receipts (payments) from (to) other funds	(279,356)	-	85,000	(194,356)
Transfers in	-	-	10,846	10,846
Transfers out	(5,423)	(5,423)	-	(10,846)
Net Cash Provided (Used) by Noncapital Financing Activities	(284,779)	(5,423)	95,846	(194,356)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(228,929)	(117,028)	(1,902,246)	(2,248,203)
Connection charges	680,763	239,626	711,700	1,632,089
Intergovernmental revenue	-	66,173	-	66,173
Principal paid on bonds	(1,502,500)	(227,500)	(115,000)	(1,845,000)
Principal paid on leases	(4,522)	(4,523)	-	(9,045)
Interest and fiscal charges	(626,667)	(38,933)	(26,684)	(692,284)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,681,855)	(82,185)	(1,332,230)	(3,096,270)
Cash Flows from Investing Activities				
Interest received from investments	259,281	277,902	17,074	554,257
Net Increase (Decrease) in Cash and Cash Equivalents	497,121	242,092	(844,120)	(104,907)
Cash and Cash Equivalents, January 1	5,616,217	5,632,332	849,196	12,097,745
Cash and Cash Equivalents, December 31	\$ 6,113,338	\$ 5,874,424	\$ 5,076	\$ 11,992,838

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

City of Chanhassen, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Surface Water Management	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities				
Operating income (loss)	\$ (70,985)	\$ (1,345,815)	\$ (706,030)	\$ (2,122,830)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	1,915,911	923,644	933,433	3,772,988
Miscellaneous revenue	2,541	6,676	2,838	12,055
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	320,693	358,508	84,222	763,423
Due from other governments	(1,945)	48,808	(7,891)	38,972
Special Assessments	(22,852)	(21,447)	-	(44,299)
Inventory	31,559	-	-	31,559
Prepaid items	6,795	5,284	3,289	15,368
Deferred pension resources	75,940	35,253	45,829	157,022
Deferred other post employment benefits	(7,110)	(3,537)	(1,871)	(12,518)
Increase (decrease) in liabilities/deferred inflows of resources				
Due to other governments	(4,419)	-	6,936	2,517
Accounts payable	(7,228)	30,643	34,989	58,404
Contracts payable	36,812	54,611	(86,579)	4,844
Salaries payable	108	1,515	165,450	167,073
Compensated absences payable	(8,021)	(10,099)	(15,067)	(33,187)
Other postemployment benefits payable	8,263	939	(986)	8,216
Deferred pension resources	77,636	36,723	26,430	140,789
Deferred post employment benefits	733	(905)	(1,073)	(1,245)
Net pension liability	(149,957)	(69,003)	(108,729)	(327,689)
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,204,474</u>	<u>\$ 51,798</u>	<u>\$ 375,190</u>	<u>\$ 2,631,462</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities				
Amortization of bond discounts	\$ 93,328	\$ 14,368	\$ 10,936	\$ 118,632
Purchase of capital assets on account	\$ -	\$ -	\$ 166,179	\$ 166,179
Contributions of capital assets	\$ -	\$ 26,239	\$ 129,460	\$ 155,699
Assets acquired through a lease	\$ 10,025	\$ 10,024	\$ -	\$ 20,049
Disposal of capital assets	\$ 22,107	\$ 22,107	\$ -	\$ 44,214

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

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City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Chanhassen, Minnesota (the City) was incorporated in 1967 and operates under the State of Minnesota Statutory Plan B form of government. The governing body consist of a five-member City council elected by voters of the City.

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

In accordance with GASB pronouncements and accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City (the primary government) and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City.

Component Units

The City has one component unit, the Economic Development Authority (EDA). The financial statements of the EDA are included as a blended component unit because its governing body is substantively the same as the City Council, the City is in a relationship of financial burden with the EDA, and because management of the City have operational responsibilities for the EDA. Separate financial statements for the EDA are not prepared.

Jointly Governed Organizations

Southwest Transit Commission – The City, in conjunction with the Cities of Eden Prairie and Chaska, established the Southwest Transit Commission (the Commission). The purpose of the Commission is to provide public transit service for the three cities. The Commission's board is composed of two commissioners from each of the cities.

Joint Powers Agreement

Pursuant to a joint agreement dated April 14, 1994, the City and Independent School District No. 112 (ISD No. 112) jointly constructed the Chanhassen Recreation Center and Bluff Creek Elementary. The City entered into a revised joint powers agreement with ISD No. 112 in 2022 to provide for the mutual long-term use of the facility. According to the terms of the agreement, which expires in 2093, the City reimburses ISD No. 112 24% of the cost to operate and maintain the facility.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Grant fund* accounts for the revenues and expenditures related to federal and state financial assistance programs.

The *Pavement Management Program (PMP) fund* accounts for the City's street reconstruction and other significant street maintenance projects. Individual property owners pay a portion of the cost of the annual project with assessments and the City funds its portion with the reserves created in this fund, annual tax levy, and franchise fees.

The City reports the following major proprietary funds:

The *Water fund* accounts for the water service charges which are used to finance the water system operating expenses.

The *Sewer fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

The *Surface Water Management fund* accounts for the surface water charges which are used to finance the surface water system operating expenses.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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 of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers which is rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2023:

- US government agency securities of \$7,452,977 are valued using quoted market prices (Level 1 inputs)
- Municipal securities of \$10,895,698 are valued using quoted market prices (Level 2 inputs)
- Brokered certificates of deposit of \$7,357,579 are valued using a matrix pricing model (Level 2 inputs)

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy states investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities).
- *Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. They policy also states the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonable.

E. Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the fund financial statements.

F. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. The City annually certifies delinquent utility accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

G. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by deferred inflows of resources in the fund financial statements.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

H. Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

I. Inventories and Prepaid Items

Inventories of materials and supplies are recorded at cost, which approximates market, using the first in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

K. Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and structures	10 - 30
Machinery and equipment (including software)	3 - 10
Drainage systems	30
Water and sewer lines	30
Streets	30
Trails	25
Sidewalks	25
Other improvements	10 - 25
Temporary easements	2

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

L. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension/OPEB contributions made subsequent to the measurement dates.

M. Compensated Absences

The City compensates all employees upon termination for unused vacation, sick, and PTO hours up to a maximum based upon length of service. The City compensates nonexempt employees for unused comp time. All vacation, PTO, and comp time is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. The General fund is typically used to liquidate governmental compensated absences.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan, Police and Fire Plan, PEDCP, and Chanhassen Fire Relief Association is as follows:

	GERF	PEPFF	PEDCP	FRA	Total
City's proportionate share	\$ 883,394	\$ 601,126	\$ 2,474	\$ 141,870	\$ 1,628,864
Proportionate share of State's contribution	567	(2,118)	-	-	(1,551)
Total pension expense	<u>\$ 883,961</u>	<u>\$ 599,008</u>	<u>\$ 2,474</u>	<u>\$ 141,870</u>	<u>\$ 1,627,313</u>

O. Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. The recognition of bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized 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.

Note 1: Summary of Significant Accounting Policies (Continued)

P. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions. Furthermore, the City reports deferred lease resources related to cell tower leases and is recorded under GASB 87, which is reported in the governmental funds and the statement of net position.

Q. Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager and/or Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned. The exception to this is the Park Acquisition and Development Fund (410), where it is the City's policy to use resources in the following order: 1) assigned, 2) committed, and 3) restricted.

The City's policy for General Fund reserve balances is to maintain an unassigned fund balance at a minimum of 50% of the ensuing year's budgeted tax levy to provide cash flow between property tax settlements.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

R. Net Position

In the government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position balances that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and for the Charitable Gambling, Cemetery and Cable TV Special Revenue funds. The City does not budget for the Grant major special revenue fund as it is not legally required to do so. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

The City Council adopts budgets prior to January 1. The budgets are prepared by fund, function, and activities. The budgets are adopted on a basis consistent with generally accepted accounting principles and all appropriations lapse at the end of the budget year to the extent that they have not been expended. The expenditures appropriated in the budget resolution may not legally exceed estimated revenues available from various sources. Formal budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects funds is accomplished through the use of project controls.

Formal budgetary integration is employed as a management control device during the year. Budget revisions between functions or activities may be made by the City Manager. Budget revisions at the fund level are authorized by the City Council in accordance with the City Charter at the request of the City Manager. The legal level of budgetary control is therefore at the fund level. There were no budget amendments made in 2023 in the General fund and the Special Revenue funds. All budget amendments are approved based on unanticipated expenditures and revenues encountered during the year.

B. Deficit Fund Balance

As of December 31, 2023, the following funds reported deficit fund balance:

Fund	Amount
Nonmajor	
Civic Campus	\$ 975,263
Lake Place Senior Apt TIF #12	26,912

The deficits are expected to be eliminated with future revenues related to tax collections, transfers from other funds, and bond proceeds related to the civic campus project.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity. Investments are carried at fair value. Investment and dividend income are recognized as revenue when earned.

At year end, the City's carrying amount of deposits was \$1,919,580 and the bank balance was \$1,915,177. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining was covered by collateral in the City's name.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Deposits and Investments (Continued)

Investments

As of December 31, 2023, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Brokered money market	N/A	Less than 1 year	\$ 8,636,709	\$ -	\$ -
Non-pooled Investments at Fair Value					
U.S. government agency securities	N/A	Less than 1 year	1,704,428	1,704,428	-
U.S. government agency securities	N/A	1 to 3 years	1,433,745	1,433,745	-
U.S. government agency securities	N/A	More than 3 years	4,314,804	4,314,804	-
Municipal securities	A+	Less than 1 year	298,488	-	298,488
Municipal securities	AA-	More than 3 years	451,840	-	451,840
Municipal securities	AA	Less than 1 year	149,696	-	149,696
Municipal securities	AA	1 to 3 years	661,517	-	661,517
Municipal securities	AA	More than 3 years	493,430	-	493,430
Municipal securities	AA+	1 to 3 years	1,001,176	-	1,001,176
Municipal securities	AA+	More than 3 years	846,760	-	846,760
Municipal securities	AAA	Less than 1 year	1,476,310	-	1,476,310
Municipal securities	AAA	1 to 3 years	2,627,350	-	2,627,350
Municipal securities	AAA	More than 3 years	2,889,131	-	2,889,131
Brokered certificates of deposit	N/A	Less than 1 year	2,189,766	-	2,189,766
Brokered certificates of deposit	N/A	1 to 3 years	4,118,332	-	4,118,332
Brokered certificates of deposit	N/A	More than 3 years	1,049,481	-	1,049,481
Total Investments			\$ 34,342,963	\$ 7,452,977	\$ 18,253,277

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

	Primary Government
Deposits	\$ 1,919,580
Investments	34,342,963
Petty Cash	<u>635</u>
Total	<u>\$ 36,263,178</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 19,915,918	\$ -	\$ -	\$ 19,915,918
Permanent easements	2,826,748	-	-	2,826,748
Construction in progress	577,143	3,335,466	(86,050)	3,826,559
Total Capital Assets not being Depreciated	<u>23,319,809</u>	<u>3,335,466</u>	<u>(86,050)</u>	<u>26,569,225</u>
Capital Assets, being Depreciated/Amortized				
Buildings and structures	24,852,984	-	-	24,852,984
Temporary easements	3,436,870	-	-	3,436,870
Right to use lease assets	243,263	506,576	-	749,839
Machinery and equipment	9,927,608	749,047	(894,042)	9,782,613
Other improvements	12,582,737	264,945	(84,743)	12,762,939
Infrastructure	125,486,881	86,050	-	125,572,931
Total Capital Assets being Depreciated/Amortized	<u>176,530,343</u>	<u>1,606,618</u>	<u>(978,785)</u>	<u>177,158,176</u>
Less Accumulated Depreciation/Amortization for				
Buildings and structures	(11,314,821)	(618,815)	-	(11,933,636)
Temporary easements	(3,436,870)	-	-	(3,436,870)
Right to use lease assets	(22,765)	(129,921)	-	(152,686)
Machinery and equipment	(6,491,247)	(495,475)	764,881	(6,221,841)
Other improvements	(5,557,360)	(494,785)	84,743	(5,967,402)
Infrastructure	(100,796,715)	(2,684,350)	-	(103,481,065)
Total Accumulated Depreciation/Amortization	<u>(127,619,778)</u>	<u>(4,423,346)</u>	<u>849,624</u>	<u>(131,193,500)</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>48,910,565</u>	<u>(2,816,728)</u>	<u>(129,161)</u>	<u>45,964,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 72,230,374</u>	<u>\$ 518,738</u>	<u>\$ (215,211)</u>	<u>\$ 72,533,901</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,116,335	\$ -	\$ -	\$ 2,116,335
Permanent easements	7,088,204	-	-	7,088,204
Construction in progress	5,483,666	867,459	(3,224,944)	3,126,181
Total Capital Assets not being Depreciated	14,688,205	867,459	(3,224,944)	12,330,720
Capital Assets being Depreciated/Amortized				
Buildings and structures	28,077,578	111,458	-	28,189,036
Right to use lease assets	28,852	20,049	-	48,901
Machinery and equipment	2,119,199	579,231	(49,957)	2,648,473
Other improvements	123,785,425	3,996,450	-	127,781,875
Total Capital Assets being Depreciated/Amortized	154,011,054	4,707,188	(49,957)	158,668,285
Less Accumulated Depreciation/Amortization for				
Buildings and structures	(4,984,027)	(561,610)	-	(5,545,637)
Right to use lease assets	(3,006)	(10,136)	-	(13,142)
Machinery and equipment	(1,331,710)	(152,120)	44,218	(1,439,612)
Other improvements	(81,849,257)	(3,049,122)	-	(84,898,379)
Total Accumulated Depreciation/Amortization	(88,168,000)	(3,772,988)	44,218	(91,896,770)
Total Capital Assets being Depreciated/Amortized, Net	65,843,054	934,200	(5,739)	66,771,515
Business-type Activities Capital Assets, Net	<u>\$ 80,531,259</u>	<u>\$ 1,801,659</u>	<u>\$ (3,230,683)</u>	<u>\$ 79,102,235</u>

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental Activities

General government	\$ 306,292
Public safety	262,319
Public works	2,802,774
Culture and recreation	1,051,961
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 4,423,346</u>

Business-type Activities

Water	\$ 1,915,911
Sewer	923,644
Surface water management	933,433
Total Depreciation/Amortization Expense - Business-type Activities	<u>\$ 3,772,988</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 5: Construction Commitments

The City has active construction projects as of December 31, 2023. The projects include various street and road improvements and public facilities projects. At year end, the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Trail Improvement Project	\$ 180,659	\$ 18,586
Galpin Blvd Improvements	-	15,238,447
2021 Street Rehab Project 20-05	4,836,007	335,094
2023 Street Rehab Project 23-01	5,003,508	51,477
Hwy 101-Pioneer to Flying Cloud - Construction	16,534,742	482,819
Lift Station #3 Forcemain	-	238,555
2023 Pond Maintenance Project	-	236,732
Total	<u>\$ 26,554,916</u>	<u>\$ 16,601,710</u>

Note 6: Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
Due from/to other Funds		
Governmental	Governmental	
General	Nonmajor governmental	\$ 851,263
Business-type	Business-type	
Water	Surface Water Management	85,000
Total Due from/to other Funds		<u>\$ 936,263</u>

All interfund loan balances represent a transfer of funds to cover a cash deficit with the exception of \$26,263 that was made from the General Fund to provide initial funding for the Lake Place Senior Apartment TIF district in 2022.

