

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF COLUMBIA HEIGHTS  
STATE OF MINNESOTA**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

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## I. INTRODUCTORY SECTION

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

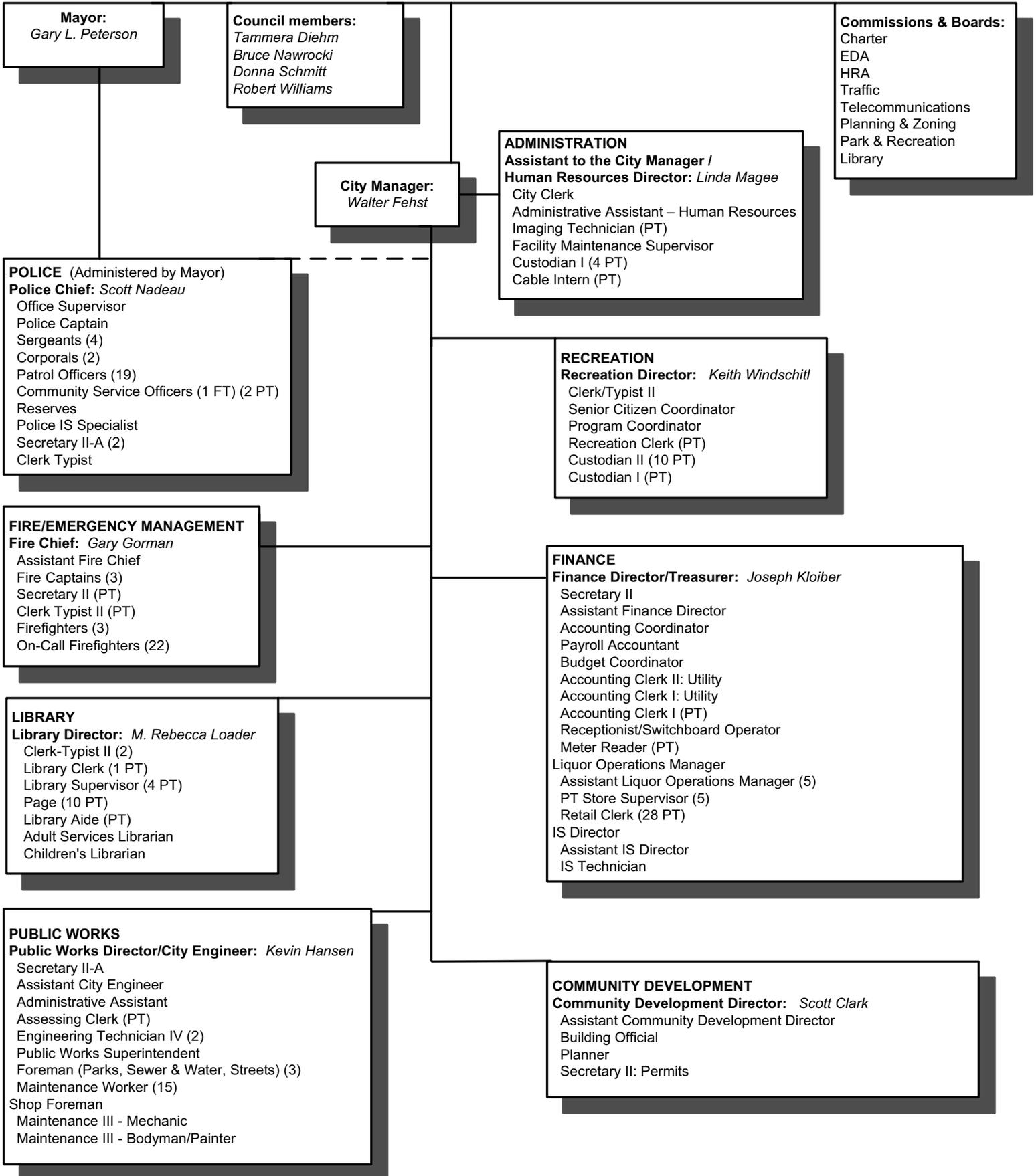
**PRINCIPAL CITY OFFICIALS**

December 31, 2011

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Name	Official Title
<b>Mayor and Council:</b>	
Gary L. Peterson	Mayor
Tammera Ericson Diehm	Councilmember
Donna Schmitt	Councilmember
Bruce Nawrocki	Councilmember
Robert A. Williams	Councilmember
<b>Administration:</b>	
Walter Fehst	City Manager
Linda Magee	Assistant to City Manager
Joseph Kloiber	Treasurer, Finance Director
Jim Hoeft	City Attorney
Kevin Hansen	Public Works Director, City Engineer
Scott Nadeau	Chief of Police
Gary Gorman	Chief of Fire
M. Rebecca Loader	Librarian
Scott Clark	Community Development Director
Keith Windschitl	Recreation Services Director
Larry Scott	Liquor Operations Manager
Lauren McClanahan	Superintendent of Public Works

# City of Columbia Heights Organizational Chart 2011





June 28, 2012

To the Citizens of the City of Columbia Heights,  
Mayor, Council Members, and City Manager

The Comprehensive Annual Financial Report of the City of Columbia Heights for the fiscal year ended December 31, 2011, is hereby submitted. The City's management assumes responsibility for both the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed its anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

HLB Tautges Redpath, Ltd., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Columbia Heights financial statements for the year ended December 31, 2011. Their independent auditors' report is located at the front of the financial section of this report.

State law requires Minnesota cities to issue by June 30<sup>th</sup> of each year a complete set of audited financial statements for the preceding fiscal year ended December 31<sup>st</sup>. In addition, state law requires that Minnesota cities undergo an annual Minnesota Legal Compliance Audit. During the year ended December 31, 2011, the City expended more than \$500,000 in federal grant awards. The City was therefore required to have an audit in conformity with the provisions of the Single Audit Act of 1984 and the United States Office of Management and Budget Circular A-133 for 2011. Information related to the Minnesota Legal Compliance Audit and the Single (A-133) Audit, including the Schedule of Expenditures of Federal Awards is included in the Other Required Reports Section at the back of this report.

Generally accepted accounting principals require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Columbia Heights' MD&A can be found immediately following the report of the independent auditors.

### PROFILE OF THE GOVERNMENT

The City of Columbia Heights, a suburb located north of the City of Minneapolis in Anoka County in east-central Minnesota, was originally incorporated as a village in 1898. In 1921, pursuant to the adoption of a home rule City Charter by the qualified voters of the City, a council-manager form of government, was instituted.

The City Council consists of a Mayor and four Council Members. All are elected at-large, on a non-partisan basis. The Mayor serves a two-year term and the Council Members serve four-year terms. The City Manager is appointed by the City Council. The City covers an area of 3.52 square miles and currently has a population of 19,496. The City is empowered to levy a tax on both real and personal property within its boundaries.

All City funds, departments, commissions and other organizations for which the City of Columbia Heights is financially accountable, including all component units, are presented within the Comprehensive Annual Financial Report. The Columbia Heights Housing and Redevelopment Authority (HRA) and the Columbia Heights Economic Development Authority (EDA) are included in the reporting entity as blended component units of the City of Columbia Heights due to the fact that the governing boards are substantively the same and the City is in a relationship of financial benefit/burden with the authorities.

The City provides a full range of services to its citizens. These services include, but are not limited to, police and fire protection; water and sanitation services; the construction and maintenance of highways, streets, and infrastructure; library; recreational facilities; and general administrative services.

#### LOCAL ECONOMY

The City is located within the varied and stable economic base of the Minneapolis-Saint Paul greater metropolitan area, which is a major center for both the state and the Upper-Midwest. As such, there has been a relatively stable level of employment for City residents and this is expected to continue. In 2011, the largest employers located within the boundaries of the City included Independent School District 13 and one division of Medtronic Inc., a medical device manufacturer.

With its close proximity to the Minneapolis downtown area (4 miles), the City of Columbia Heights offers opportunities for many people to live close to where they work, and this has helped maintain demand for housing in the City. However, as an older, fully developed, inner-ring suburb of the City of Minneapolis, the management and residents of the City of Columbia Heights are faced with the problems of an aging infrastructure, crime, and dependency on state aid to supplement local revenues. The recent sharp rise nation-wide in home mortgage foreclosures has also been reflected locally. The City Council and the City's management are taking a proactive approach to dealing with these concerns, and they currently have a number of initiatives in progress to address them. Some of these are described below.

#### LONG-TERM FINANCIAL PLANNING

The City has a planned Street Rehabilitation Program including, as needed, water mains, sanitary sewer and storm sewer improvements. The program divides the City into seven street rehabilitation zones and calls for approximately one zone to be rehabilitated every one to two years. A portion of cost of street rehabilitation is charged to the benefiting properties in the form of special assessments. In some cases, the City issues bonds to initially finance the project, repaying the bonds with special assessments collected over a number of years.

Historically, local government aid (LGA) from the State of Minnesota has been a key component of the City's operating budget. In recent years, the amount provided by the state has been unpredictable, significantly reduced, and sometimes reduced retroactively. To provide for more stable operations, the City's management has developed a multi-year financial plan that significantly reduces the cities dependency on state aide for operation by 2013. The current City Council has reached consensus of opinion in support of the plan. Implementation of this plan is of course dependent on the annual property tax levy and operating budget actually adopted by the City Council each year.

#### RELEVANT FINANCIAL POLICIES

The City Council has formally adopted a fund balance policy for the General Fund and the combined Library Fund, Capital Building Library Fund (non-major funds). The policy establishes a year end target of unassigned fund balance for the General Fund and spendable fund balance for the combined Library and Capital Building Library funds equal to at least 45% of the next year's budgeted expenditures. In 2011, both funds met this goal.

The City's policy is to budget and recognize license and permit revenues of the community development function, such as building permit revenue, in the Community Development Fund, a non-major special revenue fund. License and permit revenues of other functions are budgeted and recognized in the general fund. For this reason, license and permit revenues in the general fund are often lower than other comparable Minnesota Cities, which more commonly budget for and recognize all license and permit revenues in the general fund.

#### CURRENT MAJOR INITIATIVES

As in much of the nation, home prices in the City have dropped sharply over the last few years. Given this, plus the age of the City's housing stock, the Economic Development Authority has implemented a program of purchasing and demolishing substandard residential property to create an inventory of redevelopment property available for resale when the housing market recovers. As of December 31, 2011, twenty-nine properties had been acquired under this program. For the six properties purchased in 2011, all of the buildings on these properties will be demolished.

#### AWARD AND AKNOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Columbia Heights, Minnesota for its Comprehensive Annual Financial Report for the year ended December 31, 2010. The Certificate of Achievement is a prestigious national award that recognizes conformity with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In closing, without the leadership and support of the City Manager and City Council, preparation of this report would not have been possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Kloiber". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

Joseph P. Kloiber  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Columbia Heights  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

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## II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Columbia Heights, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of and for the year ended December 31, 2011 which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Columbia Heights, Minnesota's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City of Columbia Heights, Minnesota's 2010 financial statements and, in our report dated June 16, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the City of Columbia Heights, Minnesota adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011. Adoption of the provisions of this statement results in changes to classifications of the components of fund balance.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 on our consideration of the City of Columbia Heights, Minnesota's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbia Heights, Minnesota's financial statements as a whole. The introductory section, combining and individual nonmajor fund statements and schedules, supplementary financial information, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund statements and schedules, and supplementary financial information are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and any other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



HLB TAUTGES REDPATH, LTD.