The composition of interfund transfers for the year ended December 31, 2023 is as follows:

Fund	Transfers in			Total
	General	Surface Water Management	Other Governmental Funds	
Transfers Out				
General	\$ -	\$ -	\$ 170,000	\$ 170,000
Grant	135,000	-	243,623	378,623
Other Governmental Funds	45,000	-	200,000	245,000
Water	-	5,423	-	5,423
Sewer	-	5,423	-	5,423
Total	<u>\$ 180,000</u>	<u>\$ 10,846</u>	<u>\$ 613,623</u>	<u>\$ 804,469</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 6: Interfund Receivables, Payables, and Transfers (Continued)

During the year, transfers were used for the following:

- Budgeted transfer of \$170,000 from the General fund to the Park Renovation fund for playground replacement.
- Budgeted transfer of \$45,000 from the Cable TV fund to the General to fund as reimbursement for communication expenses.
- Transfer below budgeted amount from Grant fund to the Park Development fund in the amount of \$243,623 for Lake Ann Preserve Project actual costs for the year.
- Transfer of \$135,000 from the Grant fund to the General fund for budgeted wage and benefit expenses.
- Transfer of \$200,000 from the Capital Equipment/Vehicle fund to the Capital Facilities fund to cover capital expenses.
- Transfers of \$5,423 from both the Water and Sewer funds to the Surface Water Management fund for track mats.

Note 7: Lease Receivable

The City leases space on its water towers for cellular tower antenna sites. The leases are non-cancellable for a period of five years, with one to four renewal periods of five years each at the lessee's option. The City considers the likelihood of these options being exercised to be greater than 50%. The agreements call for varying annual lease payments with increases of 2% to 4% per year. The lease receivables are measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3% which is based on the rate available to finance equipment over the same time periods.

At December 31, 2023, the City recorded \$3,471,066 in lease receivables and deferred inflows of resources for these arrangements.

Lease related inflows of resources (e.g. lease revenue) recognized during the year ended December 31, 2023 was \$330,287. Of this amount, \$107,747 was interest revenue. No other variable lease payments were received.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Long-term Liabilities

General Obligation Improvement Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The G.O. Improvement Bonds have been issued to finance improvements. They will be repaid with special assessment collections and ad valorem tax levies. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2016A	\$ 4,805,000	2.00 - 3.00 %	03/03/16	02/01/30	<u>\$ 3,015,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 395,000	\$ 58,325	\$ 453,325
2025	410,000	48,300	458,300
2026	420,000	40,000	460,000
2027	430,000	31,500	461,500
2028	440,000	22,800	462,800
2029 - 2030	<u>920,000</u>	<u>18,500</u>	<u>938,500</u>
Total	<u>\$ 3,015,000</u>	<u>\$ 219,425</u>	<u>\$ 3,234,425</u>

General Obligation Revenue Bonds

The following bonds will be repaid solely from revenue derived from the activities of the fund. They are backed by the full faith and credit of the City. Annual net operating revenues, principal and interest payments, and the percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer	Surface Water Management
Net Operating Revenues	\$ 5,197,230	\$ 3,991,372	\$ 1,845,241
Principal and Interest	2,129,167	266,433	141,684
Percentage of Revenues	41%	7%	8%

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Long-term Liabilities (Continued)

The components of the general obligation revenues bonds are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Refunding Bonds, Series 2011B	\$ 3,720,000	2.00 - 3.00 %	10/06/11	02/01/25	\$ 1,130,000
G.O. Water Revenue Bonds, Series 2016A	1,565,000	2.00 - 3.00	03/03/16	02/01/26	510,000
G.O. Water Revenue Bonds, Series 2016B	3,630,000	3.50 - 4.00	12/29/16	02/01/42	3,630,000
G.O. Water Revenue Bonds, Series, 2017A	10,000,000	2.00 - 4.00	02/01/17	02/01/38	8,830,000
G.O. Water Revenue Bonds, Series 2018A	3,595,000	3.00 - 4.00	03/15/18	02/01/30	2,245,000
G.O. Water Revenue Bonds, Series 2020A	3,415,000	2.00 - 3.00	04/02/20	02/01/31	2,750,000
G.O. Sewer Revenue Bonds, Series 2020A	1,540,000	2.00 - 3.00	04/02/20	02/01/31	1,260,000
G.O. Surface Water Revenue Bonds, Series 2020A	1,265,000	2.00 - 3.00	04/02/20	02/01/31	920,000
Total G.O. Revenue Bonds					<u>\$ 21,275,000</u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2024	\$ 1,755,000	\$ 631,013	\$ 2,386,013
2025	1,810,000	576,763	2,386,763
2026	1,275,000	530,538	1,805,538
2027	1,550,000	488,188	2,038,188
2028	1,600,000	440,938	2,040,938
2029 - 2033	5,895,000	1,622,813	7,517,813
2034 - 2038	3,900,000	998,913	4,898,913
2039 - 2042	3,490,000	280,531	3,770,531
Total	<u>\$ 21,275,000</u>	<u>\$ 5,569,697</u>	<u>\$ 26,844,697</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Long-term Liabilities (Continued)

Project Financing

The City has a Joint Powers Agreement with Carver County for the Lyman Boulevard – Phase 3 project, and a Joint Powers Agreement with Carver County for a pedestrian trail to the Arboretum. The City is paying its share of these projects at 0% interest according to the following schedule:

Year Ending December 31,	Lyman Boulevard	Pedestrian Trail	Total
2024	\$ 145,000	\$ 96,310	\$ 241,310
2025	111,108	96,309	207,417
Total	<u>\$ 256,108</u>	<u>\$ 192,619</u>	<u>\$ 448,727</u>

Lease Payable

Lease agreements are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities	\$ 221,761	\$ 506,576	\$ (113,898)	\$ 614,439	\$ 168,685
Business-type activities	26,136	20,049	(9,045)	37,140	11,418
Total lease liability	<u>\$ 247,897</u>	<u>\$ 526,625</u>	<u>\$ (122,943)</u>	<u>\$ 651,579</u>	<u>\$ 180,103</u>

The City leases multiple vehicles from Enterprise Rent-a-Car. As of December 31, 2023, the City had 26 outstanding vehicle leases, 16 of which were entered into during 2023. Each lease requires 48 monthly payments ranging from \$432 to \$858. The leases are all under a master lease agreement with individual schedules for each vehicle. The lease liability is measured at discount rates ranging from 10.0% to 13.3% as stated in the lease agreements.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 168,686	\$ 57,071	\$ 225,757	\$ 11,418	\$ 3,545	\$ 14,963
2025	189,864	39,687	229,551	12,733	2,231	14,964
2026	185,225	20,044	205,269	10,481	830	11,311
2027	70,664	2,896	73,560	2,508	75	2,583
Total	<u>\$ 614,439</u>	<u>\$ 119,698</u>	<u>\$ 734,137</u>	<u>\$ 37,140</u>	<u>\$ 6,681</u>	<u>\$ 43,821</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Long-term Liabilities (Continued)

Changes in Long-term Liabilities

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 3,400,000	\$ -	\$ (385,000)	\$ 3,015,000	\$ 395,000
Bond premium	127,878	-	(15,985)	111,893	-
Project financing	690,037	-	(241,310)	448,727	241,310
Lease payable	221,761	506,576	(113,898)	614,439	168,685
Compensated absences*	762,762	-	(83,842)	678,920	128,996
Governmental Activity Long-term Liabilities	<u>\$ 5,202,438</u>	<u>\$ 506,576</u>	<u>\$ (840,035)</u>	<u>\$ 4,868,979</u>	<u>\$ 933,991</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 23,120,000	\$ -	\$ (1,845,000)	\$ 21,275,000	\$ 1,755,000
Bond premium	1,012,877	-	(118,632)	894,245	-
Lease payable	26,136	20,049	(9,045)	37,140	11,418
Compensated absences*	316,799	-	(33,187)	283,612	53,886
Business-type Activity Long-term Liabilities	<u>\$ 24,475,812</u>	<u>\$ 20,049</u>	<u>\$ (2,005,864)</u>	<u>\$ 22,489,997</u>	<u>\$ 1,820,304</u>

*The change in compensated absences is presented as a net change.

Nonexchange Financial Guarantee of Debt

On August 1, 2014, the Carver County Community Development Agency (CDA), a legally separate entity from the City, issued \$2,110,000 of Housing Development Refunding Bonds, Series 2014 and \$2,370,000 of Taxable Housing Development and Refunding Bonds, Series 2014T. The proceeds were used to refund a portion of prior bonds and to fund certain capital improvements of the Centennial Hill Apartments, which are located within the City.

In accordance with Minnesota Statutes Section 469.034, Subd. 2, the City has pledged its full faith and credit and taxing powers to the payment of debt service on the Series 2014 and Series 2014T bonds. In the event that the Carver County CDA is unable to pay the debt service on the bonds due to insufficient housing revenues and cash reserves, the City is obligated to pay the debt service. The City's guarantee extends until the bonds have fully matured, which is scheduled to occur in 2034. The total amount of outstanding guaranteed debt, including interest, at December 31, 2023, is \$3,444,724.

The City's management does not expect the City will be required to make any debt service payments towards these bonds. Accordingly, the bonds are not reflected in the financial statements of the City.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Long-term Liabilities (Continued)

Conduit Debt Obligations

The City of Chanhassen has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity served by the bond issuance. Neither the City of Chanhassen or the State of Minnesota, or 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, 2023, there was one bond outstanding with Presbyterian Homes with a principal amount of \$5,549,815.

Project Name	Authorized and Issued	Issue Date	Maturity Date	Balance at Year End
Presbyterian Homes, Series 2014B	\$ 9,300,000	June 2014	2034	<u>\$ 5,549,815</u>

Note 9: Components of Fund Balance

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to not being in spendable form (nonspendable), legal restrictions (restricted), City Council action (committed), policy and/or intent (assigned), and available for spending (unassigned). The following is a summary of the components of fund balance:

	General Fund	Grant Fund	Pavement Mangement Program (PMP)	Other Governmental Funds	Totals
Nonspendable					
Prepaid items	\$ 63,227	\$ -	\$ -	\$ 15,400	\$ 78,627
Restricted for					
Debt service	\$ -	\$ -	\$ -	\$ 700,631	\$ 700,631
Tax increment	-	-	-	39,192	39,192
Capital projects	-	-	-	848,781	848,781
Communications	-	-	-	43,837	43,837
Public safety	-	1,193,139	-	59,279	1,252,418
Total Restricted	<u>\$ -</u>	<u>\$ 1,193,139</u>	<u>\$ -</u>	<u>\$ 1,691,720</u>	<u>\$ 2,884,859</u>
Committed for					
Cemetery	\$ -	\$ -	\$ -	\$ 64,598	\$ 64,598
Cable TV	-	-	-	280,049	280,049
Total Committed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,647</u>	<u>\$ 344,647</u>
Assigned for					
Payout of compensated absences for retirement	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Laserfiche records scanning	100,000	-	-	-	100,000
Planning-Chanhassen Bluffs Sports Complex	75,000	-	-	-	75,000
BS&A business license module	17,600	-	-	-	17,600
Lake Ann Park Preserve	275,000	-	-	-	275,000
Fire department hardware/software	100,000	-	-	-	100,000
Health insurance premiums	30,000	-	-	-	30,000
Tree/planning contracting	50,000	-	-	-	50,000
Capital improvements	-	-	3,312,577	2,736,498	6,049,075
Debt service reserve	-	-	-	1,063,297	1,063,297
Total Assigned	<u>\$ 797,600</u>	<u>\$ -</u>	<u>\$ 3,312,577</u>	<u>\$ 3,799,795</u>	<u>\$ 7,909,972</u>
Unassigned	<u>\$ 8,011,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,002,175)</u>	<u>\$ 7,009,097</u>

Note 10: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of Chanhassen
Notes to the Financial Statements
December 31, 2023

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022 and 2021 were \$490,256, \$477,007 and \$438,328, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$135,550, \$86,742 and \$55,996, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Chanhassen
Notes to the Financial Statements
December 31, 2023

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$4,579,756 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$126,161. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0819 percent at the end of the measurement period and 0.083 percent for the beginning of the period.

City Proportionate Share of the Net Pension Liability	\$ 4,579,756
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>126,161</u>
Total	<u><u>\$ 4,705,917</u></u>

For the year ended December 31, 2023, the City recognized pension expense of \$883,394 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$567 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 150,886	\$ 29,585
Changes in Actuarial Assumptions	697,469	1,264,821
Net Difference Between Projected and Actual Investment Earnings	-	56,038
Changes in Proportion	66,192	43,560
Contributions Paid to PERA Subsequent to the Measurement Date	<u>243,647</u>	<u>-</u>
Total	<u><u>\$ 1,158,194</u></u>	<u><u>\$ 1,394,004</u></u>

City of Chanhassen
Notes to the Financial Statements
December 31, 2023

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

The \$243,647 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 163,043
2025	(648,406)
2026	114,806
2027	(108,900)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$873,796 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0506 percent at the end of the measurement period and 0.0319 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of \$601,126 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional -\$2,118 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$4,554 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Chanhassen
Notes to the Financial Statements
December 31, 2023

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 195,313	\$ -
Changes in Actuarial Assumptions	571,852	1,225,042
Net Difference Between Projected and Actual Investment Earnings	9,686	-
Changes in Proportion	592,891	2,827
Contributions Paid to PERA Subsequent to the Measurement Date	66,505	-
	<u>\$ 1,436,247</u>	<u>\$ 1,227,869</u>
Total		

The \$66,504 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 97,713
2025	83,087
2026	168,323
2027	9,544
2028	(216,794)

E. Long-term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
	<u>100.0 %</u>	
Total		

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 1.00 percent for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

City of Chanhassen
Notes to the Financial Statements
December 31, 2023

Note 10: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 8,101,957	\$ 4,579,756	\$ 1,682,613
Police and Fire Fund	1,733,716	873,796	166,827

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 11: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the City of Chanhassen Fire Department (the Department) are covered by a defined benefit plan administered by the City of Chanhassen Fire Department Relief Association (the Association). As of December 31, 2022, the plan covered 32 active firefighters and 4 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

Twenty Year Service Pension

Prior to April 1997, each member who is at least 50 years of age, has retired from the Fire Department, has served at least twenty years of active service with such department before retirement, and has been a member of the Relief Association in good standing at least ten years prior to such retirement shall be entitled to receive either a monthly lifetime service pension or a defined benefit lump sum pension. After April 1997, each member shall be entitled to receive a defined benefit lump sum pension.

Monthly service pensions shall be \$410 per month. Defined benefit service pensions per year of service shall be \$7,500. The maximum service pension shall not exceed the maximum service pension amount permitted under the flexible pension maximums pursuant to Minnesota Statute Section 424A.02, Subdivision 3. Member who choose the lump sum receive no additional interest accrual.

Ten Year Service but Less than Twenty Year Service

Each member who is at least 50 years of age; who has retired from the Fire Department; who has served at least five years of active service with such department before retirement but has not served at least 20 years of active service; and, who has been a member of the Relief Association in good standing at least ten years prior to such retirement, shall be entitled to either a pro-rated monthly service pension or a pro-rated lump sum service pension based on the percentages in the following table:

<u>More Than</u>	but	<u>Less Than</u>	
5 years		6 years	40%
6		7	44
7		8	48
8		9	52
9		10	56
10		11	60
11		12	64
12		13	68
13		14	72
14		15	76
15		16	80
16		17	84
17		18	88
18		19	92
19		20	96
20			100

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 11: Defined Benefit Pension Plans - Fire Relief Association (Continued)

The payment amount will be calculated by using the amount payable per year of service in effect at the time of such early retirement, multiplied by the number of accumulated years of service, multiplied by the appropriate percentage as defined above.

During the time a member is on early-vested pension, he or she will not be eligible for disability benefits.

Survivors Benefit

Prior to April 1997, if any active vested or deferred member dies leaving an eligible surviving spouse, they shall receive a monthly pension for a guaranteed fifteen year period. After April 1997, an eligible surviving spouse shall receive a lump sum payment calculated in accordance with the by-laws. If there is no surviving spouse, then the deceased member's designated beneficiary or their estate would receive the payment.

A surviving spouse of a member receiving a monthly pension shall receive 50% of the member's monthly benefit, based on the date of death.

Permanent Disability

If any member of the Relief Association contracts sickness or injury, which incapacitates the member from attending to their business, from causes outside or within their line of duty, and a physician's report shows that the member is unable to perform their duties, then they are entitled to their full accrued lump sum benefit, payable immediately.

Temporary Disability

Any member of the Relief Association who becomes temporarily incapacitated from attending to their business due to illness of injury, sustained in the performance of such business, and is unable to work for a period of one week or longer, shall be paid a benefit of \$5 per day for a period of no longer than 120 days in any one fiscal year, providing the member is under the care of a physician or doctor during this period.

Death Benefit

Upon the death of any active or deferred member, the beneficiaries of the deceased member shall be paid a death benefit in an amount equivalent to the accrued service pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$230,795 of fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2022, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2022 were \$42,580. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 11: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2023, the City reported a net pension liability (asset) of \$660,527 for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2022. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2022	\$ 3,016,392	\$ 2,688,204	\$ 328,188
Changes for the Year			
Service cost	127,784	-	127,784
Interest	143,544	-	143,544
Contributions - state and local	-	42,580	(42,580)
Contributions - member	-	230,795	(230,795)
Net investment income	-	(323,036)	323,036
Benefit payments	(546,601)	(546,601)	-
Administrative expense	-	(11,350)	11,350
Total Net Changes	(275,273)	(607,612)	332,339
Ending Balance December 31, 2022	\$ 2,741,119	\$ 2,080,592	\$ 660,527

For the year ended December 31, 2023, the City recognized pension expense \$141,870.

At December 31, 2023, the City reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 30,540	\$ 78,992
Changes in Actuarial Assumptions	23,374	182
Net Difference Between Projected and Actual Earnings on Plan Investments	360,266	148,391
Contributions to Plan Subsequent to the Measurement Date	273,375	-
Total	\$ 687,555	\$ 227,565

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 11: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling \$273,375 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ (16,696)
2025	43,225
2026	70,018
2027	90,068

E. Actuarial Assumptions

The total pension liability at December 31, 2023 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation Rate	3.00%
Investment Rate of Return	5.00%
Discount Rate	5.00%

F. Discount Rate

The discount rate used to measure the total pension liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (4.0%)</u>	<u>Current (5.0%)</u>	<u>1 Percent Increase (6.0%)</u>
Defined Benefit Plan	\$ 839,065	\$ 660,527	\$ 497,266

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 11: Defined Benefit Pension Plans - Fire Relief Association (Continued)

H. Asset Allocation

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Stock & Mutual Funds	60.00 %	5.20 %
Fixed Income	30.00	0.60
Other	5.00	0.60
Cash	5.00	-
Total	<u>100.00 %</u>	

I. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Chanhassen Firefighters Relief Association, PO Box 97, 7610 Laredo Drive, Chanhassen, MN 55317.

Note 12: Postemployment Benefits Other than Pensions

A. Plan Description

The City operates a single-employer retiree benefit plan ("the Plan") that provides health, life, and dental insurance to eligible employees and their families through the City's health insurance plan. The full cost of the benefits is covered by the plan. Benefit and eligibility provisions are established through negotiations between the City and various unions representing City employees and are renegotiated at the end of each agreement. The Plan does not issue a publicly available report and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

At December 31, 2023, the following employee were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3
Active Plan Members	<u>84</u>
Total Plan Members	<u>87</u>

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 12: Postemployment Benefits Other than Pensions (Continued)

B. Benefits Provided

Retirees

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Employees who satisfy the rule of 80 or attain age 55 and have completed 10 years of service at termination can immediately commence medical benefits. Retirees may obtain dependent coverage while the participating retiree is under age 65. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

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

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$255,651 was measured as of December 31, 2023, and was determined by an actuarial valuation as of January 1, 2024.

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
Expected Long-term Investment Return	N/A
20-year Municipal Bond Yield	4.00%
Inflation Rate	3.00%
Medical Trend Rate	8.0% in 2023, trending down 0.5% every year after to an ultimate rate of 4.5%

The discount rate used to measure the total OPEB liability was 4.00 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projected scale MP-2021.

The actuarial assumptions used in the January 1, 2024 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 12: Postemployment Benefits Other than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2022	<u>\$ 168,712</u>
Changes for the Year:	
Service cost	14,008
Interest	7,514
Differences between expected and actual experience	68,691
Changes in assumptions	13,672
Benefit payments	<u>(16,946)</u>
Net Changes	<u>86,939</u>
Balances at December 31, 2023	<u><u>\$ 255,651</u></u>

Since the prior measurement date, the following assumptions changed:

- The discount rate changed from 4.31% to 4.00%.
- Health care cost trend rate changed from 7.50% decreasing to 4.50% to 8.00% decreasing to 4.50%.

Since the prior measurement date, the following benefit terms changed:

- None noted for 2023.

E. OPEB Liability Sensitivity

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00 percent) or 1-percentage point higher (5.00 percent) than the current discount rate:

1 Percent Decrease (3.00%)	Current (4.00%)	1 Percent Increase (5.00%)
\$ 269,099	\$ 255,651	\$ 243,057

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rate that is 1-percentage point lower (7.00 percent decreasing to 3.50 percent) or 1-percentage point higher (9.00 percent decreasing to 5.50 percent) than the current cost trend rate:

1 Percent Decrease (7.00% decreasing to 3.50%)	Health Care Trend Rates (8.00% decreasing to 4.50%)	1 Percent Increase (9.00% decreasing to 5.50%)
\$ 238,692	\$ 255,651	\$ 275,138

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 12: Postemployment Benefits Other than Pensions (Continued)

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$18,940. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,059	\$ 53,975
Changes in Actuarial Assumptions	29,182	15,680
Total	<u>\$ 90,241</u>	<u>\$ 69,655</u>

Deferred outflows of resources related to OPEB resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2024	\$ (2,582)
2025	(2,582)
2026	(2,582)
2027	(1,766)
2028	5,999
Thereafter	(17,073)

Note 13: Other Information

A. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments.

B. 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

City of Chanhassen, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 13: Other Information (Continued)

C. Tax Abatements

The City occasionally provides tax abatements pursuant to Minnesota Statutes Sections 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The City has two tax increment districts, which have outstanding pay-as-you-go revenue notes. The notes are not a general obligation of the City and is payable solely from available tax increments. Accordingly, the notes are not reflected in the financial statements of the City. Details of the pay-as-you-go revenue notes are as follows:

Tax Increment Revenue Note (Frontier Redevelopment) - issued in 2020 in the principal sum of \$1,300,000 with an interest rate of 5.0% per annum. Principal and interest payments shall be paid commencing August 1, 2020, and each February 1 and August 1 thereafter to and including February 1, 2045. Payments are payable solely from tax increments, which shall mean 95% of the tax increments derived from the tax increment property and received by the City. The payment reimburses the developer for street, utilities, right-of-way, land acquisition, and other public improvements. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2045. Current year abatement (TIF note payments) amount to \$242,497. At December 31, 2023, the principal amount outstanding on the note was \$492,390.

Tax Increment Revenue Note (Lakes at Chanhassen LLC) - issued in 2023 in the principal sum of \$3,065,000 with no interest. Principal and interest payments shall be paid commencing August 1, 2023, and each February 1 and August 1 thereafter to and including February 1, 2042. Payments are payable solely from tax increments, which shall mean 90% of the tax increments derived from the tax increment property and received by the City. The payment reimburses the developer for the construction of affordable housing. The City shall have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2042.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Chanhassen, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0819 %	\$ 4,579,756	\$ 126,161	\$ 4,705,917	\$ 7,953,077	57.6 %	83.1 %
06/30/22	0.0830	6,573,627	192,870	6,766,497	6,220,584	108.8	76.7
06/30/21	0.0768	3,279,704	100,098	3,379,802	5,527,150	61.1	87.0
06/30/20	0.0741	4,442,634	137,022	4,579,656	5,283,373	86.7	79.1
06/30/19	0.0727	4,019,420	124,828	4,144,248	5,143,989	80.6	80.2
06/30/18	0.0760	4,216,168	138,310	4,354,478	5,110,253	85.2	79.5
06/30/17	0.0751	4,794,334	60,265	4,854,599	4,836,519	100.4	75.9
06/30/16	0.0759	6,162,704	80,496	6,243,200	4,708,444	132.6	68.9
06/30/15	0.0791	4,099,373	-	4,099,373	4,651,703	88.1	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 490,256	\$ 490,256	\$ -	\$ 6,536,751	7.5 %
12/31/22	477,007	477,007	-	6,360,066	7.5
12/31/21	438,328	438,328	-	5,844,364	7.5
12/31/20	409,847	409,847	-	5,464,626	7.5
12/31/19	390,082	390,082	-	5,201,071	7.5
12/31/18	383,686	383,686	-	5,115,814	7.5
12/31/17	371,824	371,824	-	4,957,652	7.5
12/31/16	358,611	358,611	-	4,781,489	7.5
12/31/15	346,881	346,881	-	4,625,080	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the plan on October 1, 2023. The vesting period of those hired after June 30, 2010 was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - There were no changes in plan provisions since the previous valuation.

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

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability – Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.0506 %	\$ 873,796	\$ 35,172	\$ 908,968	\$ 1,274,564	68.6 %	86.5 %
06/30/22	0.0319	1,388,162	60,654	1,448,816	387,508	358.2	70.5
06/30/21	0.0220	169,817	7,638	177,455	260,290	65.2	93.7
06/30/20	0.0200	263,621	137,022	400,643	225,631	116.8	87.2
06/30/19	0.0205	218,243	-	218,243	216,056	101.0	89.3
06/30/18	0.0193	205,718	-	205,718	203,653	101.0	88.8
06/30/17	0.0190	256,523	-	256,523	194,526	131.9	85.4
06/30/16	0.0190	762,503	-	762,503	186,408	409.1	63.9
06/30/15	0.0200	227,247	-	227,247	180,370	126.0	86.6

Note: Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's Share of PERA Contributions – Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	\$ 135,550	\$ 135,550	\$ -	\$ 765,817	17.7 %
12/31/22	86,742	86,742	-	490,067	17.7
12/31/21	55,996	55,996	-	316,363	17.7
12/31/20	40,530	40,530	-	228,980	17.7
12/31/19	37,761	37,761	-	222,780	16.9
12/31/18	33,511	33,511	-	206,857	16.2
12/31/17	32,612	32,612	-	201,307	16.2
12/31/16	30,790	30,790	-	190,064	16.2
12/31/15	29,647	29,647	-	183,006	16.2

Note: Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information – Police and Fire Fund (Continued)

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2023 - Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2023 (Fire Relief Report Date 2022)	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2020)	2019 (Fire Relief Report Date 2019)	2018 (Fire Relief Report Date 2018)	2017 (Fire Relief Report Date 2017)	2016 (Fire Relief Report Date 2016)	2015 (Fire Relief Report Date 2015)
Total Pension Liability									
Service cost	\$ 127,784	\$ 154,968	\$ 150,695	\$ 150,695	\$ 143,922	\$ 143,922	\$ 88,924	\$ 88,924	\$ 86,369
Interest	143,544	161,407	156,622	156,622	154,784	149,836	127,729	128,235	118,909
Changes of benefit terms							212,120	-	279,202
Differences between expected and actual experience	-	(126,365)	76,350	76,350	(79,049)	-	5,145	-	(5,328)
Changes of assumptions	-	233	58,144	58,144	(902)	(1,074)	231,636	(203)	-
Benefit payments, including refunds of employee contributions	<u>(546,601)</u>	<u>(494,030)</u>	<u>(206,737)</u>	<u>(206,737)</u>	<u>(170,835)</u>	<u>(216,595)</u>	<u>(340,243)</u>	<u>(113,883)</u>	<u>(470,743)</u>
Net Change in Total Pension Liability	(275,273)	(303,787)	235,074	235,074	47,920	76,089	325,311	103,073	8,409
Total Pension Liability - January 1	3,016,392	3,320,179	3,085,105	3,085,105	3,037,185	2,961,096	2,635,785	2,532,712	2,524,303
Total Pension Liability - December 31 (A)	<u>\$ 2,741,119</u>	<u>\$ 3,016,392</u>	<u>\$ 3,320,179</u>	<u>\$ 3,320,179</u>	<u>\$ 3,085,105</u>	<u>\$ 3,037,185</u>	<u>\$ 2,961,096</u>	<u>\$ 2,635,785</u>	<u>\$ 2,532,712</u>
Plan Fiduciary Net Position									
Contributions - employer	\$ 42,580	\$ -	\$ 31,957	\$ 31,957	\$ 47,399	\$ 54,749	\$ -	\$ -	\$ 37,571
Contributions - state	230,795	211,227	203,495	203,495	190,045	184,695	181,554	177,831	177,784
Net investment income	(323,036)	231,675	237,593	237,593	328,474	(130,928)	306,593	158,581	(105,958)
Benefit payments, including refunds of employee contributions	(546,601)	(494,030)	(206,737)	(206,737)	(170,835)	(216,595)	(340,243)	(113,883)	(470,743)
Administrative expense	(11,350)	(19,800)	(16,000)	(16,000)	(16,386)	(17,350)	(14,875)	(16,972)	(7,225)
Other	<u>-</u>	<u>(20,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,900</u>	<u>500</u>	<u>-</u>
Other	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(607,612)	(91,871)	250,308	250,308	378,697	(125,429)	162,929	206,057	(368,571)
Plan Fiduciary Net Position - January 1	2,688,204	2,780,075	2,529,767	2,529,767	2,151,070	2,276,499	2,113,570	1,907,513	2,276,084
Plan Fiduciary Net Position - December 31 (B)	<u>\$ 2,080,592</u>	<u>\$ 2,688,204</u>	<u>\$ 2,780,075</u>	<u>\$ 2,780,075</u>	<u>\$ 2,529,767</u>	<u>\$ 2,151,070</u>	<u>\$ 2,276,499</u>	<u>\$ 2,113,570</u>	<u>\$ 1,907,513</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	<u>\$ 660,527</u>	<u>\$ 328,188</u>	<u>\$ 540,104</u>	<u>\$ 540,104</u>	<u>\$ 555,338</u>	<u>\$ 886,115</u>	<u>\$ 684,597</u>	<u>\$ 522,215</u>	<u>\$ 625,199</u>
Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability (B/A)	75.90%	89.12%	83.73%	83.73%	82.00%	70.82%	76.88%	80.19%	75.32%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Beginning in 2021, the City's net pension liability was measured using a one-year lookback option.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information – Fire Relief Association

Changes in Actuarial Assumptions

2023 - No changes since prior report.

2022 - The mortality table used to measure funding liability has been changed from SOA Public Safety-2010 Mortality with the MP-2019 Mortality Improvement Scale to the PubS-2010 Mortality Table Projected Generationally from 2010 with the MP-2020 Mortality Improvement Scale.

2020 - The mortality assumption was updated from the PubS-2010 Mortality Table Projected Generationally from 2010 with the MP-2019 Mortality Improvement Scale to the PubS-2010 Mortality Table Projected Generationally from 2010 with the MP-2020 Mortality Improvement Scale.

2019 - The mortality table used to measure funding liability has been changed from RP -2014 Sex Distinct Blue Collar Mortality with generational improvements beginning in 2006 (based on assumptions developed from the 2017 Social Security Trustees Report) to PubS-2010 Mortality with generational improvements projected beginning in 2010 based on SOA Scale MP-2019.