June 28, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Columbia Heights, Minnesota (the City), we offer readers of the City of Columbia Heights' financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### **Financial Highlights**

The assets of the City exceeded its liabilities at December 31, 2011, by \$68,058,674 (net assets). Of this amount, \$27,037,326 or 40% may be used to meet the City's ongoing obligations to citizens and creditors.

During 2011, the City's total net assets increased by \$1,395,090 or 2% from the prior year. Governmental activities provided \$972,153 of this increase, and the City's business-type activities provided the remaining \$422,937.

As of December 31, 2011, the combined fund balances of the City's governmental funds were \$24,436,268. This is a decrease of \$1,002,840 or 4% from the prior year. Approximately 90 percent of this amount, \$22,002,337 is available for use within the City's constraints and policies.

As of December 31, 2011, unassigned fund balance for the General fund was \$5,655,693 (59 percent) of the total subsequent year General fund expenditures.

During 2011, the City's total bonded debt decreased by \$2,632,998 to an end of year total of \$25,645,000. This decrease was from the payment of principal due in the current year and the early payoff of the General Obligation Improvement/Revenue 2003A bonds.

### **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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

## Management's Discussion and Analysis

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation and community development. The business-type activities of the City include water, sanitary sewer, refuse, storm sewer and liquor operations.

The government-wide financial statements are presented as Statements 1 and 2 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 governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on 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 financial 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 of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 each major governmental fund. The major governmental funds in 2011 are as follows:

- General Fund
- 2008A Taxable G.O. Housing Improvement Area Bonds Fund
- Public Safety Center Capital Building Fund
- Municipal State Aid Street Fund
- Capital Improvements General Government Buildings Fund

## Management's Discussion and Analysis

- Capital Equipment Replacement General Government Fund
- Capital Improvements-PIR Fund
- Capital Improvements Development Fund

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general and certain special revenue funds listed in the notes to the financial statements. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements are presented as Statements 3 through 5 of this report.

***Proprietary funds.*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, refuse, storm sewer, and liquor operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, information systems, insurance, and compensated absences services. Because the central garage, insurance and compensated absences services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. And also, because the information systems services predominately benefit the business-type functions, it has been included within the business-type activities in the government-wide financial statements.

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 the water, sewer, refuse, storm sewer and liquor operations, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements are presented as Statements 6 through 8 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement is presented as Statement 9 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.

## Management's Discussion and Analysis

**Other information.** Required supplementary information on funding for retiree health benefits is presented immediately following the budgetary comparison referred to above. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the schedule of funding progress for the retiree health plan. Combining and individual fund statements and schedules are presented as Statements 12 through 66 of this report.

### Government-wide Financial Analysis

As noted above, net assets may serve over time as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded its liabilities by \$68,058,674.

\$37,426,428 or 55% of the City's net assets, reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure) 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. It should be noted that, although net assets invested in capital assets are reported net of related debt, 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.

In addition, a portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$27,037,326 or 40%, may be used to meet the City's ongoing obligations to citizens and creditors.

At December 31, 2011, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

#### CITY OF COLUMBIA HEIGHTS' NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$31,471,777	\$32,269,084	\$8,270,979	\$8,480,960	\$39,742,756	\$40,750,044
Capital assets	43,322,056	42,939,584	14,906,224	14,522,561	58,228,280	57,462,145
Total assets	<u>\$74,793,833</u>	<u>\$75,208,668</u>	<u>\$23,177,203</u>	<u>\$23,003,521</u>	<u>\$97,971,036</u>	<u>\$98,212,189</u>
<b>Liabilities:</b>						
Current liabilities	\$2,853,908	\$2,753,559	\$1,685,835	\$1,027,725	\$4,539,743	\$3,781,284
Noncurrent liabilities	19,512,030	20,999,367	5,860,590	6,767,954	25,372,620	27,767,321
Total liabilities	<u>\$22,365,938</u>	<u>\$23,752,926</u>	<u>\$7,546,425</u>	<u>\$7,795,679</u>	<u>\$29,912,363</u>	<u>\$31,548,605</u>
<b>Net assets:</b>						
Invested in capital assets net of related debt	\$28,095,261	\$26,279,178	\$9,331,167	\$8,044,184	\$37,426,428	\$34,323,362
Restricted	3,213,455	2,034,030	381,465	438,275	3,594,920	2,472,305
Unrestricted	21,119,179	23,142,534	5,918,147	6,725,383	27,037,326	29,867,917
Total net assets	<u>\$52,427,895</u>	<u>\$51,455,742</u>	<u>\$15,630,779</u>	<u>\$15,207,842</u>	<u>\$68,058,674</u>	<u>\$66,663,584</u>

## Management's Discussion and Analysis

### CITY OF COLUMBIA HEIGHTS' CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$2,057,705	\$2,336,094	\$14,582,413	\$14,143,485	\$16,640,118	\$16,479,579
Operating grants and contributions	930,251	1,061,343	66,163	36,653	996,414	1,097,996
Capital grants and contributions	1,539,716	3,616,597	-	-	1,539,716	3,616,597
General revenues:						
Property taxes	9,069,092	8,825,502	-	-	9,069,092	8,825,502
Tax increment collections	558,861	812,965	-	-	558,861	812,965
Grants and contributions not restricted to specific programs	1,278,195	1,176,934	-	-	1,278,195	1,176,934
Unrestricted investment earnings	598,880	487,611	135,932	86,110	734,812	573,721
Gain on sale of capital assets used in governmental activities	34,485	-	-	-	34,485	-
<b>Total revenues</b>	<b>16,067,185</b>	<b>18,317,046</b>	<b>14,784,508</b>	<b>14,266,248</b>	<b>30,851,693</b>	<b>32,583,294</b>
<b>Expenses:</b>						
General government	2,039,680	2,013,750	-	-	2,039,680	2,013,750
Public safety	5,549,678	5,473,224	-	-	5,549,678	5,473,224
Public works	2,654,047	2,777,966	-	-	2,654,047	2,777,966
Culture and recreation	2,576,409	2,479,519	-	-	2,576,409	2,479,519
Community development	1,630,350	2,295,574	-	-	1,630,350	2,295,574
Interest on long-term debt	909,858	959,320	-	-	909,858	959,320
Water	-	-	2,370,076	2,000,101	2,370,076	2,000,101
Sewer	-	-	1,710,381	1,478,518	1,710,381	1,478,518
Refuse	-	-	1,561,659	1,426,486	1,561,659	1,426,486
Storm sewer	-	-	298,577	272,355	298,577	272,355
Liquor	-	-	8,155,888	7,910,951	8,155,888	7,910,951
<b>Total expenses</b>	<b>15,360,022</b>	<b>15,999,353</b>	<b>14,096,581</b>	<b>13,088,411</b>	<b>29,456,603</b>	<b>29,087,764</b>
<b>Increase (decrease) in net assets before transfers</b>						
	707,163	2,317,693	687,927	1,177,837	1,395,090	3,495,530
<b>Transfers</b>						
	264,990	92,044	(264,990)	(92,044)	-	-
<b>Increase (decrease) in net assets</b>						
	972,153	2,409,737	422,937	1,085,793	1,395,090	3,495,530
Net assets - January 1	51,455,742	49,046,005	15,207,842	14,122,049	66,663,584	63,168,054
Net assets - December 31	<u>\$52,427,895</u>	<u>\$51,455,742</u>	<u>\$15,630,779</u>	<u>\$15,207,842</u>	<u>\$68,058,674</u>	<u>\$66,663,584</u>

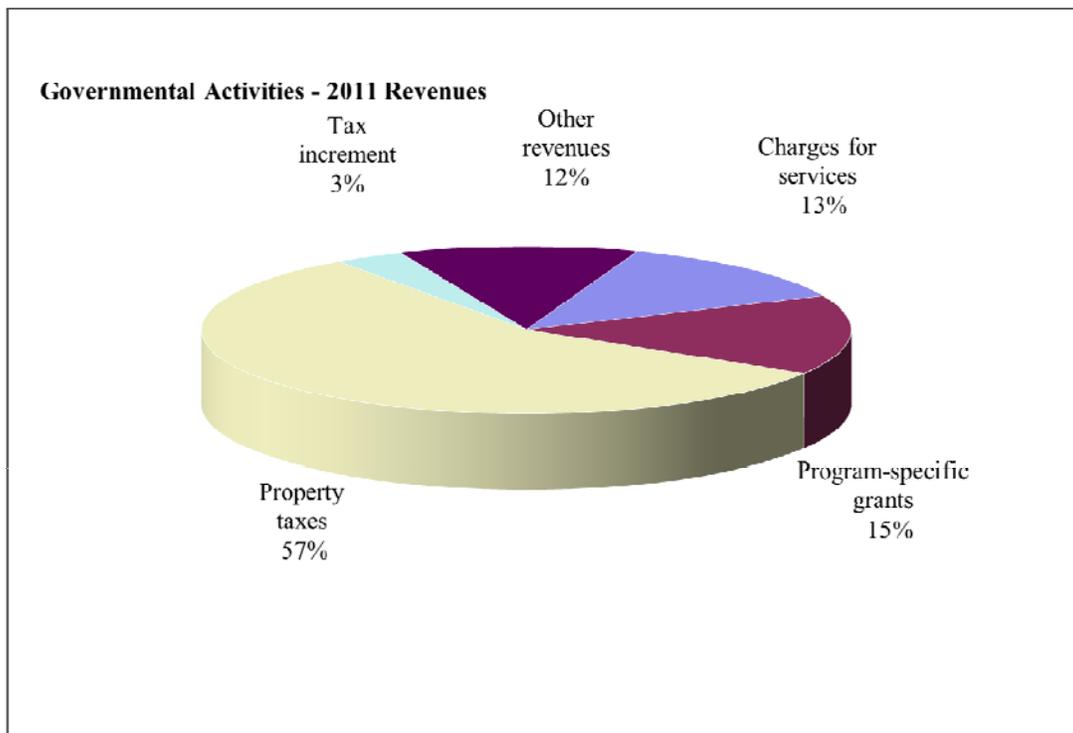
**Governmental activities.** During the current year, governmental activities increased the City's total net assets by \$972,153. During the prior year, governmental activities increased the City's net assets by \$2,409,737. Key differences between the current and prior year change in net assets of governmental activities include:

- Capital grants and contributions decreased by \$2.1 million 2011, compared to the prior year. This was primarily due to two federal grants for replacement of a pedestrian bridge in 2010.
- All other changes in revenues of the governmental activities were approximately offsetting. For example, a continuing decline in state aid revenue was offset by an increase in general property taxes under the City's multi-year plan to phase out reliance on state aid for general operations. Also a decline in tax increment

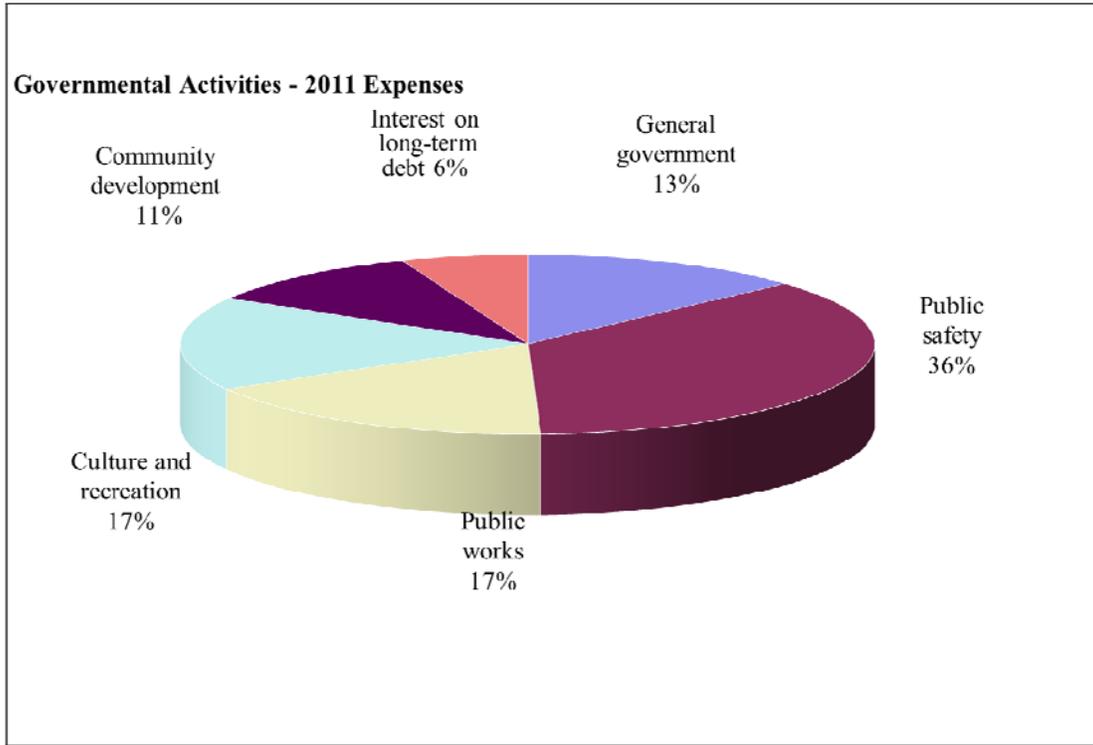
## Management's Discussion and Analysis

collections in 2011, due to the expiration of certain tax increment districts, was somewhat offset by the parcels from those expired districts now being subject to the City's general property tax levy.

- Expenses of the governmental activities decreased by \$639,331 in 2011, compared to the prior year. Most of this expense decrease was in the community development function. This decrease (\$270,875) was partially a result of a smaller capital improvement expense at Parkview Villa North. A change in architects pushed progress on the improvement back. The other large part of this difference is from the adjustment to lower of cost or net realized value. In 2010 the City purchased and demolished buildings on twenty three properties, in 2011 only six properties were purchased. There was a much larger adjustment in 2010 compared to 2011.
- The net transfers-in from the City's business-type activities to its governmental activities increased by \$172,946. This net increase primarily reflects the use fund balance in the Capital Improvement – General Government Building fund for yard improvements at the Central Garage, an internal service fund.



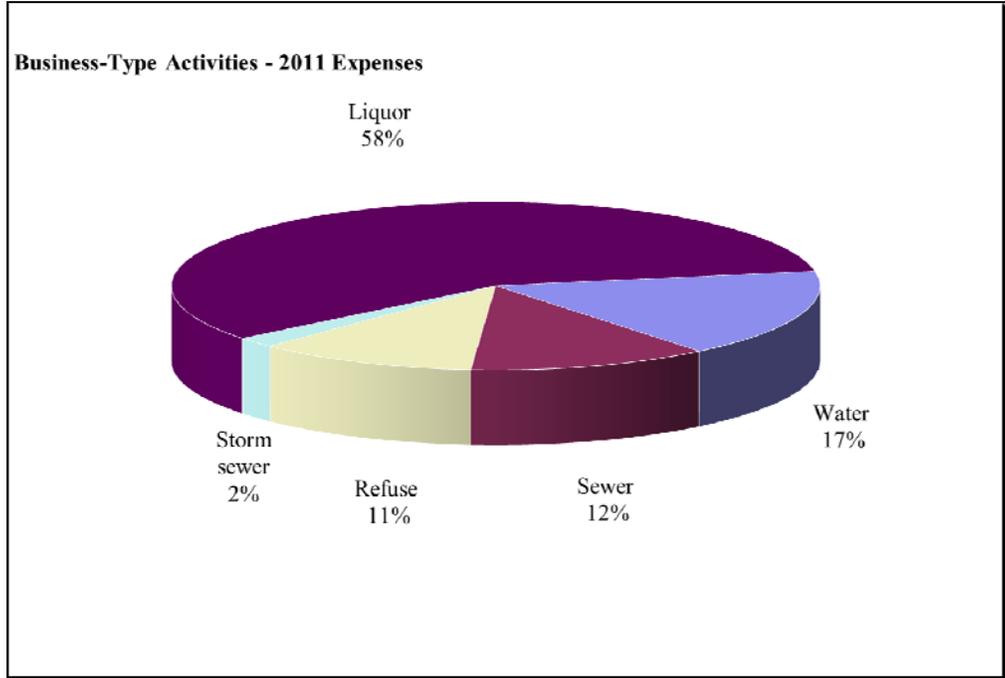
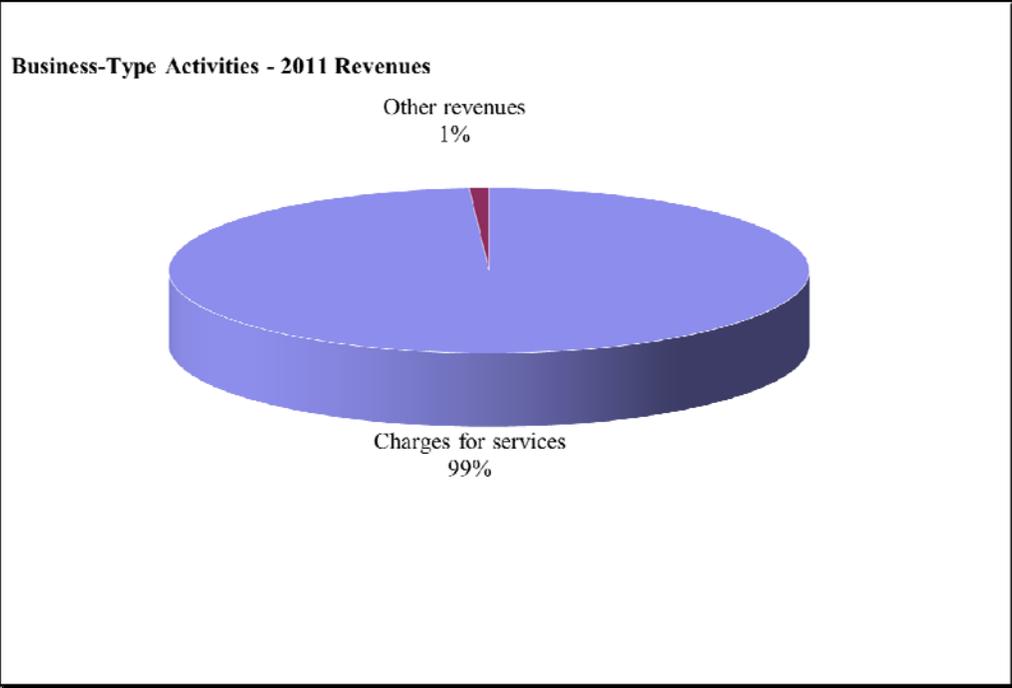
## Management's Discussion and Analysis



**Business-type activities.** In 2011, business-type activities increased the City's total net assets by \$422,937 or less than 1%. In the prior year, business-type activities increased the City's net assets by \$1,085,793 or 2%. The key differences between the current and prior year change in business-type activities net assets were the following:

- In 2011, the aging water meter reading system underwent a battery replacement program. The program expenses for the replacement project were nearly \$230,000 and are expected to be completed in 2012.
- The liquor fund saw an increase in net assets of \$129,436. Sales by the liquor operation increased in 2011 by \$337,361 or 4.1% over 2010. The liquor operations regularly see growth from year to year, 2011 sales grew at a greater rate, 3.2% compared to 2.5% in 2010.

Management's Discussion and Analysis



## Management's Discussion and Analysis

### **Financial Analysis of the City'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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2011, the City's governmental funds reported combined fund balances of \$24,436,268. Committed, assigned and unassigned fund balance, which is available for spending at the City's discretion, has a balance of \$18,559,946. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been obligated to pay debt service (\$1,916,771), land held for resale (\$1,945,188), prepaid items (\$83,813), interfund loans (\$405,000), tax increment (\$1,150,532) and other restrictions.

The general fund is the chief operating fund of the City. In 2011, fund balance in the general fund increased by \$526,816 or 10%. In the prior year, fund balance in the general fund increased by \$546,088 or 11%. Key differences between the current and prior year change in the fund balance of the general fund include the following:

- Total general fund revenue remained approximately same in 2011 as in the prior year. The amount of the tax levy increase compared to 2010, increasing tax revenue by approximately \$490,000.
- Total general fund expenditures increased \$179,907 or 2% in 2011, as compared to the prior year.
  - \$19,000 was previously expensed in a non-major fund is now in the General Fund related to Police Community Programs
  - \$18,000 worth of building repairs at Murzyn Hall
  - \$20,000 repair at City Hall for a watermain break and replacement water meter
  - \$20,000 for a remodel project underwent at City Hall
  - \$32,000 increase in personnel costs in the Fire department due to a contract settlement in December 2010 for a 3% salary increase and pay adjustment to volunteer firefighters

## Management's Discussion and Analysis

The changes in fund balance of the other major governmental funds in 2011, and key elements of those changes, were as follows:

- The Public Safety Center Capital Building Fund decreased to \$0. This reflects the construction completion of the facility.
- The Municipal State Aid Street Fund decreased by \$201,211. This decrease reflects the 2011 transfer of revenue received in prior years to the nonmajor governmental funds for certain debt service. 2011 expenditures were slightly greater in this fund.
- The Capital Improvements General Government Buildings Fund decreased by \$319,067. City Hall underwent several building improvements in 2011. Fund balance was used to cover the expenses.
- The Capital Equipment Replacement General Government Fund decreased by \$25,611. This is the amount by which 2011 equipment purchases exceeded 2011 investment income and transfers-in for equipment purchases.
- The Capital Improvements PIR Fund decreased by \$453,588. This primarily reflects the 2011 transfer of certain special assessments and other sources received by this fund in prior years to the nonmajor governmental funds for debt service purposes.
- The Capital Improvements Development Fund increased by \$24,603. This primarily reflects less activity in redevelopment for 2011.

The combined total fund balances of the nonmajor governmental funds decreased by \$225,727 or slightly greater than 2% in 2011. Whereas in the prior year, combined total fund balances of the nonmajor governmental funds increased by \$69,153 or 1%. This difference involved numerous changes, but the most significant elements included:

- The G.O. Improvement/Revenue Bonds 2003A fund decreased by \$484,055. In December, the City elected to pay the remainder of the bond issue off, reducing the fund balance to zero.
- The Capital Improvement Park fund decreased by \$267,134. This primarily reflects the reconstruction of Ramsdell Park.
- The special revenue funds saw an increase in charges for services of \$81,012. There was also an increase and decrease of transfers in and out, respectively.

**Proprietary funds.** The City's proprietary funds provide the same type of information that is found in the government-wide financial statements for business-type activities, but in more detail. At December 31, 2011, net assets of the major proprietary funds included the following amounts of unrestricted net assets (deficit):

- Water Fund \$563,281
- Sewer Fund \$1,975,366

## Management's Discussion and Analysis

- Refuse Fund \$988,745
- Storm Sewer Fund \$32,869
- Liquor Fund \$1,949,754

The 2011 increase (decreases) in net assets of the major proprietary funds included the following:

- Water Fund \$104,783
- Sewer Fund (\$220,432)
- Refuse Fund \$146,951
- Storm Sewer Fund \$63,769
- Liquor Fund \$286,818

Other factors concerning the finances of the proprietary funds are addressed above in the analysis of the City's business-type activities.