2018 - Mortality assumptions were determined using the RP-2014 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions from the Social Security Administration's 2018 trustees report. The mortality improvement scale used to measure liability has been changed from an improvement scale based on assumptions developed from the 2017 Social Security Trustees Report to an improvement scaled based on assumptions developed from the 2018 Social Security trustees Report. The base table (RP-2014 Blue Collar) and year in which improvements began (2006) remained unchanged. This results in a decrease in liability and service cost.

2017 - The mortality improvement scale has been changed from an improvement scale based on assumptions developed from the 2016 Social Security Trustees Report to an improvement scale based on assumptions developed from the 2017 Social Security Trustees Report. Disability rates have changed from 0.03% at age 20, grading to 0.33% at age 50 to Class 1 1985 Disability Rates. The lump sum benefit accrual amount has been projected to increase by 9.27% every three years (3% compounded each year).

2016 - As of December 31, 2016, the mortality assumption was changed to the RP-2014 Blue Collar Mortality with fully generational improvements from 2006 based on assumptions from the Social Security Administration's 2016 trustees report.

City of Chanhassen, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Employer Contributions (b)	State of MN Contributions (c)	Contribution Deficiency (Excess) (a-b-c)
12/31/23	\$ 190,629	\$ 42,580	\$ 190,629	(42,580)
12/31/22	233,452	-	211,227	22,225
12/31/21	233,452	31,957	203,495	(2,000)
12/31/20	233,452	31,957	203,495	(2,000)
12/31/19	236,444	47,399	190,045	(1,000)
12/31/18	236,444	54,749	184,695	(3,000)
12/31/17	171,760	-	181,554	(9,794)
12/31/16	171,760	-	177,831	(6,071)
12/31/15	142,501	37,571	177,784	(72,854)

Beginning in 2021, the City's net pension liability was measured using a one-year lookback option.

Note: Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 14,008	\$ 18,755	\$ 15,307	\$ 13,504	\$ 13,547	\$ 14,388
Interest	7,514	4,381	3,785	5,463	8,738	7,032
Differences between expected and actual experience	68,691	(9,225)	(6,405)	(12,888)	(82,370)	-
Changes in assumptions	13,672	(17,614)	8,015	9,168	16,736	(7,402)
Benefit payments	(16,946)	(7,075)	(8,835)	(3,343)	-	(9,869)
Net Change in Total OPEB Liability	86,939	(10,778)	11,867	11,904	(43,349)	4,149
Total OPEB Liability - Beginning	168,712	179,490	167,623	155,719	199,068	194,919
Total OPEB Liability - Ending	<u>\$ 255,651</u>	<u>\$ 168,712</u>	<u>\$ 179,490</u>	<u>\$ 167,623</u>	<u>\$ 155,719</u>	<u>\$ 199,068</u>
Covered-Employee Payroll	\$ 7,499,619	\$ 6,720,515	\$ 6,422,681	\$ 5,270,695	\$ 5,270,695	\$ 5,151,178
City's total OPEB liability as a percentage of covered-employee payroll	3.4 %	2.5 %	2.8 %	3.2 %	3.0 %	3.9 %

Note: Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CHANHASSEN
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes.

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, interest, principal and related costs on general long-term debt.

CAPITAL PROJECT FUNDS

The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

City of Chanhassen, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and investments	\$ 439,525	\$ 2,250,918	\$ 3,896,620	\$ 6,587,063
Receivables				
Accounts	9,683	-	89,047	98,730
Accrued interest	2,159	10,860	17,916	30,935
Taxes	-	2,400	6,535	8,935
Special assessments	-	316,443	-	316,443
Due from other governments	-	-	239,786	239,786
Prepaid items	-	-	15,400	15,400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 451,367</u></u>	<u><u>\$ 2,580,621</u></u>	<u><u>\$ 4,265,304</u></u>	<u><u>\$ 7,297,292</u></u>
Liabilities				
Accounts payable	\$ 3,604	\$ 500,250	\$ 600,319	\$ 1,104,173
Contracts payable	-	-	165,347	165,347
Due to other governments	-	-	10,679	10,679
Due to other funds	-	-	851,263	851,263
Total Liabilities	<u>3,604</u>	<u>500,250</u>	<u>1,627,608</u>	<u>2,131,462</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	316,443	-	316,443
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	-	-	15,400	15,400
Restricted for				
Communications	43,837	-	-	43,837
Public safety	59,279	-	-	59,279
Debt service	-	700,631	-	700,631
Capital projects	-	-	848,781	848,781
Tax increments	-	-	39,192	39,192
Committed	344,647	-	-	344,647
Assigned	-	1,063,297	2,736,498	3,799,795
Unassigned	-	-	(1,002,175)	(1,002,175)
Total Fund Balances	<u>447,763</u>	<u>1,763,928</u>	<u>2,637,696</u>	<u>4,849,387</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 451,367</u></u>	<u><u>\$ 2,580,621</u></u>	<u><u>\$ 4,265,304</u></u>	<u><u>\$ 7,297,292</u></u>

City of Chanhassen, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2023

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Taxes	\$ -	\$ 482,000	\$ 1,314,000	\$ 1,796,000
Tax increments	-	-	282,067	282,067
Licenses and permits	-	-	424,099	424,099
Intergovernmental	-	-	1,412,480	1,412,480
Charges for services	1,900	-	-	1,900
Special assessments	-	8,730	-	8,730
Investment earnings	21,766	95,551	155,013	272,330
Miscellaneous				
Contributions and donations	63,828	-	-	63,828
Refunds and reimbursements	-	-	91,478	91,478
Other	-	-	8,400	8,400
Total Revenues	<u>87,494</u>	<u>586,281</u>	<u>3,687,537</u>	<u>4,361,312</u>
Expenditures				
Current				
General government	42,489	120,350	-	162,839
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay				
General government	-	-	1,496,187	1,496,187
Public safety	32,085	-	272,048	304,133
Public works	-	-	2,320,349	2,320,349
Culture and recreation	-	-	830,158	830,158
Community development	-	-	273,621	273,621
Debt service				
Principal	-	385,000	210,208	595,208
Interest and other charges	-	70,424	55,103	125,527
Total Expenditures	<u>74,574</u>	<u>575,774</u>	<u>5,457,674</u>	<u>6,108,022</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,920</u>	<u>10,507</u>	<u>(1,770,137)</u>	<u>(1,746,710)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	293,907	293,907
Transfers in	-	-	613,623	613,623
Issuance of leases	-	-	506,576	506,576
Transfers out	(45,000)	-	(200,000)	(245,000)
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>-</u>	<u>1,214,106</u>	<u>1,169,106</u>
Net Change in Fund Balances	(32,080)	10,507	(556,031)	(577,604)
Fund Balances, January 1	<u>479,843</u>	<u>1,753,421</u>	<u>3,193,727</u>	<u>5,426,991</u>
Fund Balances, December 31	<u>\$ 447,763</u>	<u>\$ 1,763,928</u>	<u>\$ 2,637,696</u>	<u>\$ 4,849,387</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Charitable Gambling Fund - This fund accounts for the proceeds that the City receives from charitable gambling. The City collects 10% of the net profits from lawful gambling within City boundaries. Per state statute, the fund is used for equipment and training for the City's fire department.

Cemetery Fund - The City owns and operates a municipal cemetery. This fund accounts for all plot fees and maintenance of the cemetery.

Cable TV Fund - The City has had a franchise agreement with Mediacom for several years. Cable franchise fees were accounted for in this fund until 2023, when they were moved to the General Fund. The City previously collected PEG fees from Mediacom. The remaining PEG fees balance in this fund are restricted solely to improving public broadcasting capabilities, studio improvements, and other capital expenditures improving the overall cable system. The assigned fund balance in this fund is used for other communications operating and capital expenditures.

City of Chanhassen, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	201 Charitable Gambling	202 Cemetery	210 Cable TV	Total
Assets				
Cash and investments	\$ 50,800	\$ 64,283	\$ 324,442	\$ 439,525
Receivables				
Accounts	9,683	-	-	9,683
Accrued interest	255	315	1,589	2,159
	<u>255</u>	<u>315</u>	<u>1,589</u>	<u>2,159</u>
Total Assets	<u>\$ 60,738</u>	<u>\$ 64,598</u>	<u>\$ 326,031</u>	<u>\$ 451,367</u>
Liabilities				
Accounts payable	\$ 1,459	\$ -	\$ 2,145	\$ 3,604
	<u>1,459</u>	<u>-</u>	<u>2,145</u>	<u>3,604</u>
Fund Balances				
Restricted for				
Communications	-	-	43,837	43,837
Public safety	59,279	-	-	59,279
Committed	-	64,598	280,049	344,647
	<u>-</u>	<u>64,598</u>	<u>280,049</u>	<u>344,647</u>
Total Fund Balances	<u>59,279</u>	<u>64,598</u>	<u>323,886</u>	<u>447,763</u>
	<u>59,279</u>	<u>64,598</u>	<u>323,886</u>	<u>447,763</u>
Total Liabilities and Fund Balances	<u>\$ 60,738</u>	<u>\$ 64,598</u>	<u>\$ 326,031</u>	<u>\$ 451,367</u>

City of Chanhassen, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	201 Charitable Gambling	202 Cemetery	210 Cable TV	Total
Revenues				
Charges for services	\$ -	\$ 1,900	\$ -	\$ 1,900
Investment earnings	1,979	2,944	16,843	21,766
Miscellaneous revenues				
Contributions	63,203	625	-	63,828
Total Revenues	<u>65,182</u>	<u>5,469</u>	<u>16,843</u>	<u>87,494</u>
Expenditures				
Current				
General government	-	954	41,535	42,489
Capital outlay				
Public safety	32,085	-	-	32,085
Total Expenditures	<u>32,085</u>	<u>954</u>	<u>41,535</u>	<u>74,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,097	4,515	(24,692)	12,920
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>
Net Change in Fund Balances	33,097	4,515	(69,692)	(32,080)
Fund Balances, January 1	<u>26,182</u>	<u>60,083</u>	<u>393,578</u>	<u>479,843</u>
Fund Balances, December 31	<u>\$ 59,279</u>	<u>\$ 64,598</u>	<u>\$ 323,886</u>	<u>\$ 447,763</u>

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NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are maintained on the modified accrual basis of accounting for revenues from taxes and other sources set aside for the payment of the debt obligations of the City. Principal and interest on the general long-term debt is recognized when due.

Permanent Revolving Debt - This fund is used to account for excess resources from matured bond issues.

General Obligation Bond Funds - These funds are used to account for the accumulation of resources for payment of general obligation bonds or other general indebtedness and the interest thereon.

City of Chanhassen, Minnesota

Debt Service Funds

Combining Balance Sheet

December 31, 2023

	300	368	370	
	Permanent	2009A G.O.	2016A G.O.	Total
	Revolving Debt	Refunding Bonds	Refunding Bonds	
Assets				
Cash and investments	\$ 715,766	\$ 840,238	\$ 694,914	\$ 2,250,918
Receivables				
Accrued interest	3,470	4,073	3,317	10,860
Taxes	-	-	2,400	2,400
Special assessments	5,321	311,122	-	316,443
	<u>5,321</u>	<u>311,122</u>	<u>-</u>	<u>316,443</u>
Total Assets	<u>\$ 724,557</u>	<u>\$ 1,155,433</u>	<u>\$ 700,631</u>	<u>\$ 2,580,621</u>
Liabilities				
Accounts payable	\$ -	\$ 500,250	\$ -	\$ 500,250
	<u>-</u>	<u>500,250</u>	<u>-</u>	<u>500,250</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	5,321	311,122	-	316,443
	<u>5,321</u>	<u>311,122</u>	<u>-</u>	<u>316,443</u>
Fund Balances				
Restricted for debt service	-	-	700,631	700,631
Assigned	719,236	344,061	-	1,063,297
Total Fund Balances	<u>719,236</u>	<u>344,061</u>	<u>700,631</u>	<u>1,763,928</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 724,557</u>	<u>\$ 1,155,433</u>	<u>\$ 700,631</u>	<u>\$ 2,580,621</u>

City of Chanhassen, Minnesota
Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	300	368	370	
	Permanent	2009A G.O.	2016A G.O.	Total
	Revolving Debt	Refunding	Refunding	
		Bonds	Bonds	
Revenues				
Property taxes	\$ -	\$ -	\$ 482,000	\$ 482,000
Special assessments	8,730	-	-	8,730
Investment earnings	32,794	38,581	24,176	95,551
Miscellaneous	-	-	-	-
Total Revenues	<u>41,524</u>	<u>38,581</u>	<u>506,176</u>	<u>586,281</u>
Expenditures				
Current				
General government	-	120,000	350	120,350
Debt service				
Principal	-	-	385,000	385,000
Interest and other	-	-	70,424	70,424
Total Expenditures	<u>-</u>	<u>120,000</u>	<u>455,774</u>	<u>575,774</u>
Net Change in Fund Balances	41,524	(81,419)	50,402	10,507
Fund Balances, January 1	<u>677,712</u>	<u>425,480</u>	<u>650,229</u>	<u>1,753,421</u>
Fund Balances, December 31	<u>\$ 719,236</u>	<u>\$ 344,061</u>	<u>\$ 700,631</u>	<u>\$ 1,763,928</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

400 Capital Equipment/Vehicle Fund - Accounts for the City's annual equipment purchases not related to the City's enterprise funds. The fund currently does include a property tax levy to support the annual purchases.

401 Park Renovation Fund - Accounts for replacement or repair of major park equipment/infrastructure, including playgrounds, picnic shelters, hockey rinks, bridges, fences, walls, etc. The maintenance and replacement schedule is an ongoing endeavor that will be updated as new investments are made or aging structures are removed.

402 Capital Facilities Fund - Accounts for the City's expenditures related to the City's facilities, except for those related to the enterprise funds. The fund currently does include a property tax levy to support projects.

410 Park Development Fund - Accounts for park dedication fees as required by the City ordinance and Minnesota State Statute. These funds are then utilized to finance park and trail improvements identified in the park and recreation section of the City's comprehensive plan.

414 Civic Campus Fund - Accounts for the City's expenditures related to the City's Civic Campus project. The fund opened in 2023 when expenditures for the project began.

420 Transportation Infrastructure Management - Accounts for trail construction and certain maintenance costs of local streets such as sealcoating, patching, and inspections.