### **Budgetary Highlights**

**General fund.** The changes between the original and final 2011 general fund budget consist of:

- An increase of \$91,744 to budgeted public safety expenditures consisted of a \$20,000 budget increase from the reclassification of the Police Community Programs fund from a special revenue fund to the general fund and the remainder, an equal increase to the combined amount budgeted for intergovernmental revenue and charges for services. This reflects additional police and fire services and training funded by external entities after the adoption of the original budget.
- A reclassification of \$285,626 from tax revenue to intergovernmental revenue – market value homestead credit. The City's policy is to adopt the original budget using the classifications required to certify the annual tax levy to Anoka County for collection. A portion of the tax levy certified under this classification is never actually received from the County in the form of tax revenue. This portion is received from the State of Minnesota as intergovernmental revenue - the market value homestead credit. Each year, after the levy has been adjusted for this item by Anoka County, an amendment to the original budget is recorded to reflect the County's adjustment.

Actual general fund revenues in 2011 were more than budgeted by \$70,714 or 1%. This variance was primarily the result of the following:

- Actual local government aid received from the State of Minnesota was \$469,842 more than budgeted for in 2011. This was however, offset by the actual amount of market value homestead credit received from the State of Minnesota being \$112,816 and tax revenue \$175,427 less than budgeted.
- The investment income produced much greater results than had been anticipated. A conservative estimate was put on investment income which exceeded that estimate by \$20,000. With lower interest rates for long term bonds, the City has adopted a temporary

## Management's Discussion and Analysis

strategy of holding more investments in shorter term securities and money market accounts. When rates increase, the City will revert to its prior investment strategy.

Actual general fund expenditures in 2011 were less than budgeted by \$649,468 or 6%. The two largest element of this variance were \$289,936 in the parks and recreation departments and \$109,080 in the police department.

- Police department personnel cost were \$169,119 under budget. An early retirement of a long term employee at the beginning of the early left a vacancy for the remainder of the year. The police department also had an officer out on military leave for most of the year.
- In the parks and recreation department a full-time maintenance position was left unfilled.
- Other operations in the recreation department were able to use grant funds instead of budgeted general fund money to hire seasonal summer youth enrichment supervisors.
- In 2010 the City opened a new gymnasium facility. When budgeting for 2011 there was not sufficient information to accurately budget for the facilities, which was under the budgeted amount by \$62,323. Significant staffing was budgeted for the facility, but much of the actual staffing was achieved by relocating existing staff from other facilities.

The remaining \$250,452 of the general fund expenditure budget variance was spread across all departments of the general fund, other than police and parks and recreation. To a large extent, this reflects a continuation of cost reduction measures implemented in 2009 in response to state aid reductions and weak economic conditions in general.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2011, amount to \$58,228,312 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress. Note that real estate that is only held for resale is not included here in the analysis of capital assets *used* in governmental and business-type activities.

At December 31, 2011, the City had \$152,000 of noncancellable contractual commitments for construction in 2011. Significant capital asset activity during 2011 included the following:

<u>Project</u>	<u>Year Started</u>	<u>As of December 31, 2011</u>	
		<u>Cost to Date</u>	<u>Status</u>
Central avenue pedestrian bridge	2009	2,962,199	in-progress
Street reconstruction - Zone 6	2011	1,072,895	in-progress
Ramsdell Park reconstruction	2011	413,791	in-progress
Watermain & Sanitary Sewer lining	2011	595,097	in-progress

Management's Discussion and Analysis

City of Columbia Heights' Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not being depreciated:				
Land	\$4,891,781	\$ -	\$ -	\$4,891,781
Construction in progress	3,683,069	1,562,463	(619,277)	4,626,255
Total capital assets not being depreciated	<u>8,574,850</u>	<u>1,562,463</u>	<u>(619,277)</u>	<u>9,518,036</u>
Capital assets - being depreciated:				
Buildings	27,385,274	573,598	-	27,958,872
Equipment	7,783,526	477,712	(285,551)	7,975,687
Infrastructure	25,435,996	478,606	-	25,914,602
Total capital assets being depreciated	<u>60,604,796</u>	<u>1,529,916</u>	<u>(285,551)</u>	<u>61,849,161</u>
Less accumulated depreciation for:				
Buildings	9,964,703	689,863	-	10,654,566
Equipment	4,907,449	514,680	(279,037)	5,143,092
Infrastructure	11,367,910	879,573	-	12,247,483
Total accumulated depreciation	<u>26,240,062</u>	<u>2,084,116</u>	<u>(279,037)</u>	<u>28,045,141</u>
Capital assets being depreciated - net	<u>34,364,734</u>	<u>(554,200)</u>	<u>(6,514)</u>	<u>33,804,020</u>
Governmental activities capital assets - net	<u>42,939,584</u>	<u>1,008,263</u>	<u>(625,791)</u>	<u>43,322,056</u>
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Land	\$2,343,247	\$ -	\$ -	2,343,247
Construction in progress	303,508	870,091	(103,820)	1,069,779
Total capital assets not being depreciated	<u>2,646,755</u>	<u>870,091</u>	<u>(103,820)</u>	<u>3,413,026</u>
Capital assets - being depreciated:				
Buildings	4,581,314	-	-	4,581,314
Equipment	2,031,792	140,027	-	2,171,819
Infrastructure	14,380,606	103,820	-	14,484,426
Total capital assets being depreciated	<u>20,993,712</u>	<u>243,847</u>	<u>0</u>	<u>21,237,559</u>
Less accumulated depreciation for:				
Buildings	970,232	131,654	-	1,101,886
Equipment	1,363,180	128,528	-	1,491,708
Infrastructure	6,784,494	366,241	-	7,150,735
Total accumulated depreciation	<u>9,117,906</u>	<u>626,423</u>	<u>0</u>	<u>9,744,329</u>
Capital assets being depreciated - net	<u>11,875,806</u>	<u>(382,576)</u>	<u>0</u>	<u>11,493,230</u>
Business-type activities capital assets - net	<u>14,522,561</u>	<u>487,515</u>	<u>(103,820)</u>	<u>14,906,256</u>
Total capital assets - net	<u>57,462,145</u>	<u>1,495,778</u>	<u>(729,611)</u>	<u>58,228,312</u>

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

**Long-term debt.** During 2011, the City's total bonded debt decreased by \$2,632,998 to an end of year total of \$25,645,000. This decrease was from the payment of principal due in the current year and the early payoff of the 2003A GO bonds. Bonded debt outstanding at year end included general obligation bonds, all of which are backed by the full faith and credit of the City, and revenue bonds, for which only revenues from the related projects financed are pledged for repayment. Some of the general obligation bonds have specific revenue sources pledged other than property taxes, but in the

## Management's Discussion and Analysis

event those other sources were insufficient, the City would be required to fund the shortfall through property taxes.

State statute limits the amount of certain general obligation debt that a Minnesota city may issue to 3% of the taxable market value of property within a city's taxing jurisdiction. At December 31, 2011, the City's debt limit under this statute was \$35,278,494 and \$12,698,431 of the City's outstanding debt was of the type to which this limit applies.

### City of Columbia Heights' Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
General obligation bonds:						
Repaid only with general taxes	\$12,698,431	\$13,855,000	\$ -	\$ -	\$12,698,431	\$13,855,000
With other pledged revenues	4,102,299	4,556,750	1,304,270	2,128,248	5,406,569	6,684,998
Revenue bonds	2,790,000	2,838,000	4,750,000	4,900,000	7,540,000	7,738,000
Compensated absences	944,689	866,723	161,109	137,148	1,105,798	1,003,871
Postemployment benefits other than pensions	58,761	30,661	-	-	58,761	30,661
	<u>\$20,594,180</u>	<u>\$22,147,134</u>	<u>\$6,215,379</u>	<u>\$7,165,396</u>	<u>\$26,809,559</u>	<u>\$29,312,530</u>

At December 31, 2011, the City's general obligation bonds have an AA rating from Standard and Poor's and Aa2 rating from Moody's. The outstanding revenue bonds of the business activities at December 31, 2011, are repaid only with lease revenue and have an A1 rating from Moody's. The outstanding revenue bonds of the governmental activities at December 31, 2011, are repaid only with tax increment and are unrated.

In addition to bonded debt, at year end there was long-term debt in the amount of \$1,105,798 and \$58,761 respectively, for compensated absences and post-employment health insurance. Additional information on the City's long-term debt can be found in Note 6 to the financial statements.

### Economic Factors and Next Year's Budget

In 2011, the average annual unemployment rate for Anoka County, which includes the City, was 6.7%. This is a decrease from a rate of 7.5% from the prior year. This compares to the average 2011 state and national rates of 5.7% and 9.0% respectively. Inflationary trends in the region compare favorably to national trends.

These factors were considered in preparing the City of Columbia Heights' 2011 budget.

### Requests For Information.

This financial report is designed to provide a general overview of the City of Columbia Heights finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Columbia Heights, Finance Department, 590 40<sup>th</sup> Avenue NE, Columbia Heights, Minnesota 55421-3878.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
December 31, 2011  
With Comparative Totals For December 31, 2010

**Statement 1**  
**Page 1 of 2**

Assets	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2011	2010
Current assets:				
Cash and investments	\$24,790,279	\$4,042,728	\$28,833,007	\$29,549,146
Cash and investments with fiscal agent	-	399,254	399,254	399,254
Receivables:				
Accounts (net of allowance for uncollectibles)	118,057	1,432,392	1,550,449	1,479,456
Special assessments - current	511,412	-	511,412	492,979
Taxes	436,551	-	436,551	535,070
Interest	62,143	13,700	75,843	124,564
Due from other governmental units - current	712,004	1,228	713,232	1,240,039
Internal balances	148,965	(148,965)	-	-
Prepayments	189,195	172,348	361,543	293,340
Inventory - at cost	-	2,358,294	2,358,294	2,361,780
Real estate held for resale	1,945,117	-	1,945,117	1,547,025
Total current assets	<u>28,913,723</u>	<u>8,270,979</u>	<u>37,184,702</u>	<u>38,022,653</u>
Noncurrent assets:				
Special assessments receivable - noncurrent	2,558,054	-	2,558,054	2,683,791
Loans receivable - noncurrent	-	-	-	43,600
Due from other governmental units - noncurrent	-	-	-	-
Capital assets (net of accumulated depreciation):				
Land	4,891,781	2,343,247	7,235,028	7,235,028
Buildings	17,304,305	3,479,428	20,783,733	21,031,653
Equipment	2,832,595	680,112	3,512,707	3,544,691
Infrastructure	13,667,119	7,333,691	21,000,810	21,664,196
Construction in process	4,626,256	1,069,747	5,696,003	3,986,577
Total noncurrent assets	<u>45,880,110</u>	<u>14,906,225</u>	<u>60,786,335</u>	<u>60,189,536</u>
Total assets	<u>74,793,833</u>	<u>23,177,204</u>	<u>97,971,037</u>	<u>98,212,189</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
December 31, 2011  
With Comparative Totals For December 31, 2010

**Statement 1**  
**Page 2 of 2**

Liabilities	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2011	2010
Current liabilities:				
Accounts payable	\$535,917	\$720,652	\$1,256,569	\$792,514
Accrued salaries and withholdings payable	258,668	45,989	304,657	203,029
Contracts payable - retained percentage	133,048	42,760	175,808	157,723
Due to other governmental units	242,507	397,796	640,303	356,532
Unearned revenue	218,857	-	218,857	179,543
Accrued interest payable	348,671	123,849	472,520	513,826
Deposits	34,090	-	34,090	32,908
Compensated absences payable - current	110,150	18,789	128,939	132,209
Bonds payable - current	972,000	336,000	1,308,000	1,413,000
Total current liabilities	<u>2,853,908</u>	<u>1,685,835</u>	<u>4,539,743</u>	<u>3,781,284</u>
Noncurrent liabilities:				
Compensated absences payable - noncurrent	834,539	142,320	976,859	871,662
Other postemployment benefits payable - noncurrent	58,761	-	58,761	30,661
Bonds payable - noncurrent	18,618,730	5,718,270	24,337,000	26,864,998
Total noncurrent liabilities	<u>19,512,030</u>	<u>5,860,590</u>	<u>25,372,620</u>	<u>27,767,321</u>
Total liabilities	<u>22,365,938</u>	<u>7,546,425</u>	<u>29,912,363</u>	<u>31,548,605</u>
Net assets				
Invested in capital assets - net of related debt	28,095,261	9,331,167	37,426,428	34,323,362
Restricted for:				
Debt service	1,476,896	381,465	1,858,361	1,463,495
Tax increment purposes	1,361,471	-	1,361,471	1,008,810
Other purposes	375,088	-	375,088	-
Unrestricted	21,119,179	5,918,147	27,037,326	29,867,917
Total net assets	<u>\$52,427,895</u>	<u>\$15,630,779</u>	<u>\$68,058,674</u>	<u>\$66,663,584</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,039,680	\$189,641
Public safety	5,549,678	697,656
Public works	2,654,047	48,303
Culture and recreation	2,576,409	159,829
Community development	1,630,350	962,276
Interest on long-term debt	909,858	-
Total governmental activities	<u>15,360,022</u>	<u>2,057,705</u>
Business-type activities:		
Water	2,370,076	2,530,803
Sewer	1,710,381	1,523,852
Refuse	1,561,659	1,682,178
Storm sewer	298,577	350,618
Liquor	8,155,888	8,494,962
Total business-type activities	<u>14,096,581</u>	<u>14,582,413</u>
Total primary government	<u>\$29,456,603</u>	<u>\$16,640,118</u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Assets			
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Totals
		Governmental Activities	Business-Type Activities		
				2011	2010
\$ -	\$38,399	(\$1,811,640)	\$ -	(\$1,811,640)	(\$1,626,903)
563,914	11,303	(4,276,805)	-	(4,276,805)	(4,182,511)
176,578	1,314,547	(1,114,619)	-	(1,114,619)	280,891
76,864	-	(2,339,716)	-	(2,339,716)	(2,100,495)
112,895	175,467	(379,712)	-	(379,712)	(396,981)
-	-	(909,858)	-	(909,858)	(959,320)
<u>930,251</u>	<u>1,539,716</u>	<u>(10,832,350)</u>	<u>0</u>	<u>(10,832,350)</u>	<u>(8,985,319)</u>
-	-	-	160,727	160,727	503,405
-	-	-	(186,529)	(186,529)	115,804
66,163	-	-	186,682	186,682	152,479
-	-	-	52,041	52,041	72,731
-	-	-	339,074	339,074	247,308
<u>66,163</u>	<u>0</u>	<u>0</u>	<u>551,995</u>	<u>551,995</u>	<u>1,091,727</u>
<u>\$996,414</u>	<u>\$1,539,716</u>	<u>(10,832,350)</u>	<u>551,995</u>	<u>(10,280,355)</u>	<u>(7,893,592)</u>
General revenues:					
Property taxes		9,069,092	-	9,069,092	8,825,502
Tax increment collections		558,861	-	558,861	812,965
Grants and contributions not restricted to specific programs		1,278,195	-	1,278,195	1,176,934
Unrestricted investment earnings		598,880	135,932	734,812	573,721
Gain on sale of capital assets used in governmental activities		34,485	-	34,485	-
Transfers		264,990	(264,990)	-	-
Total general revenues and transfers		<u>11,804,503</u>	<u>(129,058)</u>	<u>11,675,445</u>	<u>11,389,122</u>
Change in net assets		972,153	422,937	1,395,090	3,495,530
Net assets - January 1		<u>51,455,742</u>	<u>15,207,842</u>	<u>66,663,584</u>	<u>63,168,054</u>
Net assets - December 31		<u>\$52,427,895</u>	<u>\$15,630,779</u>	<u>\$68,058,674</u>	<u>\$66,663,584</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2011

	<u>General Fund</u>	<u>2008A Taxable GO Housing Improvement Area Bonds Fund</u>	<u>Public Safety Center Capital Building Fund</u>	<u>Municipal State Aid Street Fund</u>
<b>Assets</b>				
Cash and investments	\$5,850,939	\$174,855	\$ -	\$170,723
Receivables:				
Accounts	27,456	-	-	-
Special assessments	-	870,735	-	-
Taxes	390,150	-	-	-
Interest	15,443	300	-	-
Loans	-	-	-	-
Due from other governmental units	152,911	-	-	351,852
Interfund receivable	392,396	-	-	-
Prepayments	80,767	-	-	-
Real estate held for resale	-	-	-	-
<b>Total assets</b>	<b><u>\$6,910,062</u></b>	<b><u>\$1,045,890</u></b>	<b><u>\$0</u></b>	<b><u>\$522,575</u></b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$128,693	\$ -	\$ -	\$1,175
Accrued salaries and withholdings payable	231,483	-	-	675
Contracts payable - retained percentage	-	-	-	54,372
Due to other governmental units	204,679	-	-	-
Interfund payable	2,280	-	-	294,973
Deferred revenue	473,872	870,735	-	83,000
Deposits	-	-	-	-
<b>Total liabilities</b>	<b><u>1,041,007</u></b>	<b><u>870,735</u></b>	<b><u>0</u></b>	<b><u>434,195</u></b>
<b>Fund balance:</b>				
Nonspendable	80,767	-	-	-
Restricted	-	175,155	-	-
Committed	132,595	-	-	88,380
Assigned	-	-	-	-
Unassigned	5,655,693	-	-	-
<b>Total fund balances</b>	<b><u>5,869,055</u></b>	<b><u>175,155</u></b>	<b><u>0</u></b>	<b><u>88,380</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$6,910,062</u></b>	<b><u>\$1,045,890</u></b>	<b><u>\$0</u></b>	<b><u>\$522,575</u></b>

Fund balance reported above

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

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Internal service funds are used by management to charge the costs of garage, information systems, insurance and compensated absences to individual funds. With the exception of the information systems fund which is a business-type fund, the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The accompanying notes are an integral part of these financial statements.

Capital Improvements General Gov't Buildings	Capital Equipment Replacement General Gov't	Capital Improvements PIR Fund	Capital Improvement Development	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds 2011
\$1,291,099	\$3,968,596	\$846,105	\$1,980,346	\$8,070,702	\$ -	\$22,353,365
3,106	-	-	6,026	78,476	-	115,064
-	-	2,198,731	-	-	-	3,069,466
-	-	-	-	46,401	-	436,551
4,300	12,300	3,500	5,600	16,900	-	58,343
-	-	-	-	-	-	-
-	-	13,101	-	194,140	-	712,004
-	499,000	-	-	27,308	(419,704)	499,000
-	-	-	-	3,046	-	83,813
-	-	53,300	144,270	1,747,547	-	1,945,117
<u>\$1,298,505</u>	<u>\$4,479,896</u>	<u>\$3,114,737</u>	<u>\$2,136,242</u>	<u>\$10,184,520</u>	<u>(\$419,704)</u>	<u>\$29,272,723</u>
\$22,434	\$ -	\$83,445	\$3,842	\$173,442	\$ -	\$413,031
-	-	922	-	21,931	-	255,011
1,509	-	48,946	-	13,790	-	118,617
-	-	-	138	37,690	-	242,507
-	-	-	-	164,090	(419,704)	41,639
-	-	2,192,747	-	111,206	-	3,731,560
-	-	6,331	-	27,759	-	34,090
<u>23,943</u>	<u>0</u>	<u>2,332,391</u>	<u>3,980</u>	<u>549,908</u>	<u>(419,704)</u>	<u>4,836,455</u>
-	405,000	53,300	144,270	1,750,593	-	2,433,930
-	-	-	-	3,265,495	-	3,440,650
1,274,562	4,074,896	729,046	1,987,992	4,619,565	-	12,907,036
-	-	-	-	-	-	-
-	-	-	-	(1,041)	-	5,654,652
<u>1,274,562</u>	<u>4,479,896</u>	<u>782,346</u>	<u>2,132,262</u>	<u>9,634,612</u>	<u>0</u>	<u>24,436,268</u>
<u>\$1,298,505</u>	<u>\$4,479,896</u>	<u>\$3,114,737</u>	<u>\$2,136,242</u>	<u>\$10,184,520</u>	<u>(\$419,704)</u>	<u>\$29,272,723</u>
						\$24,436,268
						42,000,243
						3,519,936
						2,469,610
						<u>(19,998,162)</u>
						<u>\$52,427,895</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2011

	General Fund	2008A Taxable GO Housing Improvement Area Bonds Fund	Public Safety Center Capital Building Fund	Municipal State Aid Street Fund
<b>Revenues:</b>				
Taxes	\$7,263,658	\$ -	\$ -	\$ -
Tax increment collections	-	-	-	-
Special assessments	-	105,612	-	-
Licenses and permits	158,385	-	-	-
Intergovernmental	1,671,165	-	-	718,358
Charges for services	589,915	-	-	968
Fines and forfeitures	146,140	-	-	-
Investment income:				
Interest and dividends	94,441	2,000	1,600	-
Change in fair value	52,150	1,100	900	-
Other revenues	6,156	-	-	5,090
Total revenues	<u>9,982,010</u>	<u>108,712</u>	<u>2,500</u>	<u>724,416</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,779,323	-	-	-
Public safety	4,925,309	-	15,207	-
Public works	1,335,963	-	-	121,794
Culture and recreation	1,442,978	-	-	-
Community development	-	-	-	-
<b>Capital outlay:</b>				
General government	28,475	-	-	-
Public safety	14,791	-	-	-
Public works	56,978	-	-	680,833
Culture and recreation	9,084	-	-	-
Community development	-	-	-	-
<b>Debt service:</b>				
Principal retirement	-	45,000	-	-
Interest and fiscal charges	-	52,295	-	-
Developer incentives	-	-	-	-
Total expenditures	<u>9,592,901</u>	<u>97,295</u>	<u>15,207</u>	<u>802,627</u>
Revenues over (under) expenditures	<u>389,109</u>	<u>11,417</u>	<u>(12,707)</u>	<u>(78,211)</u>
<b>Other financing sources (uses):</b>				
Transfers in	371,397	-	-	-
Transfers out	(233,690)	-	(329,507)	(123,000)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>137,707</u>	<u>0</u>	<u>(329,507)</u>	<u>(123,000)</u>
Net change in fund balance	526,816	11,417	(342,214)	(201,211)
Fund balance - January 1	<u>5,342,239</u>	<u>163,738</u>	<u>342,214</u>	<u>289,591</u>
Fund balance - December 31	<u>\$5,869,055</u>	<u>\$175,155</u>	<u>\$0</u>	<u>\$88,380</u>

The accompanying notes are an integral part of these financial statements.