480 TIF #11 - Accounts for tax increment financing for the downtown district, TIF #11 - Frontier Development #2.

481 TIF #12 - Accounts for tax increment financing for TIF #12 - Lake Place Senior Apt.

605 TH101 Improvements - Accounts for the City's expenditures related to TH101 Improvements.

City of Chanhassen, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2023

	400 Capital Equipment/ Vehicle	401 Park Renovation	402 Capital Facilities	410 Park Development	414 Civic Campus
Assets					
Cash and investments	\$ 1,368,023	\$ 168,942	\$ 312,982	\$ 861,342	\$ 2,201
Receivables					
Accounts	89,047	-	-	-	-
Accrued interest	6,606	828	1,491	3,119	-
Taxes	3,059	-	771	-	-
Due from other governments	-	-	-	69	-
Prepaid items	15,400	-	-	-	-
Total Assets	\$ 1,482,135	\$ 169,770	\$ 315,244	\$ 864,530	\$ 2,201
Liabilities					
Accounts payable	\$ 17,997	\$ -	\$ 107,810	\$ 5,070	\$ 152,464
Contracts payable	-	-	-	-	-
Due to other governments	-	-	-	10,679	-
Due to other funds	-	-	-	-	825,000
Total Liabilities	17,997	-	107,810	15,749	977,464
Fund Balances					
Nonspendable	15,400	-	-	-	-
Restricted for					
Capital projects	-	-	-	848,781	-
Tax increments	-	-	-	-	-
Assigned for					
Capital projects	1,448,738	169,770	207,434	-	-
Unassigned	-	-	-	-	(975,263)
Total Fund Balances	1,464,138	169,770	207,434	848,781	(975,263)
Total Liabilities and Fund Balances	\$ 1,482,135	\$ 169,770	\$ 315,244	\$ 864,530	\$ 2,201

420 Transportation Infrastructure Management	480 Frontier Development TIF #11	481 Lake Place Senior Apt TIF #12	605 TH101 Improvements	Total
\$ 1,002,917	\$ 159,667	\$ 11,365	\$ 9,181	\$ 3,896,620
-	-	-	-	89,047
4,877	774	49	172	17,916
2,705	-	-	-	6,535
-	-	-	239,717	239,786
-	-	-	-	15,400
<u>\$ 1,010,499</u>	<u>\$ 160,441</u>	<u>\$ 11,414</u>	<u>\$ 249,070</u>	<u>\$ 4,265,304</u>
\$ 180,659	\$ 121,249	\$ 12,063	\$ 3,007	\$ 600,319
-	-	-	165,347	165,347
-	-	-	-	10,679
-	-	26,263	-	851,263
<u>180,659</u>	<u>121,249</u>	<u>38,326</u>	<u>168,354</u>	<u>1,627,608</u>
-	-	-	-	15,400
-	-	-	-	848,781
-	39,192	-	-	39,192
829,840	-	-	80,716	2,736,498
-	-	(26,912)	-	(1,002,175)
<u>829,840</u>	<u>39,192</u>	<u>(26,912)</u>	<u>80,716</u>	<u>2,637,696</u>
<u>\$ 1,010,499</u>	<u>\$ 160,441</u>	<u>\$ 11,414</u>	<u>\$ 249,070</u>	<u>\$ 4,265,304</u>

City of Chanhassen, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2023

	400	401	402	410	414
	Capital Equipment/ Vehicle	Park Renovation	Capital Facilities	Park Development	Civic Campus
Revenues					
Taxes					
General property	\$ 615,000	\$ -	\$ 155,000	\$ -	\$ -
Tax increment	-	-	-	-	-
Intergovernmental					
Other	-	-	-	-	-
Licenses and permits	-	-	-	424,099	-
Investment earnings	66,789	6,712	8,219	23,704	-
Miscellaneous					
Refunds and reimbursements	16,758	-	-	74,720	-
Other	3,400	5,000	-	-	-
Total Revenues	<u>701,947</u>	<u>11,712</u>	<u>163,219</u>	<u>522,523</u>	<u>-</u>
Expenditures					
Capital outlay					
General government	520,924	-	-	-	975,263
Public safety	42,540	-	229,508	-	-
Public works	371,809	-	-	-	-
Culture and recreation	300,471	261,156	24,908	243,623	-
Community development	-	-	-	-	-
Debt service					
Principal	113,898	-	-	96,310	-
Interest and other charges	55,103	-	-	-	-
Total Expenditures	<u>1,404,745</u>	<u>261,156</u>	<u>254,416</u>	<u>339,933</u>	<u>975,263</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(702,798)</u>	<u>(249,444)</u>	<u>(91,197)</u>	<u>182,590</u>	<u>(975,263)</u>
Other Financing Sources (Uses)					
Sale of capital assets	293,907	-	-	-	-
Transfers in	-	170,000	200,000	243,623	-
Issuance of leases	506,576	-	-	-	-
Transfers out	(200,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>600,483</u>	<u>170,000</u>	<u>200,000</u>	<u>243,623</u>	<u>-</u>
Net Changes in Fund Balances	(102,315)	(79,444)	108,803	426,213	(975,263)
Fund Balances, January 1	<u>1,566,453</u>	<u>249,214</u>	<u>98,631</u>	<u>422,568</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,464,138</u>	<u>\$ 169,770</u>	<u>\$ 207,434</u>	<u>\$ 848,781</u>	<u>\$ (975,263)</u>

420 Transportation Infrastructure Management	480 Frontier Development TIF #11	481 Lake Place Senior Apt TIF #12	605 TH101 Improvements	Total
\$ 544,000	\$ -	\$ -	\$ -	\$ 1,314,000
-	255,261	26,806	-	282,067
-	-	-	1,412,480	1,412,480
-	-	-	-	424,099
42,348	3,767	190	3,284	155,013
-	-	-	-	91,478
-	-	-	-	8,400
<u>586,348</u>	<u>259,028</u>	<u>26,996</u>	<u>1,415,764</u>	<u>3,687,537</u>
-	-	-	-	1,496,187
-	-	-	-	272,048
536,060	-	-	1,412,480	2,320,349
-	-	-	-	830,158
-	244,416	29,205	-	273,621
-	-	-	-	210,208
-	-	-	-	55,103
<u>536,060</u>	<u>244,416</u>	<u>29,205</u>	<u>1,412,480</u>	<u>5,457,674</u>
<u>50,288</u>	<u>14,612</u>	<u>(2,209)</u>	<u>3,284</u>	<u>(1,770,137)</u>
-	-	-	-	293,907
-	-	-	-	613,623
-	-	-	-	506,576
-	-	-	-	(200,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,106</u>
50,288	14,612	(2,209)	3,284	(556,031)
<u>779,552</u>	<u>24,580</u>	<u>(24,703)</u>	<u>77,432</u>	<u>3,193,727</u>
<u>\$ 829,840</u>	<u>\$ 39,192</u>	<u>\$ (26,912)</u>	<u>\$ 80,716</u>	<u>\$ 2,637,696</u>

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City of Chanhassen, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property	\$ 10,749,000	\$ 10,749,000	\$ 10,689,452	\$ (59,548)	\$ 10,245,765
Franchise fees					
Cable franchise fee	154,000	154,000	143,187	(10,813)	-
Licenses and permits					
General government	2,450	2,450	2,250	(200)	2,375
Public safety	1,506,025	1,506,025	1,464,355	(41,670)	1,481,103
Public works	58,500	58,500	43,204	(15,296)	58,025
Community development	12,500	12,500	18,715	6,215	15,220
Total licenses and permits	1,579,475	1,579,475	1,528,524	(50,951)	1,556,723
Intergovernmental					
Federal					
Grants	-	-	14	14	22,196
State					
Local performance aid	-	-	3,624	3,624	-
Fire aid	237,795	237,795	274,005	36,210	233,815
Police aid	150,000	150,000	165,460	15,460	142,005
County					
Other county grants	-	-	7,500	7,500	4,409
Local					
Miscellaneous	60,000	60,000	70,983	10,983	93,612
Total intergovernmental	447,795	447,795	521,586	73,791	496,037
Charges for services					
General government	385,400	385,400	405,564	20,164	439,683
Public safety	3,000	3,000	4,650	1,650	1,200
Public works	100,100	100,100	23,220	(76,880)	81,054
Culture and recreation	452,900	452,900	567,159	114,259	510,510
Community development	20,500	20,500	25,528	5,028	18,145
Total charges for services	961,900	961,900	1,026,121	64,221	1,050,592
Fines and forfeitures	75,000	75,000	76,295	1,295	69,173
Investment earnings (loss)	140,000	140,000	467,266	327,266	(401,256)
Miscellaneous revenues					
Contributions and donations	26,100	26,100	24,032	(2,068)	20,785
Refunds and reimbursements	23,800	23,800	77,362	53,562	79,355
Other	6,000	6,000	23,561	17,561	13,962
Total miscellaneous	55,900	55,900	124,955	69,055	114,102
Total revenues	14,163,070	14,163,070	14,577,386	414,316	13,131,136

City of Chanhassen, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City council					
Personnel services	\$ 35,214	\$ 35,214	\$ 36,908	\$ (1,694)	\$ 33,750
Other services and charges	62,800	62,800	96,707	(33,907)	88,190
Total city council	98,014	98,014	133,615	(35,601)	121,940
Administration					
Personnel services	495,752	495,752	460,932	34,820	449,856
Supplies	35,000	35,000	58,246	(23,246)	876
Other services and charges	139,819	139,819	153,252	(13,433)	129,337
Total administration	670,571	670,571	672,430	(1,859)	580,069
Finance					
Personnel services	301,406	301,406	299,998	1,408	277,172
Supplies	100	100	240	(140)	331
Other services and charges	47,407	47,407	47,070	337	38,099
Total finance	348,913	348,913	347,308	1,605	315,602
Elections					
Personnel services	-	-	-	-	23,042
Supplies	-	-	-	-	1,727
Other services and charges	14,000	14,000	12,089	1,911	23,054
Total elections	14,000	14,000	12,089	1,911	47,823
Contracted central services					
Other services and charges	399,000	399,000	386,210	12,790	387,115
Total contracted central services	399,000	399,000	386,210	12,790	387,115
Information technology					
Personnel services	260,013	260,013	261,182	(1,169)	244,567
Supplies	322,404	322,404	292,241	30,163	252,379
Other services and charges	127,230	127,230	142,269	(15,039)	96,961
Total information technology	709,647	709,647	695,692	13,955	593,907
City hall					
Personnel services	69,714	69,714	59,285	10,429	57,576
Supplies	18,500	18,500	5,101	13,399	54,961
Other services and charges	299,800	299,800	293,347	6,453	362,847
Total city hall	388,014	388,014	357,733	30,281	475,384
Library					
Supplies	1,500	1,500	73	1,427	92
Other services and charges	131,600	131,600	211,563	(79,963)	130,400
Total library	133,100	133,100	211,636	(78,536)	130,492

City of Chanhassen, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Economic development					
Personnel services	\$ 167,484	\$ 167,484	\$ 165,739	\$ 1,745	\$ 56,118
Supplies	500	500	-	500	1,600
Other services and charges	11,262	11,262	5,755	5,507	3,114
Total economic development	179,246	179,246	171,494	7,752	60,832
Communication					
Personnel services	281,430	281,430	271,792	9,638	154,346
Supplies	57,188	57,188	41,745	15,443	-
Other services and charges	46,850	46,850	40,340	6,510	31,251
Total communication	385,468	385,468	353,877	31,591	185,597
Total general government	3,325,973	3,325,973	3,342,084	(16,111)	2,898,761
Public Safety					
Law enforcement					
Supplies	1,500	1,500	217	1,283	150
Other services and charges	2,168,272	2,168,272	2,060,478	107,794	1,870,532
Total law enforcement	2,169,772	2,169,772	2,060,695	109,077	1,870,682
Fire department					
Personnel services	1,741,204	1,741,204	1,613,717	127,487	1,340,124
Supplies	82,000	82,000	83,065	(1,065)	78,060
Other services and charges	174,320	174,320	139,469	34,851	159,067
Total fire department	1,997,524	1,997,524	1,836,251	161,273	1,577,251
Building permits & inspection					
Personnel services	875,145	875,145	869,316	5,829	843,823
Supplies	4,500	4,500	3,816	684	2,588
Other services and charges	70,020	70,020	50,186	19,834	45,502
Total building permits & inspection	949,665	949,665	923,318	26,347	891,913
Community service					
Supplies	-	-	-	-	270
Other services and charges	-	-	-	-	4,601
Total community service	-	-	-	-	4,871
Total public safety	5,116,961	5,116,961	4,820,264	296,697	4,344,717
Public works					
Engineering					
Personnel services	558,774	558,774	559,907	(1,133)	502,904
Supplies	9,000	9,000	22,862	(13,862)	7,107
Other services and charges	7,300	7,300	12,450	(5,150)	(3,176)
Total engineering	575,074	575,074	595,219	(20,145)	506,835

City of Chanhassen, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
G.I.S.					
Personnel services	\$ 70,300	\$ 70,300	\$ 69,935	\$ 365	\$ 66,525
Supplies	2,500	2,500	2,500	-	17,116
Other services and charges	21,160	21,160	16,894	4,266	(5,823)
Total G.I.S.	93,960	93,960	89,329	4,631	77,818
Street maintenance					
Personnel services	622,268	622,268	538,650	83,618	491,944
Supplies	133,000	133,000	230,858	(97,858)	125,401
Other services and charges	27,100	27,100	38,273	(11,173)	33,600
Total street maintenance	782,368	782,368	807,781	(25,413)	650,945
Street lighting					
Supplies	50,000	50,000	4,263	45,737	30,616
Other services and charges	445,500	445,500	428,467	17,033	452,979
Total street lighting	495,500	495,500	432,730	62,770	483,595
Fleet maintenance					
Personnel services	278,973	278,973	280,561	(1,588)	265,798
Supplies	183,100	183,100	155,256	27,844	164,922
Other services and charges	17,800	17,800	5,980	11,820	15,850
Total fleet maintenance	479,873	479,873	441,797	38,076	446,570
Public works operations					
Personnel services	105,004	105,004	102,602	2,402	98,639
Supplies	1,100	1,100	755	345	1,270
Other services and charges	70,790	70,790	50,825	19,965	107,718
Total public works operations	176,894	176,894	154,182	22,712	207,627
Total public works	2,603,669	2,603,669	2,521,038	82,631	2,373,390
Culture and recreation					
Park administration					
Personnel services	173,719	173,719	175,979	(2,260)	164,691
Supplies	204	204	139	65	406
Other services and charges	8,956	8,956	6,325	2,631	13,349
Total parks administration	182,879	182,879	182,443	436	178,446
Recreation center					
Personnel services	288,396	288,396	312,751	(24,355)	282,491
Supplies	35,450	35,450	17,504	17,946	16,128
Other services and charges	122,463	122,463	147,484	(25,021)	126,878
Total recreation center	446,309	446,309	477,739	(31,430)	425,497
Senior center					
Personnel services	100,378	100,378	99,842	536	93,126
Supplies	3,400	3,400	6,988	(3,588)	6,081
Other services and charges	42,110	42,110	41,996	114	41,855
Total senior center	145,888	145,888	148,826	(2,938)	141,062

City of Chanhassen, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Recreation programs					
Personnel services	\$ 306,742	\$ 306,742	\$ 296,922	\$ 9,820	\$ 284,998
Supplies	28,950	28,950	30,840	(1,890)	28,430
Other services and charges	151,525	151,525	160,184	(8,659)	141,233
Total recreation programs	<u>487,217</u>	<u>487,217</u>	<u>487,946</u>	<u>(729)</u>	<u>454,661</u>
Lake Ann Park					
Personnel services	14,084	14,084	12,510	1,574	13,418
Supplies	16,700	16,700	22,728	(6,028)	14,820
Other services and charges	57,850	57,850	59,886	(2,036)	52,821
Total Lake Ann Park operations	<u>88,634</u>	<u>88,634</u>	<u>95,124</u>	<u>(6,490)</u>	<u>81,059</u>
Park maintenance					
Personnel services	1,016,773	1,016,773	979,416	37,357	904,092
Supplies	99,000	99,000	129,545	(30,545)	110,302
Other services and charges	218,150	218,150	251,452	(33,302)	151,640
Total park maintenance	<u>1,333,923</u>	<u>1,333,923</u>	<u>1,360,413</u>	<u>(26,490)</u>	<u>1,166,034</u>
Total culture and recreation	<u>2,684,850</u>	<u>2,684,850</u>	<u>2,752,491</u>	<u>(67,641)</u>	<u>2,446,759</u>
Community development					
Planning administration					
Personnel services	595,617	595,617	581,271	14,346	568,624
Supplies	400	400	192	208	68
Other services and charges	15,600	15,600	70,178	(54,578)	26,104
Total planning administration	<u>611,617</u>	<u>611,617</u>	<u>651,641</u>	<u>(40,024)</u>	<u>594,796</u>
Total community development	<u>611,617</u>	<u>611,617</u>	<u>651,641</u>	<u>(40,024)</u>	<u>594,796</u>
Total current	<u>14,343,070</u>	<u>14,343,070</u>	<u>14,087,518</u>	<u>255,552</u>	<u>12,658,423</u>
Total expenditures	<u>14,343,070</u>	<u>14,343,070</u>	<u>14,087,518</u>	<u>255,552</u>	<u>12,658,423</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>(180,000)</u>	<u>(180,000)</u>	<u>489,868</u>	<u>669,868</u>	<u>472,713</u>
Other financing sources (uses)					
Transfers in	180,000	180,000	180,000	-	160,000
Transfers out	<u>(170,000)</u>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>(250,000)</u>
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(90,000)</u>
Net Change in Fund Balances	<u>(170,000)</u>	<u>(170,000)</u>	<u>499,868</u>	<u>669,868</u>	<u>382,713</u>
Fund Balances, January 1	<u>8,372,231</u>	<u>8,372,231</u>	<u>8,372,231</u>	<u>-</u>	<u>7,989,518</u>
Fund Balances, December 31	<u>\$ 8,202,231</u>	<u>\$ 8,202,231</u>	<u>\$ 8,872,099</u>	<u>\$ 669,868</u>	<u>\$ 8,372,231</u>