Capital Improvements General Gov't Buildings	Capital Equipment Replacement General Gov't	Capital Improvements PIR Fund	Capital Improvement Development	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds 2011
\$ -	\$ -	\$ -	\$ -	\$1,870,815	\$ -	\$9,134,473
-	-	-	-	548,960	-	548,960
-	-	623,715	-	-	-	729,327
-	-	-	-	219,972	-	378,357
38,399	-	-	-	392,497	-	2,820,419
-	-	42,264	2,700	1,016,808	-	1,652,655
-	-	-	-	23,949	-	170,089
26,500	76,000	21,700	34,700	106,089	-	363,030
14,700	42,100	12,000	19,200	57,000	-	199,150
3,106	-	1,507	323	53,991	-	70,173
82,705	118,100	701,186	56,923	4,290,081	0	16,066,633
10,579	-	5,007	-	85,348	-	1,880,257
-	11,501	53,284	-	32,247	-	5,037,548
-	5,632	44,988	-	1,150	-	1,509,527
10,662	-	-	-	853,053	-	2,306,693
-	-	-	95,561	1,225,870	-	1,321,431
115,554	-	-	-	-	-	144,029
-	80,490	-	-	-	-	95,281
-	112,138	501,565	-	531,273	-	1,882,787
99,241	32,542	-	-	-	-	140,867
-	-	-	26,759	13,790	-	40,549
-	-	-	-	1,614,022	-	1,659,022
-	-	-	-	883,110	-	935,405
-	-	-	-	181,638	-	181,638
236,036	242,303	604,844	122,320	5,421,501	0	17,135,034
(153,331)	(124,203)	96,342	(65,397)	(1,131,420)	0	(1,068,401)
22,536	66,343	16,154	90,000	1,317,191	(1,557,038)	326,583
(188,272)	(8,750)	(566,084)	-	(409,757)	1,557,038	(302,022)
-	40,999	-	-	-	-	40,999
(165,736)	98,592	(549,930)	90,000	907,434	0	65,560
(319,067)	(25,611)	(453,588)	24,603	(223,986)	0	(1,002,841)
1,593,629	4,505,507	1,235,934	2,107,659	9,858,598	-	25,439,109
\$1,274,562	\$4,479,896	\$782,346	\$2,132,262	\$9,634,612	\$0	\$24,436,268

The accompanying notes are an integral part of these financial statements.

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2011

**Statement 5**

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Net changes in fund balances - total governmental funds (Statement 4)	(\$1,002,841)
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. The difference is the amount by which outlays for capital assets exceeded depreciation in the current year.	184,398
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and abandonments was a decrease in net assets	(6,514)
The issuance of long-term debt provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net assets however. This amount is the net effect of these differences in the treatment of long-term debt.	1,659,020
Interest that accrues in the prior year on long-term debt, that is paid in the current year, consumes current financial resources, and is therefore reported in the governmental funds. It does not reduce net assets however, and is not reported as an expense in the statement of activities.	25,547
Other postemployment employee benefits that accrue in the current year, but are not paid in the current year, do not consume current financial resources, and are therefore not reported in the governmental funds. They do reduce net assets however, and are reported as an expense in the statement of activities.	(28,100)
Revenue earned in prior years, that first becomes available in the current year, is reported in the governmental funds. Whereas, this amount was reported in the statement of activities in the prior year(s) in which it was earned.	(69,331)
The net expenses of certain activities of internal service funds are reported within governmental activities in the statement of activities.	<u>209,974</u>
Change in net assets of governmental activities (Statement 2)	<u><u>\$972,153</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$559,410	\$1,759,137
Cash and cash equivalents with fiscal agent	-	-
Receivables:		
Accounts (net of allowance for uncollectibles)	543,527	370,478
Interest	3,500	5,500
Due from other governmental units - current	-	-
Interfund receivable	12,041	75,229
Prepayments	-	74,917
Inventory - at cost	1,712	-
Total current assets	<u>1,120,190</u>	<u>2,285,261</u>
Noncurrent assets:		
Capital assets:		
Land	45,223	36,586
Construction in progress	479,626	550,773
Buildings	559,826	100,426
Equipment	462,515	840,942
Infrastructure	7,524,209	5,482,680
Total capital assets	<u>9,071,399</u>	<u>7,011,407</u>
Less: accumulated depreciation	<u>(4,044,729)</u>	<u>(4,146,206)</u>
Net capital assets	<u>5,026,670</u>	<u>2,865,201</u>
Total noncurrent assets	<u>5,026,670</u>	<u>2,865,201</u>
Total assets	<u>6,146,860</u>	<u>5,150,462</u>
Liabilities:		
Current liabilities:		
Accounts payable	18,271	228,179
Accrued salaries and withholdings payable	5,877	6,965
Due to other governmental units	302,698	-
Interfund payable	398,000	-
Contracts payable	-	42,760
Accrued interest payable	16,795	-
Deferred revenue	-	-
Compensated absences payable - current	3,330	3,731
Bonds payable - current	152,880	-
Total current liabilities	<u>897,851</u>	<u>281,635</u>
Noncurrent liabilities:		
Compensated absences payable - noncurrent	25,222	28,260
Bonds payable - noncurrent	951,490	-
Total noncurrent liabilities	<u>976,712</u>	<u>28,260</u>
Total liabilities	<u>1,874,563</u>	<u>309,895</u>
Net assets:		
Invested in capital assets, net of related debt	3,524,300	2,865,201
Restricted for debt service	184,716	-
Unrestricted	563,281	1,975,366
Total net assets	<u>\$4,272,297</u>	<u>\$4,840,567</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds		
Net assets of business-type activities		

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds					
Refuse Utility Fund	Storm Sewer Utility Fund	Liquor Fund	Interfund Eliminations	Total Enterprise Funds	Internal Service Funds
				2011	2011
\$789,747	\$36,111	\$277,781	\$ -	\$3,422,186	\$3,057,456
-	-	399,254	-	399,254	-
432,529	85,589	269	-	1,432,392	2,993
2,200	500	200	-	11,900	5,600
-	-	1,228	-	1,228	-
-	-	-	(45,631)	41,639	-
-	-	97,431	-	172,348	46,809
-	-	2,356,582	-	2,358,294	58,573
<u>1,224,476</u>	<u>122,200</u>	<u>3,132,745</u>	<u>(45,631)</u>	<u>7,839,241</u>	<u>3,171,431</u>
-	254,724	2,006,714	-	2,343,247	15,779
-	39,348	-	-	1,069,747	61,935
6,000	-	3,915,062	-	4,581,314	1,780,253
108,690	190,653	386,314	-	1,989,114	381,616
-	1,477,536	-	-	14,484,425	-
<u>114,690</u>	<u>1,962,261</u>	<u>6,308,090</u>	<u>0</u>	<u>24,467,847</u>	<u>2,239,583</u>
<u>(113,490)</u>	<u>(632,546)</u>	<u>(673,314)</u>	<u>-</u>	<u>(9,610,285)</u>	<u>(869,108)</u>
<u>1,200</u>	<u>1,329,715</u>	<u>5,634,776</u>	<u>-</u>	<u>14,857,562</u>	<u>1,370,475</u>
<u>1,200</u>	<u>1,329,715</u>	<u>5,634,776</u>	<u>0</u>	<u>14,857,562</u>	<u>1,370,475</u>
<u>1,225,676</u>	<u>1,451,915</u>	<u>8,767,521</u>	<u>(45,631)</u>	<u>22,696,803</u>	<u>4,541,906</u>
227,885	3,380	238,904	-	716,619	126,919
3,007	2,251	20,127	-	38,227	11,418
-	-	95,098	-	397,796	-
-	146,630	-	(45,631)	498,999	-
-	-	-	-	42,760	14,431
-	3,307	103,747	-	123,849	-
-	-	-	-	-	7,233
588	91	9,698	-	17,438	113,281
-	28,120	155,000	-	336,000	-
<u>231,480</u>	<u>183,779</u>	<u>622,574</u>	<u>(45,631)</u>	<u>2,171,688</u>	<u>273,282</u>
4,451	693	73,463	-	132,089	842,991
-	171,780	4,595,000	-	5,718,270	-
4,451	172,473	4,668,463	0	5,850,359	842,991
<u>235,931</u>	<u>356,252</u>	<u>5,291,037</u>	<u>(45,631)</u>	<u>8,022,047</u>	<u>1,116,273</u>
1,200	1,028,815	1,363,961	-	8,783,477	-
-	33,979	162,769	-	381,464	-
988,545	32,869	1,949,754	-	5,509,815	3,425,633
<u>\$989,745</u>	<u>\$1,095,663</u>	<u>\$3,476,484</u>	<u>\$0</u>	<u>14,674,756</u>	<u>\$3,425,633</u>
				956,023	
				<u>\$15,630,779</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Refuse Utility Fund</u>
Operating revenues:			
Charges for services	\$156,930	\$1,521,142	\$1,682,178
Charges for sales, net of discounts (Note 1C)	2,290,210	-	-
Sale of water meters	82,853	-	-
Total operating revenues	<u>2,529,993</u>	<u>1,521,142</u>	<u>1,682,178</u>
Operating expenses:			
Cost of sales, services and goods sold	1,192,653	901,096	1,381,227
Operating expense	870,901	590,875	123,004
Depreciation	204,716	170,740	300
Total operating expenses	<u>2,268,270</u>	<u>1,662,711</u>	<u>1,504,531</u>
Net income (loss) from operations	<u>261,723</u>	<u>(141,569)</u>	<u>177,647</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends	34,000	57,332	21,000
Intergovernmental	-	-	66,163
Miscellaneous revenues	505	2,710	-
Interest and fiscal charges	(58,425)	-	-
Total nonoperating revenues (expenses)	<u>(23,920)</u>	<u>60,042</u>	<u>87,163</u>
Net income (loss) before transfers	<u>237,803</u>	<u>(81,527)</u>	<u>264,810</u>
Transfers in	2,943	-	-
Transfers out	(135,963)	(138,905)	(117,859)
Total transfers and capital contributions	<u>(133,020)</u>	<u>(138,905)</u>	<u>(117,859)</u>
Change in net assets	104,783	(220,432)	146,951
Total net assets - January 1	<u>4,167,514</u>	<u>5,060,999</u>	<u>842,794</u>
Total net assets - December 31	<u>\$4,272,297</u>	<u>\$4,840,567</u>	<u>\$989,745</u>

Change in net assets as reported above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net assets of business-type activities

Reconciliation of capital contributions and interfund transfers:

Amount reported above

Amounts reported for business-type activities in the statement of activities are different because:

    Adjustment to reflect consolidation of internal service fund activities

    Transfer in of capital assets from governmental activities

Amounts reported on the statement of activities

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds				
Storm Sewer Utility Fund	Liquor Fund	Interfund Eliminations	Total Enterprise Funds 2011	Internal Service Funds 2011
\$349,964	\$ -	\$ -	\$3,710,214	\$976,593
-	8,494,962	-	10,785,172	174,493
-	-	-	82,853	-
<u>349,964</u>	<u>8,494,962</u>	<u>0</u>	<u>14,578,239</u>	<u>1,151,086</u>
-	6,413,886	-	9,888,862	1,336,141
206,604	1,310,983	-	3,102,367	-
81,450	148,673	-	605,879	72,152
<u>288,054</u>	<u>7,873,542</u>	<u>0</u>	<u>13,597,108</u>	<u>1,408,293</u>
<u>61,910</u>	<u>621,420</u>	<u>0</u>	<u>981,131</u>	<u>(257,207)</u>
4,700	1,500	-	118,532	54,100
-	-	-	66,163	-
654	-	-	3,869	(1,300)
(12,245)	(237,147)	-	(307,817)	-
<u>(6,891)</u>	<u>(235,647)</u>	<u>0</u>	<u>(119,253)</u>	<u>52,800</u>
<u>55,019</u>	<u>385,773</u>	<u>0</u>	<u>861,878</u>	<u>(204,407)</u>
8,750	-	(2,943)	8,750	473,272
-	(98,955)	2,943	(488,739)	(17,843)
<u>8,750</u>	<u>(98,955)</u>	<u>0</u>	<u>(479,989)</u>	<u>455,429</u>
63,769	286,818	0	381,889	251,022
<u>1,031,894</u>	<u>3,189,666</u>	<u>-</u>	<u>14,292,867</u>	<u>3,174,611</u>
<u>\$1,095,663</u>	<u>\$3,476,484</u>	<u>\$0</u>	<u>\$14,674,756</u>	<u>\$3,425,633</u>
			\$381,889	
			41,048	
			<u>\$422,937</u>	
			Transfers - Net	
			(\$488,740)	
			215,000	
			8,750	
			<u>(\$264,990)</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$2,519,587	\$1,499,250
Cash received from interfund goods and services provided	-	-
Cash paid to suppliers for goods and services	(1,475,703)	(1,026,583)
Cash payments to employees for services	(366,427)	(221,327)
Net cash flows provided by (used in) operating activities	<u>677,457</u>	<u>251,340</u>
Cash flows from noncapital financing activities:		
Transfers in	474,600	200,324
Transfers out	(607,620)	(339,229)
Intergovernmental	-	-
Interfund receivable repaid by (advanced to) other funds	(817,339)	36,060
Interfund payable advanced by other funds	1,222,245	-
Net cash flows provided by (used in) noncapital financing activities	<u>271,886</u>	<u>(102,845)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(427,862)	(448,083)
Principal payments - bonds	(666,203)	-
Interest and fiscal charges - including capitalized interest	(68,680)	-
Net cash flows provided by (used in) capital and related financing activities	<u>(1,162,745)</u>	<u>(448,083)</u>
Cash flows from investing activities:		
Investment income	34,300	60,332
Net cash flows provided by (used in) investing activities	<u>34,300</u>	<u>60,332</u>
Net increase (decrease) in cash and cash equivalents	(179,102)	(239,256)
Total cash and cash equivalents - January 1	<u>738,512</u>	<u>1,998,393</u>
Total cash and cash equivalents - December 31	559,410	1,759,137
(Less) cash and cash equivalents with fiscal agent - December 31	<u>-</u>	<u>-</u>
Cash and cash equivalents - December 31	<u>\$559,410</u>	<u>\$1,759,137</u>

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds

Refuse Utility Fund	Storm Sewer Utility Fund	Liquor Fund	Enterprise Funds 2011	Internal Service Funds 2011
\$1,629,104	\$343,664	\$8,495,572	\$14,487,177	\$34,928
-	-	-	-	1,642,941
(1,305,582)	(87,642)	(6,684,150)	(10,579,660)	(701,913)
(75,568)	(119,070)	(929,242)	(1,711,634)	(981,993)
247,954	136,952	882,180	2,195,883	(6,037)
-	-	390,000	1,064,924	540,380
(117,859)	(148,028)	(488,955)	(1,701,691)	(84,951)
66,163	-	-	66,163	-
-	-	-	(781,279)	-
-	294,658	(102,815)	1,414,088	-
(51,696)	146,630	(201,770)	62,205	455,429
-	(86,184)	(11,099)	(973,228)	(284,303)
-	(157,775)	(150,000)	(973,978)	-
-	(14,669)	(250,130)	(333,479)	-
0	(258,628)	(411,229)	(2,280,685)	(284,303)
21,300	5,100	1,600	122,632	55,600
21,300	5,100	1,600	122,632	55,600
217,558	30,054	270,781	100,035	220,689
572,189	6,057	406,254	3,721,405	2,836,767
789,747	36,111	677,035	3,821,440	3,057,456
-	-	(399,254)	(399,254)	-
\$789,747	\$36,111	\$277,781	\$3,422,186	\$3,057,456

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	<u>\$261,723</u>	<u>(\$141,569)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	204,716	170,740
Miscellaneous revenues	505	2,710
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,911)	(24,602)
(Increase) decrease in due from other governmental units	-	-
(Increase) decrease in prepayments	-	174
Adjustment for nonoperating portion	-	-
(Increase) decrease in inventory, at cost	431	-
Increase (decrease) in accounts payable	10,412	223,791
Increase (decrease) in accrued salaries and withholdings payable	(3,857)	3,119
Increase (decrease) in contracts payable - retained percentage	205,722	11,660
Adjustment for nonoperating portion	-	-
Increase (decrease) in due to other governmental units	4,684	-
Increase (decrease) in deposits payable	-	-
Increase (decrease) in compensated absences payable	4,032	5,317
Total adjustments	<u>415,734</u>	<u>392,909</u>
Net cash flows from operating activities	<u>\$677,457</u>	<u>\$251,340</u>
Noncash capital and related financing activities:		
Contribution of capital asset from government	\$ -	\$234,668

The accompanying notes are an integral part of these financial statements.

Business-Type Activities - Enterprise Funds

<u>Refuse Utility Fund</u>	<u>Storm Sewer Utility Fund</u>	<u>Liquor Fund</u>	<u>Enterprise Funds 2011</u>	<u>Internal Service Funds 2011</u>
<u>\$177,647</u>	<u>\$61,910</u>	<u>\$621,420</u>	<u>\$981,131</u>	<u>(\$257,207)</u>
300	81,450	148,673	605,879	72,152
-	654	-	3,869	-
(53,074)	(6,954)	147	(95,394)	-
-	-	463	463	-
-	-	(9,902)	(9,728)	3,661
-	-	9,902	9,902	-
-	-	(35,966)	(35,535)	(19,551)
121,464	148	121,198	477,013	112,349
1,858	255	1,637	3,012	3,406
-	-	-	217,382	-
-	-	-	-	-
-	-	7,490	12,174	-
-	-	-	-	-
(241)	(511)	17,118	25,715	76,213
<u>70,307</u>	<u>75,042</u>	<u>260,760</u>	<u>1,214,752</u>	<u>248,230</u>
<u>\$247,954</u>	<u>\$136,952</u>	<u>\$882,180</u>	<u>\$2,195,883</u>	<u>(\$8,977)</u>
\$ -	\$8,750	\$ -	\$243,418	\$ -

The accompanying notes are an integral part of these financial statements.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
December 31, 2011

**Statement 9**

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Assets:	
Cash and investments	\$3,174
Due from other governmental units	<u>6,748</u>
Total assets	<u><u>\$9,922</u></u>
Liabilities:	
Accounts payable	\$8,171
Due to other governmental units	<u>1,751</u>
Total liabilities	<u><u>\$9,922</u></u>

The accompanying notes are an integral part of these financial statements.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Columbia Heights, Minnesota (the City) was incorporated in 1898. A Council composed of an elected mayor and four council members governs the City. The Council exercises legislative authority and determines all matters of policy. The Manager, appointed by the Council, is responsible for the proper administration of all affairs relating to the City.

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

**A. FINANCIAL REPORTING ENTITY**

The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City has two component units - the Housing and Redevelopment Authority (HRA) and the Economic Development Authority (EDA). The HRA and the EDA are considered component units because the governing boards are substantively the same as that of the City and because the City is in a relationship of financial benefit or burden with each of the entities.

The financial position and results of operations of the HRA and the EDA component units are presented using the blended method. These blended component units, although legally separate entities, are, in substance, part of the City's operations. The component units include Governmental Funds using the modified accrual basis of accounting, and as such are reported as Special Revenue Funds. Separate financial statements for the HRA and EDA are not prepared.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**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.

The City's only fiduciary funds are agency funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year 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, special assessments, intergovernmental revenues, charges for services 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.

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 *2008A taxable GO housing improvement area bonds fund* was established to account for revenues and expenditures associated with the 2008A series general obligation taxable bonds issued to finance rehabilitation of the Sullivan Shores town homes development. These bonds will be repaid with special assessments to the rehabilitated properties.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

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The *public safety center capital building fund* was established to account for the planning, development and construction of a police and fire facility.

The *municipal state aid street fund* is maintained according to state statute to account for maintenance and construction of municipal state aid street systems.

The *capital improvements general government buildings fund* is used to account for construction and improvements to municipal buildings not accounted for in a separate fund.

The *capital equipment replacement – general government fund* was established to account for the replacement of capital assets as needed.

The *capital improvement – PIR fund* was established to account for projects that will be assessed to the affected properties.

The *capital improvement – development fund* was established to account for redevelopment.

The City reports the following major proprietary funds:

The *water fund* accounts for revenue and expenses associated with water services to area residents.

The *sewer fund* accounts for revenues and expenses associated with sewer disposal within the City.

The *refuse fund* accounts for revenues and expenses associated with organized collection of refuse and recycling within the City.

The *storm sewer fund* accounts for revenues and expenses associated with storm water disposal.

The *liquor fund* accounts for revenues and expenses associated with the operation of three off-sale liquor stores.

Additionally, the City reports the following fund types:

*Internal service funds* account for central garage, information systems, insurance and compensated absences services provided to other departments of the City on a cost reimbursement basis.

Agency - The *permit surcharge agency fund* is used to account for SAC charges and surcharges collected for and remitted to the State of Minnesota. The *Tri-City GIS fund* is used to account for the joint purchase of certain services for which the City is fiscal agent on behalf of the City of Columbia Heights, the City of Fridley and the City of Andover.

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 water, sewer, refuse, storm sewer and liquor enterprise funds and of the internal service funds are charges to customers for sales and services. Liquor fund sales are reported net of discounts. No other fund provides discounts. Operating expenses for enterprise funds and internal service 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. BUDGETARY DATA**

The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing on January 1 of the following year. At least one special Council meeting is conducted to obtain public comments as required by the State Truth in Taxation Law.

The City Council annually adopts budgets prior to January 1 for the General Fund and the following special revenue funds:

Nonmajor special revenue funds:

- Cable television fund
- Library fund
- Community development fund
- Economic Development Authority (component unit):
  - Economic Development Authority administration fund
- Housing and Redevelopment Authority (component unit):
  - Parkview villa north fund
  - Parkview villa south fund

The budgets are prepared by fund, function and activity. 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. Total expenditures appropriated in the budget resolution may not legally exceed the estimated revenues available from various sources.

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.

The City does not use encumbrance accounting.

#### **E. CASH AND INVESTMENTS**

Cash balances from all funds of the City are pooled and invested to the extent available in authorized investments. Investments are stated at fair value, based upon quoted market prices. Investment income is allocated to the individual funds on the basis of applicable cash balance participation by each fund using an average of monthly beginning cash and investment balances.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. The interfund balances are eliminated on the government-wide financial statements.

Investments are stated at fair value, based upon quoted market prices, except for investments in 2a7-like external investment pools, which are stated at amortized cost. At December 31, 2011, the City had no investments in 2a7-like external investment pools. Investment income is accrued at the balance sheet date.

During 2011, the HRA entered into a depository agreement with HUD who provides grants to Parkview Villa North. The depository agreement allows HUD under certain circumstances to restrict certain disbursements. The balance at December 31, 2011 was \$1,000,165.

#### **F. RECEIVABLES AND PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "interfund receivables/payables." All short-term interfund receivables and payables at December 31 are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "interfund loan receivable/payable." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for property taxes, special assessments and other receivables, and have not been reported.