City of Chanhassen, Minnesota
Charitable Gambling Fund
Budgeted Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ -	\$ -	\$ 1,979	\$ 1,979	\$ (1,723)
Miscellaneous revenues	50,000	50,000	63,203	13,203	57,471
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>65,182</u>	<u>15,182</u>	<u>55,748</u>
Expenditures					
Current					
Public safety	-	-	-	-	4,622
Capital outlay					
Public safety	50,000	50,000	32,085	17,915	73,333
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>32,085</u>	<u>17,915</u>	<u>77,955</u>
Net Change in Fund Balances	-	-	33,097	33,097	(22,207)
Fund Balances, January 1	<u>26,182</u>	<u>26,182</u>	<u>26,182</u>	<u>-</u>	<u>48,389</u>
Fund Balances, December 31	<u>\$ 26,182</u>	<u>\$ 26,182</u>	<u>\$ 59,279</u>	<u>\$ 33,097</u>	<u>\$ 26,182</u>

City of Chanhassen, Minnesota
Cemetery Fund
Budgeted Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 1,900	\$ 900	\$ 7,450
Investment earnings (loss)	500	500	2,944	2,444	(3,048)
Miscellaneous revenues	7,000	7,000	625	(6,375)	-
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>5,469</u>	<u>(3,031)</u>	<u>4,402</u>
Expenditures					
Current					
General government	<u>29,000</u>	<u>29,000</u>	<u>954</u>	<u>28,046</u>	<u>25,256</u>
Net Change in Fund Balances	(20,500)	(20,500)	4,515	25,015	(20,854)
Fund Balances, January 1	<u>60,083</u>	<u>60,083</u>	<u>60,083</u>	-	<u>80,937</u>
Fund Balances, December 31	<u>\$ 39,583</u>	<u>\$ 39,583</u>	<u>\$ 64,598</u>	<u>\$ 25,015</u>	<u>\$ 60,083</u>

City of Chanhassen, Minnesota
Cable Television Fund
Budgeted Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Totals for December 31, 2022)

	2023			2022
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Franchise taxes	\$ -	\$ -	\$ -	\$ 155,950
Investment earnings (loss)	7,598	7,598	16,843	(16,824)
Total Revenues	<u>7,598</u>	<u>7,598</u>	<u>16,843</u>	<u>139,126</u>
Expenditures				
Current				
General government	40,000	40,000	41,535	252,053
Capital outlay				
General government	10,000	10,000	-	-
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>41,535</u>	<u>252,053</u>
Deficiency of Revenues Under Expenditures	<u>(42,402)</u>	<u>(42,402)</u>	<u>(24,692)</u>	<u>(112,927)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Net Change in Fund Balances	(87,402)	(87,402)	(69,692)	(112,927)
Fund Balances, January 1	<u>393,578</u>	<u>393,578</u>	<u>393,578</u>	<u>506,505</u>
Fund Balances, December 31	<u>\$ 306,176</u>	<u>\$ 306,176</u>	<u>\$ 323,886</u>	<u>\$ 393,578</u>

STATISTICAL SECTION (UNAUDITED)
CHANHASSEN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

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

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 71,867,072	\$ 71,225,523	\$ 72,588,940	\$ 70,255,784
Restricted	6,335,447	5,982,262	3,459,840	3,270,087
Unrestricted	<u>13,877,772</u>	<u>9,510,105</u>	<u>10,221,704</u>	<u>10,028,355</u>
Total Governmental Activities Net Position	<u>\$ 92,080,291</u>	<u>\$ 86,717,890</u>	<u>\$ 86,270,484</u>	<u>\$ 83,554,226</u>
Business-type Activities				
Net investment in capital assets	\$ 54,111,608	\$ 55,704,478	\$ 57,478,975	\$ 57,212,106
Unrestricted	<u>10,467,201</u>	<u>10,032,731</u>	<u>10,516,316</u>	<u>10,126,315</u>
Total Business-type Activities Net Position	<u>\$ 64,578,809</u>	<u>\$ 65,737,209</u>	<u>\$ 67,995,291</u>	<u>\$ 67,338,421</u>
Total Primary Government				
Net investment in capital assets	\$ 125,978,680	\$ 126,930,001	\$ 130,067,915	\$ 127,467,890
Restricted	6,335,447	5,982,262	3,459,840	3,270,087
Unrestricted	<u>24,344,973</u>	<u>19,542,836</u>	<u>20,738,020</u>	<u>20,154,670</u>
Total Primary Government	<u>\$ 156,659,100</u>	<u>\$ 152,455,099</u>	<u>\$ 154,265,775</u>	<u>\$ 150,892,647</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources.

Table 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 71,053,355	\$ 72,986,179	\$ 73,063,927	\$ 70,860,083	\$ 68,702,496	\$ 67,404,190
2,548,980	2,883,391	1,629,219	1,020,560	1,135,813	2,858,088
8,781,660	8,360,013	9,369,203	12,019,412	13,915,001	14,718,920
<u>\$ 82,383,995</u>	<u>\$ 84,229,583</u>	<u>\$ 84,062,349</u>	<u>\$ 83,900,055</u>	<u>\$ 83,753,310</u>	<u>\$ 84,981,198</u>
\$ 56,195,385	\$ 54,469,960	\$ 55,526,666	\$ 56,069,887	\$ 56,585,833	\$ 56,649,651
12,342,280	13,557,181	11,740,521	16,353,752	11,289,333	10,958,947
<u>\$ 68,537,665</u>	<u>\$ 68,027,141</u>	<u>\$ 67,267,187</u>	<u>\$ 72,423,639</u>	<u>\$ 67,875,166</u>	<u>\$ 67,608,598</u>
\$ 127,248,740	\$ 127,456,139	\$ 128,590,593	\$ 126,929,970	\$ 125,288,329	\$ 124,053,841
2,548,980	2,883,391	1,629,219	1,020,560	1,135,813	2,858,088
21,123,940	21,917,194	21,109,724	28,373,164	25,204,334	25,677,867
<u>\$ 150,921,660</u>	<u>\$ 152,256,724</u>	<u>\$ 151,329,536</u>	<u>\$ 156,323,694</u>	<u>\$ 151,628,476</u>	<u>\$ 152,589,796</u>

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental Activities				
General government	\$ 3,099,004	\$ 2,775,663	\$ 2,887,111	\$ 3,230,517
Public safety	3,416,088	3,826,376	3,973,031	3,969,540
Public works	9,604,525	11,153,322	7,591,530	8,161,048
Culture and recreation	3,062,592	2,952,985	3,278,139	3,227,236
Community development	1,043,848	527,268	689,448	918,962
Interest on long-term debt	465,935	409,676	493,746	408,273
Total Governmental Activities Expenses	<u>20,691,992</u>	<u>21,645,290</u>	<u>18,913,005</u>	<u>19,915,576</u>
Business-type Activities				
Water	3,347,965	3,290,265	4,422,789	3,866,810
Sewer	3,171,696	3,297,128	3,254,619	3,746,880
Surface water management	1,491,763	1,328,144	1,388,979	1,538,468
Total Business-type Activities Expenses	<u>8,011,424</u>	<u>7,915,537</u>	<u>9,066,387</u>	<u>9,152,158</u>
Total Expenses	<u>\$ 28,703,416</u>	<u>\$ 29,560,827</u>	<u>\$ 27,979,392</u>	<u>\$ 29,067,734</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 489,237	\$ 486,141	\$ 508,067	\$ 481,125
Public safety	1,327,733	1,370,829	1,219,943	1,289,794
Public works	236,838	218,686	253,468	329,129
Culture and recreation	847,773	724,533	968,122	891,390
Community development	39,941	36,679	28,507	35,582
Operating grants and contributions	532,337	823,943	735,840	902,871
Capital grants and contributions	3,296,748	5,812,825	3,705,857	2,425,333
Total Governmental Activities				
Program Revenue	<u>6,770,607</u>	<u>9,473,636</u>	<u>7,419,804</u>	<u>6,355,224</u>
Business-type Activities				
Charges for services				
Water	2,573,027	2,611,895	2,717,285	2,921,936
Sewer	2,472,536	2,525,731	2,619,882	2,764,674
Surface water management	639,087	668,971	684,199	709,508
Operating grants and contributions	210,857	45,130	72,007	45,109
Capital grants and contributions	2,633,793	3,140,823	5,199,139	1,678,595
Total Business-type Activities				
Program Revenue	<u>8,529,300</u>	<u>8,992,550</u>	<u>11,292,512</u>	<u>8,119,822</u>
Total Program Revenues	<u>\$ 15,299,907</u>	<u>\$ 18,466,186</u>	<u>\$ 18,712,316</u>	<u>\$ 14,475,046</u>

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 3,291,465	\$ 2,968,604	\$ 3,503,418	\$ 3,545,101	\$ 3,537,796	\$ 4,326,016
3,819,890	4,045,361	3,975,838	4,055,112	4,396,715	5,825,937
7,225,531	9,808,088	25,142,224	17,282,830	11,350,075	10,646,546
3,158,725	3,275,021	2,704,009	2,957,867	3,432,625	4,252,161
589,570	535,700	754,205	814,146	850,151	868,229
173,323	132,327	107,993	72,195	71,680	218,628
18,258,504	20,765,101	36,187,687	28,727,251	23,639,042	26,137,517
4,567,874	5,842,506	4,908,477	5,245,018	7,301,583	5,782,514
4,122,804	3,879,581	4,312,195	5,025,866	6,548,611	5,359,316
1,634,475	1,918,378	1,694,090	2,541,714	4,489,250	2,565,581
10,325,153	11,640,465	10,914,762	12,812,598	18,339,444	13,707,411
<u>\$ 28,583,657</u>	<u>\$ 32,405,566</u>	<u>\$ 47,102,449</u>	<u>\$ 41,539,849</u>	<u>\$ 41,978,486</u>	<u>\$ 39,844,928</u>
\$ 559,077	\$ 320,681	\$ 426,339	\$ 394,576	\$ 483,008	\$ 952,621
1,752,643	1,474,555	1,550,768	2,283,340	1,555,525	1,556,441
144,963	140,753	396,649	275,801	210,555	81,253
1,098,679	1,078,128	162,546	613,935	648,730	1,007,606
32,228	28,866	30,426	16,060	33,385	44,243
948,912	2,770,655	14,970,473	6,047,214	2,552,195	4,556,281
1,669,995	4,716,702	4,066,959	4,683,258	3,881,530	1,693,875
6,206,497	10,530,340	21,604,160	14,314,184	9,364,928	9,892,320
3,121,292	3,108,307	3,533,939	4,384,603	4,485,402	5,193,977
3,034,207	3,144,282	3,260,080	3,469,282	3,699,835	3,998,048
764,930	998,832	1,083,833	1,458,751	1,564,000	1,807,415
44,604	460,905	39,552	38,380	47,850	46,458
3,965,466	3,108,377	2,084,681	8,513,319	4,090,784	1,853,961
10,930,499	10,820,703	10,002,085	17,864,335	13,887,871	12,899,859
<u>\$ 17,136,996</u>	<u>\$ 21,351,043</u>	<u>\$ 31,606,245</u>	<u>\$ 32,178,519</u>	<u>\$ 23,252,799</u>	<u>\$ 22,792,179</u>

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Net (Expenses) Revenues				
Governmental activities	\$ (13,921,385)	\$ (12,171,654)	\$ (11,493,201)	\$ (13,560,352)
Business-type activities	517,876	1,077,013	2,226,125	(1,032,336)
Total Primary Government	<u>\$ (13,403,509)</u>	<u>\$ (11,094,641)</u>	<u>\$ (9,267,076)</u>	<u>\$ (14,592,688)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 10,482,273	\$ 10,536,216	\$ 10,643,917	\$ 10,826,116
Tax increments	307,940	200,338	111,761	-
Franchise fees	-	-	-	-
Grants and contributions not restricted to specific programs	19,736	21,679	19,754	19,753
Unrestricted investment earnings (loss)	183,602	176,731	156,202	164,393
Sale of capital assets	191,755	66,248	41,129	38,254
Other general revenues	-	-	-	-
Transfers	6,389	(612,078)	73,032	(204,422)
Total Governmental Activities	<u>11,191,695</u>	<u>10,389,134</u>	<u>11,045,795</u>	<u>10,844,094</u>
Business-type Activities				
Unrestricted investment earnings	134,533	132,406	79,765	171,044
Sale of capital assets	-	57,510	25,224	-
Other general revenues				
Transfers	(6,389)	612,078	(73,032)	204,422
Total Business-type Activities	<u>128,144</u>	<u>801,994</u>	<u>31,957</u>	<u>375,466</u>
Total Primary Government	<u>\$ 11,319,839</u>	<u>\$ 11,191,128</u>	<u>\$ 11,077,752</u>	<u>\$ 11,219,560</u>
Change in Net Position				
Governmental activities	\$ (2,729,690)	\$ (1,782,520)	\$ (447,406)	\$ (2,716,258)
Business-type activities	646,020	1,879,007	2,258,082	(656,870)
Total Primary Government	<u>\$ (2,083,670)</u>	<u>\$ 96,487</u>	<u>\$ 1,810,676</u>	<u>\$ (3,373,128)</u>

Note: GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows of resources.

Table 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ (12,052,007)	\$ (10,234,761)	\$ (14,583,527)	\$ (14,413,067)	\$ (14,274,114)	\$ (16,245,197)
605,346	(819,762)	(912,677)	5,051,737	(4,451,573)	(807,552)
<u>\$ (11,446,661)</u>	<u>\$ (11,054,523)</u>	<u>\$ (15,496,204)</u>	<u>\$ (9,361,330)</u>	<u>\$ (18,725,687)</u>	<u>\$ (17,052,749)</u>
\$ 10,877,849	\$ 10,996,831	\$ 11,745,709	\$ 12,075,260	\$ 12,644,286	\$ 13,409,631
-	-	236,485	279,653	279,283	282,067
-	185,181	1,826,255	2,019,812	2,036,470	2,045,767
19,755	20,009	-	311	170,656	390,075
258,456	491,345	368,168	(22,856)	(824,062)	1,054,685
45,244	103,976	-	84,387	155,654	164,746
-	-	-	-	-	126,114
(319,528)	283,007	239,676	(185,794)	(334,918)	-
<u>10,881,776</u>	<u>12,080,349</u>	<u>14,416,293</u>	<u>14,250,773</u>	<u>14,127,369</u>	<u>17,473,085</u>
263,802	548,747	390,604	(78,079)	(434,818)	540,984
10,568	43,498	1,795	-	-	-
319,528	(283,007)	(239,676)	185,794	334,918	-
<u>593,898</u>	<u>309,238</u>	<u>152,723</u>	<u>107,715</u>	<u>(99,900)</u>	<u>540,984</u>
<u>\$ 11,475,674</u>	<u>\$ 12,389,587</u>	<u>\$ 14,569,016</u>	<u>\$ 14,358,488</u>	<u>\$ 14,027,469</u>	<u>\$ 18,014,069</u>
\$ (1,170,231)	\$ 1,845,588	\$ (167,234)	\$ (162,294)	\$ (146,745)	\$ 1,227,888
1,199,244	(510,524)	(759,954)	5,159,452	(4,551,473)	(266,568)
<u>\$ 29,013</u>	<u>\$ 1,335,064</u>	<u>\$ (927,188)</u>	<u>\$ 4,997,158</u>	<u>\$ (4,698,218)</u>	<u>\$ 961,320</u>

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 58,333	\$ 72,114	\$ 25,832	\$ 81,032
Assigned	-	-	-	-
Unassigned	5,550,732	5,258,232	5,286,880	5,307,088
Total General Fund	<u>\$ 5,609,065</u>	<u>\$ 5,330,346</u>	<u>\$ 5,312,712</u>	<u>\$ 5,388,120</u>
All other Governmental Funds				
Nonspendable	\$ 1,289,575	\$ 1,253,705	\$ -	\$ 990,723
Restricted	5,724,419	5,824,354	8,673,981	8,458,576
Committed	-	-	-	-
Assigned	5,951,507	5,586,353	7,806,958	6,602,135
Unassigned	(475,352)	(372,509)	(264,772)	(154,506)
Total all other Governmental Funds	<u>\$ 12,490,149</u>	<u>\$ 12,291,903</u>	<u>\$ 16,216,167</u>	<u>\$ 15,896,928</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 87,067	\$ 82,265	\$ 63,775	\$ 69,953	\$ 91,340	\$ 63,227
-	-	-	-	657,000	797,600
5,667,626	5,255,804	6,684,991	7,919,562	7,623,891	8,011,272
<u>\$ 5,754,693</u>	<u>\$ 5,338,069</u>	<u>\$ 6,748,766</u>	<u>\$ 7,989,515</u>	<u>\$ 8,372,231</u>	<u>\$ 8,872,099</u>
\$ 9,326	\$ 8,781	\$ 49,690	\$ 690	\$ -	\$ 15,400
2,618,680	2,944,091	1,669,927	1,056,768	1,167,396	2,884,859
-	-	-	-	-	344,647
6,414,882	6,657,125	6,809,934	7,819,511	8,603,977	7,112,372
(24,491)	(570)	-	(22,425)	(94,155)	(1,002,175)
<u>\$ 9,018,397</u>	<u>\$ 9,609,427</u>	<u>\$ 8,529,551</u>	<u>\$ 8,854,544</u>	<u>\$ 9,677,218</u>	<u>\$ 9,355,103</u>

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 10,489,350	\$ 10,529,994	\$ 10,640,315	\$ 10,820,682
Tax increment	307,940	200,338	111,761	-
Licenses and permits	1,691,634	1,565,900	1,653,858	1,641,140
Intergovernmental	2,553,062	4,897,139	974,917	2,149,875
Charges for services	798,578	799,543	846,540	838,498
Franchise fees	-	-	-	-
Fines and forfeits	100,516	117,189	114,367	128,394
Special assessments	854,966	1,664,424	820,026	842,523
Investment earnings	183,602	176,731	156,202	164,393
Miscellaneous	409,908	431,752	486,962	512,701
Total Revenues	<u>17,389,556</u>	<u>20,383,010</u>	<u>15,804,948</u>	<u>17,098,206</u>
Expenditures				
General government	2,350,437	2,391,195	2,479,271	2,871,267
Public safety	3,258,363	3,431,541	3,713,146	3,602,897
Public works	5,352,221	7,537,376	3,961,016	4,617,523
Culture and recreation	2,164,703	2,068,532	2,256,314	2,395,554
Community development	1,034,047	515,382	659,276	940,000
Capital outlay	3,437,404	3,165,333	1,989,622	3,005,792
Debt service				
Principal	4,190,000	1,810,000	1,795,000	670,000
Interest and fiscal charges	518,722	439,470	483,533	433,925
Total Expenditures	<u>22,305,897</u>	<u>21,358,829</u>	<u>17,337,178</u>	<u>18,536,958</u>
Deficiency of Revenues Under Expenditures	<u>(4,916,341)</u>	<u>(975,819)</u>	<u>(1,532,230)</u>	<u>(1,438,752)</u>
Other Financing Sources (Uses)				
Bond issued	-	-	4,805,000	-
Project financing	-	-	-	-
Leases issued	-	-	-	-
Loans issued	-	-	-	-
Premium on bonds issued	-	-	239,773	-
Sale of capital assets	301,531	41,015	90,318	19,286
Transfer in	1,783,719	2,158,844	1,347,883	1,924,157
Transfer out	(676,095)	(1,701,005)	(1,044,114)	(748,522)
Total Other Financing Sources (Uses)	<u>1,409,155</u>	<u>498,854</u>	<u>5,438,860</u>	<u>1,194,921</u>
Net Change in Fund Balances	<u>\$ (3,507,186)</u>	<u>\$ (476,965)</u>	<u>\$ 3,906,630</u>	<u>\$ (243,831)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>24.96%</u>	<u>12.36%</u>	<u>14.85%</u>	<u>7.11%</u>

Table 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 10,856,842	\$ 10,960,876	\$ 11,800,538	\$ 12,046,658	\$ 12,714,095	\$ 13,403,452
-	-	236,485	279,653	279,283	282,067
2,289,052	2,047,190	1,574,780	2,608,294	1,684,578	1,952,623
2,019,215	6,294,417	18,569,329	6,883,846	3,698,522	4,026,405
820,745	808,010	546,809	535,608	693,912	1,028,021
-	-	1,826,255	2,019,812	2,036,470	2,045,767
95,351	89,989	73,800	78,673	69,173	76,295
600,056	727,026	464,373	987,431	1,098,027	1,318,777
258,456	491,345	368,168	(22,856)	(824,062)	1,055,081
452,781	353,177	408,248	445,083	561,796	288,661
17,392,498	21,772,030	35,868,785	25,862,202	22,011,794	25,477,149
2,835,108	2,644,661	3,361,771	3,452,273	3,261,430	3,504,923
3,593,877	3,802,544	3,786,905	3,858,508	4,535,583	4,820,264
3,847,782	6,041,417	20,127,051	3,207,828	7,851,764	2,521,038
2,326,272	2,418,229	1,854,471	2,247,485	2,448,568	2,752,491
610,368	567,461	803,234	886,104	864,577	651,641
4,824,061	6,568,983	7,280,266	10,379,700	1,613,111	10,983,787
5,985,000	720,000	1,585,000	360,000	536,502	740,208
295,294	157,312	143,970	92,680	92,290	125,527
24,317,762	22,920,607	38,942,668	24,484,578	21,203,825	26,099,879
(6,925,264)	(1,148,577)	(3,073,883)	1,377,624	807,969	(622,730)
-	-	-	-	-	-
-	-	546,108	288,929	-	-
-	-	-	-	243,263	506,576
-	-	-	-	-	-
-	-	-	-	-	-
58,458	25,698	46,443	84,983	154,158	293,907
6,724,164	2,153,197	2,852,877	-	642,375	793,623
(6,369,316)	(855,912)	(40,724)	(185,794)	(642,375)	(793,623)
413,306	1,322,983	3,404,704	188,118	397,421	800,483
\$ (6,511,958)	\$ 174,406	\$ 330,821	\$ 1,565,742	\$ 1,205,390	\$ 177,753
32.22%	5.37%	5.46%	3.21%	3.21%	5.73%

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Tax Capacity and Estimated Market Value of Property
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Tax Capacity				
Residential property	\$ 28,725,937	\$ 32,778,287	\$ 33,790,483	\$ 34,470,607
Agricultural	132,728	153,500	222,144	278,224
Commercial/Industrial property	8,984,174	9,205,053	9,508,063	9,910,242
All other	613,105	620,620	669,890	764,420
Total Tax Capacity	<u>38,455,944</u>	<u>42,757,460</u>	<u>44,190,580</u>	<u>45,423,493</u>
Captured tax capacity on tax increment district	(252,884)	(267,337)	(103,638)	-
Fiscal disparity contribution	<u>(1,971,928)</u>	<u>(1,896,611)</u>	<u>(2,119,400)</u>	<u>(2,055,461)</u>
Adjusted Tax Capacity	<u>\$ 36,231,132</u>	<u>\$ 40,593,512</u>	<u>\$ 41,967,542</u>	<u>\$ 43,368,032</u>
City direct tax rate	27.23862	24.63317	24.25249	23.85464
Estimated market value	\$ 3,294,605,000	\$ 3,686,777,200	\$ 3,802,904,100	\$ 3,899,829,200
Tax Capacity as a Percent of EMV	1.10%	1.10%	1.10%	1.11%

Source: Carver County Taxpayer Services and Hennepin County

Table 5

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 36,545,419	\$ 39,891,179	\$ 42,947,538	\$ 43,933,317	\$ 45,814,017	\$ 54,661,795
296,153	191,360	135,300	133,667	125,056	138,075
10,317,456	10,897,809	11,666,538	12,245,999	12,596,386	13,760,724
869,646	896,937	886,150	935,227	600,978	601,659
<u>48,028,674</u>	<u>51,877,285</u>	<u>55,635,526</u>	<u>57,248,210</u>	<u>59,136,437</u>	<u>69,162,253</u>
-	-	(248,355)	(294,955)	(299,262)	(343,924)
<u>(2,009,509)</u>	<u>(2,001,778)</u>	<u>(2,077,771)</u>	<u>(2,261,018)</u>	<u>(2,268,028)</u>	<u>(2,440,367)</u>
<u>\$ 46,019,165</u>	<u>\$ 49,875,507</u>	<u>\$ 53,309,400</u>	<u>\$ 54,692,237</u>	<u>\$ 56,569,147</u>	<u>\$ 66,377,962</u>
22.66614	21.10456	21.17559	22.11399	22.41520	20.19532
\$ 4,112,577,100	\$ 4,444,627,000	\$ 4,749,987,200	\$ 4,868,292,100	\$ 5,041,556,300	\$ 5,886,580,500
1.12%	1.12%	1.12%	1.12%	1.12%	1.13%

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Table 6

Fiscal Year	City Direct Rate*						Overlapping Governments				Direct & Overlapping Total	
Ended December 31	Operational and Capital		Debt Service		City Total		School District #112		Carver County		Other	
2014	22.708	%	4.531	%	27.239	%	44.917	%	45.211	%	6.873	%
2015	21.532		3.101		24.633		39.120		40.488		6.270	
2016	21.314		2.938		24.252		39.245		38.880		6.417	
2017	21.536		2.317		23.853		37.005		38.851		6.565	
2018	20.731		1.935		22.666		33.837		37.436		6.537	
2019	19.314		1.791		21.105		33.631		36.488		6.368	
2020	19.484		1.692		21.176		33.006		35.179		6.101	
2021	21.235		0.879		22.114		32.327		34.634		5.981	
2022	21.559		0.856		22.415		31.220		34.170		5.747	
2023	19.472		0.723		20.195		27.747		29.267		5.012	

Source: Carver County Taxpayer Services

*The City Direct Rate is the Urban Based Rate, not including market value levies.

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current Year and Ten Years Ago

Table 7

Taxpayer	2023			2014		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
LFT Real Estate Company Inc	\$ 909,614	1	1.4 %			
Istar Minnesota LLC	669,166	2	1.0	\$ 388,016	1	1.1 %
IPX West Village Station LLC	450,218	3	0.7			
Rosemount Inc	441,576	4	0.7	312,586	3	0.8
Lake Susan Apartment Homes LLC	390,080	5	0.6			
Centerpoint Energy Minnegasco	342,226	6	0.5	176,442	10	0.5
Chanhassen Frontier LLC	320,441	7	0.5			
Mission Hills Sr Housing Owner LLC	275,003	8	0.4			
8610 LLP	274,682	9	0.4			
PHM/Chanhassen Inc	267,663	10	0.4	202,266	7	0.5
IRET Properties			-	369,504	2	1.0
Northern States Power Co			-	265,464	4	0.7
LTF Real Estate VRDN I LLC			-	239,202	5	0.6
LTF Real Estate MP II LLC			-	204,916	6	0.6
DRF Chanhassen Medical Bldg			-	194,888	8	0.5
Target Corporation T-0862			-	194,422	9	0.5
Total	<u>\$ 4,340,669</u>		<u>6.5 %</u>	<u>\$ 2,547,706</u>		<u>6.9 %</u>
Total All Property	<u>\$ 66,702,097</u>			<u>\$ 36,823,088</u>		

Source: Carver County Taxpayer Services

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City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Property Tax Levies and Tax Collections
Last Ten Fiscal Years

Table 8

Fiscal Year	Total Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collections in Subsequent Years	Total Collections	Percentage of Levy Collected To Date
2014	\$ 10,334,140	\$ 10,269,518	99.4 %	\$ 28,614	\$ 10,298,132	99.7 %
2015	10,484,021	10,446,765	99.6	26,753	10,473,518	99.9
2016	10,629,621	10,564,815	99.4	49,076	10,613,891	99.9
2017	10,795,121	10,718,876	99.3	21,473	10,740,349	99.5
2018	10,913,868	10,834,344	99.3	35,060	10,869,404	99.6
2019	11,019,868	10,924,102	99.1	78,511	11,002,613	99.8
2020	11,741,368	11,656,656	99.3	52,907	11,709,563	99.7
2021	12,066,700	12,013,536	99.6	72,357	12,085,893	100.2 *
2022	12,663,076	12,614,877	99.6	16,995	12,631,872	99.8
2023	13,463,000	13,397,330	99.5	-	13,397,330	99.5

Source: City Finance Department

*The percentage of levy collected for taxes levied in fiscal year 2021 exceeds 100% due to receipt of a Green Acres Payback of approximately \$23,260.

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	General Obligation Bonds	Revenue Bonds	Tax Increment Bonds	General Improvement Bonds	Lease Obligations	Other Debt (1)
2014	\$ 9,550,000	\$ -	\$ 635,000	\$ 1,705,000	\$ -	\$ -
2015	8,925,000	-	-	1,155,000	-	-
2016	13,313,788	-	-	-	-	-
2017	12,627,803	-	-	-	-	-
2018	6,626,818	-	-	-	-	-
2019	5,890,833	-	-	-	-	-
2020	4,289,848	-	-	-	-	546,108
2021	3,913,863	-	-	-	-	835,037
2022	3,527,878	-	-	-	221,761	690,037
2023	3,126,893	-	-	-	614,439	448,727

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The City has a Joint Powers Agreement with Carver County for the Lyman Boulevard-Phase 3 project and the pedestrian trail to the Arboretum. The City is paying its portion of those projects to Carver County through 2025 at 0% interest.

(2) Information pertaining to Chanhassen Personal Income is not available, information for Carver County was included instead.

(a) Information not available

Table 9

Business-type Activities				
G.O. Revenue Bonds	Lease Obligations	Total Primary Government	Percentage of Personal Income (2)	Per Capita
\$ 10,045,261	\$ -	\$ 21,935,261	0.60 %	\$ 899
9,256,235	-	19,336,235	0.40	784
13,926,719	-	27,240,507	0.30	1,092
23,379,318	-	36,007,121	0.40	1,425
25,671,988	-	32,298,806	0.50	1,238
23,755,499	-	29,646,332	0.40	1,125
28,535,933	-	33,371,889	0.40	1,228
26,311,508	-	31,060,408	0.40	1,182
24,132,877	26,136	28,598,689	0.30	1,081
22,169,245	37,140	26,396,444	(a)	977

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Improvement Bonds	G.O. Revenue Bonds	Total General Obligation Bonded Debt
2014	\$ 9,550,000	\$ 635,000	\$ 1,705,000	\$ 10,045,261	\$ 21,935,261
2015	8,925,000	-	1,155,000	9,256,235	19,336,235
2016	13,313,788	-	-	13,926,719	27,240,507
2017	12,627,803	-	-	23,379,318	36,007,121
2018	6,626,818	-	-	25,671,988	32,298,806
2019	5,890,833	-	-	23,755,499	29,646,332
2020	4,289,848	-	-	28,535,933	32,825,781
2021	3,913,863	-	-	26,311,508	30,225,371
2022	3,527,878	-	-	24,132,877	27,660,755
2023	3,126,893	-	-	22,169,245	25,296,138

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 10

<u>Less Amounts Restricted for Debt Service</u>	<u>Net General Obligation Bonded Debt</u>	<u>Percentage of Tax Capacity</u>	<u>Net General Obligation Bonded Debt Per Capita</u>
\$ (3,441,810)	\$ 18,493,451	50.09%	\$ 758
(3,455,171)	15,881,064	38.60%	644
(6,418,913)	20,821,594	48.72%	834
(6,413,214)	29,593,907	67.23%	1,171
(1,189,446)	31,109,360	66.81%	1,192
(1,283,606)	28,362,726	56.31%	1,076
(564,713)	32,261,068	60.00%	1,187
(594,203)	29,631,168	53.63%	1,128
(618,646)	27,042,109	47.38%	1,031
(673,860)	24,622,278	37.09%	912

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City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Debt
December 31, 2023

Table 11

	Debt Outstanding	Estimated Percentage Applicable		Estimated Share of Overlapping Debt
Direct Debt				
City of Chanhassen (1)(2)	\$ 4,190,059	100.00 %		\$ 4,190,059
Overlapping Debt				
Eastern Carver County School District	135,594,000	34.74 %		47,105,356
Eden Prairie Independent School District	98,606,125	1.04		1,025,504
Carver County	7,045,000	29.32		2,065,594
Hennepin County	1,056,334,526	0.06		633,801
Hennepin Suburban Park District	49,655,074	0.08		39,724
Hennepin Regional Railroad Authority	80,622,443	0.06		48,373
Metropolitan Council	89,723,130	0.03		26,917
Total Overlapping Debt	<u>1,517,580,298</u>	<u>65.33</u>		<u>50,945,269</u>
Total Direct and Overlapping Debt	<u>\$ 1,521,770,357</u>			<u>\$ 55,135,328</u>

(1) Excludes debt related to the City's business-type activities.

(2) The City has a Joint Powers Agreement for the Lyman Boulevard-Phase 3 project and the pedestrian trail to the Arboretum. Included in this total is the amount the City is paying for its share of those projects to Carver County through 2025 at 0% interest.

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Population	24,388	24,655	24,951	25,273
Debt Limit	\$ 98,838,150	\$ 110,603,316	\$ 114,087,123	\$ 116,994,876
Total Net Debt Applicable to Limit	<u>8,030,953</u>	<u>7,346,583</u>	<u>6,721,445</u>	<u>6,048,333</u>
Legal Debt Margin	<u>\$ 90,807,197</u>	<u>\$ 103,256,733</u>	<u>\$ 107,365,678</u>	<u>\$ 110,946,543</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.13%	6.64%	5.89%	5.17%
Total Net Debt Applicable to Limit per Capita	\$ 329	\$ 298	\$ 269	\$ 239

Legal Debt Margin Calculation for Fiscal Year

Estimated Taxable Market Value

Debt Limit (3% of Taxable Market Value)

Debt Applicable to Limit

Total Bonded Debt

Less

Special Assessment Bonds

Tax Increment Bonds

Enterprise Fund Debt

Less

Cash and investments in G.O. Bond Debt Service Fund

Total Net Debt Applicable to Limit

Legal Debt Margin

Table 12

Fiscal Year					
2018	2019	2020	2021	2022	2023
26,088	26,335	27,170	26,271	26,237	27,005
\$ 123,377,313	\$ 133,338,810	\$ 142,499,616	\$ 146,048,763	\$ 151,246,689	\$ 176,597,415
5,377,482	4,555,132	3,686,297	3,288,043	2,883,662	2,431,979
<u>\$ 117,999,831</u>	<u>\$ 128,783,678</u>	<u>\$ 138,813,319</u>	<u>\$ 142,760,720</u>	<u>\$ 148,363,027</u>	<u>\$ 174,165,436</u>
4.36%	3.42%	2.59%	2.25%	1.91%	1.38%
\$ 206	\$ 173	\$ 136	\$ 125	\$ 110	\$ 90
					<u>\$ 5,886,580,500</u>
					<u>\$ 176,597,415</u>
					\$ 25,296,138
					-
					-
					(22,169,245)
					(694,914)
					<u>2,431,979</u>
					<u>\$ 174,165,436</u>

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Pledged-revenue Coverage
Last Ten Fiscal Years

Table 13

Fiscal Year	Improvement Bonds				
	Special Assessment Collections	Debt Service		Coverage	
		Principal	Interest		
2014	\$ 119,060	\$ 3,515,000	\$ 103,875	0.033	%
2015	751,995	550,000	42,900	1.268	
2016	6,298	1,155,000	26,175	0.005	
2017	-	-	-	-	
2018	-	-	-	-	
2019	-	-	-	-	
2020	-	-	-	-	
2021	-	-	-	-	
2022	-	-	-	-	
2023	-	-	-	-	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Improvement bonds with a designated revenue source of special assessments were paid off in 2016.

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 14

Fiscal Year	Chanhassen Population (1)	Chanhassen Unemployment Rate (2)	Carver County Unemployment Rate (3)	Carver County Personal Income (thousands)(4)	Carver County Per Capita Personal Income
2014	24,388	3.4 %	3.7 %	\$ 6,041,180	\$ 61,892
2015	24,655	2.9	3.2	6,376,686	64,431
2016	24,951	2.9	3.3	6,539,351	64,858
2017	25,273	2.9	2.9	6,990,605	68,112
2018	26,088	2.5	2.5	7,383,477	70,859
2019	26,355	2.5	2.8	7,752,624	73,273
2020	27,170	5.1	5.3	8,126,250	75,745
2021	26,271	2.6	3.0	9,022,210	82,905
2022	26,237	1.8	2.1	9,583,434	87,095
2023	27,005	2.2	2.4	(a)	(a)

Sources: (1) Federal Census Data and Chanhassen Planning Department
(2) State of Minnesota, Department of Employment and Economic Development
(3) U.S. Department of Commerce, Bureau of Economic Analysis

(a) Information not available

Note: Information pertaining to Chanhassen Personal Income and Per Capita Personal Income is not available, information for Carver County was included instead.

City of Chanhassen, Minnesota
Statistical Section (Unaudited)
Principal Employers
Current Year and Nine Years Ago

Employer	2023		
	Number of Employees	Rank	Percent of Total City Employment (1)
Lifetime Fitness	1,191	1	23.8 %
The Bernard Group	741	2	14.8
Instant Web Companies	718	3	14.4
Rosemount Inc	593	4	11.9
Eastern Carver County Schools	420	5	8.4
Chanhassen Dinner Theatres	350	6	7.0
General Mills	344	7	6.9
RR Donnelley	242	8	4.8
Target	218	9	4.4
Minnesota Landscape Arboretum	185	10	3.7
Exlar Corporation			-
Total	<u>5,002</u>		<u>100.0 %</u>

Source: Survey by City Administration and Finance Departments.

Note: This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers. Some employers do not respond to inquiries for employment data.

(1) The statistic for total City employment is not available, therefore the percentage represents the percentage of the top ten listed.

Table 15

2014		
Number of Employees	Rank	Percent of Total City Employment (1)
1,166	2	20.8 %
		-
1,120	3	19.9
1,376	1	24.5
410	4	7.3
237	8	4.2
300	6	5.3
382	5	6.8
175	10	3.1
240	7	4.3
210	9	3.7
<u>5,616</u>		<u>100.0 %</u>

City of Chanhassen, Minnesota
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017
General Government	13	13	13	13
Public Safety	10	10	10	10
Public Works	28	28	29	31
Culture and Recreation	11	11	12	13
Community Development	5	5	6	6
Total	<u>67</u>	<u>67</u>	<u>70</u>	<u>73</u>

Source: City Finance Department

Table 16

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
13	13	13	15	17	17
10	9	9	11	14	17
31	31	32	32	33	33
13	13	14	14	13	13
<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>
<u>73</u>	<u>72</u>	<u>74</u>	<u>78</u>	<u>82</u>	<u>85</u>

City of Chanhassen, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Building				
Total permits issued	3,076	3,266	2,891	2,981
Total estimated value	\$ 80,591,941	\$ 82,145,483	\$ 73,881,121	\$ 82,430,550
Election				
Registered voters	16,344	16,344	17,769	17,769
Fire				
Average number of employees	45	45	45	45
General government				
Area of city - square miles	22.88	22.88	22.88	22.88
Average number of permanent full-time employees (excluding fire department)	67	67	70	73
Police				
Average number of employees	15	15	15	15
Number of crimes - MNCJRS (1)	838	870	313	-
Number of crimes - NIBRS (1)	-	-	472	737
Water				
Number of customers	8,075	8,195	8,254	8,312
Daily average consumption - gallons	2,542,413	2,495,868	2,565,905	2,624,486
Plant capacity - gallons	8,550,000	8,550,000	8,550,000	8,550,000

Source: Various City Departments

(1) Crime statistics in Minnesota had been reported for the last forty years utilizing Minnesota's Criminal Justice Reporting System (MNCJRS). The Federal Bureau of Investigation has mandated that all states become National Incident Based Reporting System (NIBRS) compliant by 2019. The Carver County Sheriff's Office transitioned to NIBRS June 1, 2016.

Table 17

2018	2019	2020	2021	2022	2023
3,085	3,259	4,528	6,072	3,936	3,439
\$ 136,016,287	\$ 103,902,405	\$ 87,160,588	\$ 160,438,828	\$ 87,812,422	\$ 90,564,997
17,480	17,480	19,245	19,245	19,182	19,182
45	45	45	41	37	30
22.88	22.88	22.88	22.88	22.88	22.88
73	72	74	78	82	85
15	15	15	15	15	15
-	-	-	-	-	-
698	692	796	758	740	526
8,407	8,481	8,539	8,608	8,689	8,732
2,888,586	2,247,455	2,677,163	3,040,992	2,953,945	3,087,597
17,100,000	17,100,000	17,100,000	17,100,000	17,100,000	17,100,000

City of Chanhassen, Minnesota
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017
Fire				
Number of stations	2	2	2	2
Culture and Recreation				
Acres of parks	384	384	384	445
Acres of open space	568	568	568	593
Number of shelter buildings	4	4	4	4
Number of picnic shelters	7	13	15	18
Number of playgrounds	27	27	27	27
Number of swimming beaches	5	5	5	5
Number of tennis courts	15	15	15	16
Number of outdoor pickleball courts	6	6	6	10
Police				
Number of stations	1	1	1	1
Public works				
Miles of streets	114.5	114.7	117.3	117.3
Miles of sidewalks	34.7	34.7	36.7	36.7
Miles of trails	56.7	57.4	59.9	59.9
Sewer				
Miles of storm sewers	74.2	76.0	81.5	81.7
Miles of sanitary sewers	123.3	124.1	127.0	127.0
Number of lift stations	31	31	31	31
Water				
Miles of watermains	140.8	142.1	147.0	147.0
Number of wells	12	12	13	13

Source: Various City Departments

Table 18

2018	2019	2020	2021	2022	2023
2	2	2	2	2	1
445	445	445	445	445	445
593	693	693	693	693	693
4	4	4	4	4	4
21	21	21	21	21	21
27	28	28	28	28	28
5	5	5	5	5	5
16	16	16	16	16	16
10	10	10	10	10	10
1	1	1	1	1	1
117.8	117.9	118.1	118.1	118.9	118.9
36.7	36.7	36.7	36.7	36.8	36.8
62.5	63.9	66.2	66.6	66.6	68.9
84.0	84.1	84.9	85.9	86.9	87.4
127.4	127.5	127.7	128.4	130.3	130.3
31	31	31	31	32	32
150.2	150.4	151.1	151.6	152.5	154.7
13	13	13	13	13	13

FORM OF LEGAL OPINION

(See following pages)

PROPOSED FORM OF LEGAL OPINION

\$ _____
GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2024A
CITY OF CHANHASSEN
CARVER AND HENNEPIN COUNTIES
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Chanhassen, Carver and Hennepin Counties, Minnesota (the "Issuer"), of its \$ _____ General Obligation Capital Improvement Plan Bonds, Series 2024A, bearing a date of original issue of August 15, 2024 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer, and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and

is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Bonds is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE UNDERTAKING

(See following pages)

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Chanhassen, Minnesota (the "Issuer"), in connection with the issuance of its \$_____ General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on July 22, 2024 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 2024, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2024, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2025, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Current Property Valuations; Direct Debt; Tax Levies and Collections; US Census Data/Population Trend; and Employment/Unemployment Data.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are

modified by the governmental accounting standards promulgated by the Government Accounting Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: August 15, 2024.

CITY OF CHANHASSEN, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager

APPENDIX E

TERMS OF PROPOSAL

\$24,250,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2024A CITY OF CHANHASSEN, MINNESOTA

Proposals for the purchase of \$24,250,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds") of the City of Chanhassen, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via bondsale@ehlers-inc.com or **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on July 22, 2024, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are being issued pursuant to Minnesota Statutes, Section 475.521 and Chapter 475, as amended, by the City, to finance a portion of the acquisition and betterment of a new city hall facility. The Bonds are general obligations of the City, for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated August 15, 2024, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$120,000	2037	\$750,000	2047	\$1,140,000
2028	120,000	2038	775,000	2048	1,195,000
2029	120,000	2039	805,000	2049	1,250,000
2030	125,000	2040	835,000	2050	1,305,000
2031	605,000	2041	875,000	2051	1,370,000
2032	625,000	2042	915,000	2052	1,435,000
2033	645,000	2043	955,000	2053	1,500,000
2034	670,000	2044	995,000	2054	1,570,000
2035	695,000	2045	1,045,000		
2036	720,000	2046	1,090,000		

ADJUSTMENT OPTION

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2035 shall be subject to optional redemption prior to maturity on February 1, 2034 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about August 15, 2024, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Bonds and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Bonds. The legal opinion will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the applicability of any such state and local taxes.

STATEMENT REGARDING BOND COUNSEL PARTICIPATION

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Bonds, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Bonds and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B – FORM OF LEGAL OPINION."

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$24,056,000 plus accrued interest on the principal sum of \$24,250,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a submission.

A good faith deposit ("Deposit") in the amount of \$485,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

NON-QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate, the form of which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Bonds. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Underwriter (Syndicate Manager) will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Chanhassen, Minnesota

PROPOSAL FORM

The City Council
City of Chanhassen, Minnesota (the "City")

July 22, 2024

RE: **\$24,250,000* General Obligation Capital Improvement Plan Bonds, Series 2024A (the "Bonds")**
DATED: **August 15, 2024**

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$24,056,000) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2037	_____ % due	2047
_____ % due	2028	_____ % due	2038	_____ % due	2048
_____ % due	2029	_____ % due	2039	_____ % due	2049
_____ % due	2030	_____ % due	2040	_____ % due	2050
_____ % due	2031	_____ % due	2041	_____ % due	2051
_____ % due	2032	_____ % due	2042	_____ % due	2052
_____ % due	2033	_____ % due	2043	_____ % due	2053
_____ % due	2034	_____ % due	2044	_____ % due	2054
_____ % due	2035	_____ % due	2045		
_____ % due	2036	_____ % due	2046		

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$485,000 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about August 15, 2024.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____
Account Members: _____

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from August 15, 2024 of the above proposal is \$_____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Chanhassen, Minnesota, on July 22, 2024.

By: _____ By: _____
Title: _____ Title: _____