**G. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City are recognized as revenue for the current year. Delinquent taxes that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent taxes receivable in governmental funds are offset by deferred revenue.

**H. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land, in which event the property is subject to such sale after five years.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent and deferred special assessments receivable in governmental funds are offset by deferred revenue.

**I. INVENTORIES**

GOVERNMENTAL FUNDS

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventories. Real estate held for resale is valued at the lower of cost or estimated net realizable value.

PROPRIETARY FUNDS

Inventories of the Proprietary Funds are stated at cost, which approximates market, using the first-in, first-out (FIFO) method.

**J. PREPAID ITEMS**

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.

**K. CAPITAL ASSETS**

Capital assets, which include land, buildings, equipment, and infrastructure assets (e.g., roads, sidewalks, water systems, sewer systems and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an estimated useful life in excess of one year and an initial individual cost of more than the following:

	<u>Capitalization Threshold</u>
Land	\$1
Buildings	25,000
Equipment	5,000
Infrastructure	250,000

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure assets acquired prior to June 30, 1980 are not recorded. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	
Buildings (and building components)	10 - 50 years
Equipment	3 - 15 years
Infrastructure	20 - 60 years

**L. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the vested portion of sick pay 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. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Typically, resources from the compensated absences fund are used to liquidate the liability for compensated absences.

**M. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are immaterial and are expensed in the year of bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. FUND BALANCE CLASSIFICATIONS**

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* – consists of amounts that are not in spendable forms, such as prepaid items.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consist of internally imposed constraints. These constraints are established by Resolution of the City Council.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management.

*Unassigned* – is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

**O. INTERFUND TRANSACTIONS**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

**P. USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**Q. COMPARATIVE DATA/RECLASSIFICATIONS**

Certain comparative total data for the prior year has been presented in the government-wide financial statements in order to provide an understanding of the changes in the City's financial position and operations. Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**R. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation states, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$19,998,162) difference are as follows:

Accrued interest payable	(\$348,671)
Other postemployment benefits payable	(58,761)
Bonds payable	<u>(19,590,730)</u>
Adjustment to fund balance - total governmental funds - to arrive at net assets of governmental activities	<u><u>(\$19,998,162)</u></u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “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. The difference is the amount by which outlays for capital assets exceeded depreciation in the current year.” The details of this \$184,398 difference are as follows:

Total capital outlay in government fund financial statements	\$2,250,210
Adjustments to the carrying value of real estate held for resale	(33,303)
Depreciation expense	<u>(2,032,509)</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net assets of governmental activities.	<u><u>\$184,398</u></u>

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Another element of that reconciliation states, "The issuance of long-term debt provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets however. This amount is the net effect of these differences in the treatment of long-term debt." The details of this \$1,659,022 difference are as follows:

Principal repayments:	
General obligation bonds	\$1,611,022
Revenue bonds	<u>48,000</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net assets of governmental activities.	<u><u>\$1,659,022</u></u>

Another element of that reconciliation states, "Revenue earned in prior years, that first becomes available in the current year is reported in the governmental funds. Whereas, this amount was reported in the statement of activities in the prior year(s) in which it was earned." The details of this (\$69,331) difference are as follows:

General property taxes deferred revenue:	
At December 31, 2010	(413,597)
At December 31, 2011	348,216
Tax increment taxes deferred revenue:	
At December 31, 2010	(15,337)
At December 31, 2011	25,238
Special assessments deferred revenue:	
At December 31, 2010	(3,116,733)
At December 31, 2011	3,063,482
Loans receivable deferred revenue:	
At December 31, 2010	(43,600)
At December 31, 2011	-
State aid deferred revenue:	
At December 31, 2010	-
At December 31, 2011	<u>83,000</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net assets of governmental activities.	<u><u>(\$69,331)</u></u>

**S. STATEMENT OF CASH FLOWS**

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. All of the Proprietary Funds' equity in the City-wide cash and investment management pool is considered to be cash equivalents.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 2 DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds of the City. Also at December 31, 2011, a portion of the total cash and investments was held in trust by a fiscal agent for debt service under the terms of the EDA 2007B series bonds. The City's total cash and investment balances as of December 31, 2011 are as follows:

	Carrying Amount At Fair Value
Investments	\$20,524,867
Deposits	8,702,007
Cash on hand	8,560
(Less) fiduciary fund cash	(3,173)
	<u>\$29,232,261</u>
Cash and investments	\$28,833,007
Cash and investments with fiscal agent	399,254
	<u>\$29,232,261</u>

**A. DEPOSITS**

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, 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 market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Clerk/Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- (1) United States government treasury bills, treasury notes and treasury bonds;
- (2) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- (3) 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;
- (4) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- (5) 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
- (6) Time deposits that are fully insured by the Federal Deposit Insurance Corporation.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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Deposits as of December 31, 2011 are as follows:

	Bank Balances	Carrying Amount At Fair Value
Demand deposits	\$1,829,420	\$1,678,496
Time deposits	<u>7,033,647</u>	<u>7,023,512</u>
Total	<u><u>\$8,863,067</u></u>	<u><u>\$8,702,008</u></u>

**B. INVESTMENTS**

Minnesota Statutes Section 118A authorizes the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies described in Section 118A.05. This includes primarily money market funds rated in the top two rating categories by a national rating service, and companies whose only investments are described in items a) through h) of this note.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
  - (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
  - (3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements 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; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7, 469.178, subdivision 5 or 475.61, subdivision 6.
- h) Guaranteed investment contracts with certain U.S. financial institutions carrying only high quality unsecured debt, if the City has withdrawal rights upon a decline in debt quality.

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Investments as of December 31, 2011, are as follows:

	Weighted Average Maturities In Years	Carrying Amount At Fair Value	Percentage of Fair Value Per Issuer
Notes issued by U.S. government agencies:			
Federal Home Loan Bank	10.0	\$2,338,742	11.4%
Federal Home Loan Mortgage Corporation	8.6	7,266,869	35.4%
Federal National Mortgage Association	9.4	6,611,393	32.2%
Money market mutual funds:			
Evergreen U.S. Government Fund	N/A	1,002,606	4.9%
Western Asset Government Fund	N/A	900,344	4.4%
Other issuers	N/A	<u>2,404,913</u>	<u>11.7%</u>
Total investments		<u>\$ 20,524,867</u>	<u>100.0%</u>

**C. INVESTMENT RISKS**

The City's investment policy follows Minnesota State Statutes described above, which reduce the City's exposure to credit, custodial credit and interest rate risks. Additional risk information for the City is as follows:

- a) Interest rate risk – Interest rate risk is the risk that changes in interest rates of debt investments could 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. The policy also states the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- b) Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. As of December 31, 2011, the City's investments in notes issued by U.S. government agencies were all rated AAA by Standard & Poor's, and Aaa by Moody's Investor Services. The money market funds in which the City held shares at December 31, 2011, were not rated, but are invested in U.S. Government Obligations and/or securities guaranteed by the U.S. government, and those underlying securities are rated AAA by Standard & Pooors and Aaa by Moody's Investor Services.
- c) Concentration of credit risk – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. The table above details the percentage of the City's investments with each issuer at December 31, 2011.
- d) Custodial credit risk – Custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2011, investments in securities are held by the City's three broker-dealers in the City's name, with \$500,000 of those securities at each broker-dealer insured by SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This additional insurance is subject to aggregate limits applied to all of the broker-dealer's accounts. Investments in money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 3      RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2011 are as follows:

	<u>Major Funds</u>		<u>Total</u>
	<u>2008A Taxable GO Housing Imp Area Bonds Fund</u>	<u>Capital Improvement PIR Fund</u>	
Special assessments receivable	<u>\$820,151</u>	<u>\$1,737,886</u>	<u>\$2,558,037</u>
Total	<u>\$820,151</u>	<u>\$1,737,886</u>	<u>\$2,558,037</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue-unavailable and deferred revenue-uneared reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Uneared</u>
Delinquent property taxes receivable (General Fund)	\$335,577	\$ -
Delinquent property taxes receivable (Nonmajor Funds)	12,639	-
Delinquent tax increment (Nonmajor Funds)	25,238	-
Delinquent special assessments (2008A GO Txbl. Hsg. Imp. Area Bonds Fund)	2,286	-
Delinquent special assessments (Capital Improvements - PIR Fund)	48,355	-
Special assessments not yet due (2008A GO Txbl. Hsg. Imp. Area Bonds Fund)	868,449	-
Special assessments not yet due (Capital Improvements - PIR Fund)	2,144,391	-
Intergovernmental revenue (Capital Improvements - PIR Fund)	83,000	-
Contract service fees received but uneared (General Fund)	-	138,295
Rental fees received in advance (Nonmajor Funds)	-	73,328
Forfeitures with adjudication pending (Nonmajor Funds)	-	7,233
Total deferred revenue for governmental funds	<u>\$3,519,935</u>	<u>\$218,856</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not being depreciated:				
Land	\$4,891,781	\$ -	\$ -	\$4,891,781
Construction in progress	3,683,069	1,562,463	(619,277)	4,626,255
Total capital assets not being depreciated	<u>8,574,850</u>	<u>1,562,463</u>	<u>(619,277)</u>	<u>9,518,036</u>
Capital assets - being depreciated:				
Buildings	27,385,274	573,598	-	27,958,872
Equipment	7,783,526	477,712	(285,551)	7,975,687
Infrastructure	25,435,996	478,606	-	25,914,602
Total capital assets being depreciated	<u>60,604,796</u>	<u>1,529,916</u>	<u>(285,551)</u>	<u>61,849,161</u>
Less accumulated depreciation for:				
Buildings	9,964,703	689,863	-	10,654,566
Equipment	4,907,449	514,680	(279,037)	5,143,092
Infrastructure	11,367,910	879,573	-	12,247,483
Total accumulated depreciation	<u>26,240,062</u>	<u>2,084,116</u>	<u>(279,037)</u>	<u>28,045,141</u>
Capital assets being depreciated - net	<u>34,364,734</u>	<u>(554,200)</u>	<u>(6,514)</u>	<u>33,804,020</u>
Governmental activities capital assets - net	<u>42,939,584</u>	<u>1,008,263</u>	<u>(625,791)</u>	<u>43,322,056</u>
<b>Business-type activities:</b>				
Capital assets - not being depreciated:				
Land	2,343,247	-	-	2,343,247
Construction in progress	303,508	870,091	(103,820)	1,069,779
Total capital assets not being depreciated	<u>2,646,755</u>	<u>870,091</u>	<u>(103,820)</u>	<u>3,413,026</u>
Capital assets - being depreciated:				
Buildings	4,581,314	-	-	4,581,314
Equipment	2,031,792	140,027	-	2,171,819
Infrastructure	14,380,606	103,820	-	14,484,426
Total capital assets being depreciated	<u>20,993,712</u>	<u>243,847</u>	<u>0</u>	<u>21,237,559</u>
Less accumulated depreciation for:				
Buildings	970,232	131,654	-	1,101,886
Equipment	1,363,180	128,528	-	1,491,708
Infrastructure	6,784,494	366,241	-	7,150,735
Total accumulated depreciation	<u>9,117,906</u>	<u>626,423</u>	<u>0</u>	<u>9,744,329</u>
Capital assets being depreciated - net	<u>11,875,806</u>	<u>(382,576)</u>	<u>0</u>	<u>11,493,230</u>
Business-type activities capital assets - net	<u>14,522,561</u>	<u>487,515</u>	<u>(103,820)</u>	<u>14,906,256</u>
Total capital assets - net	<u>\$57,462,145</u>	<u>\$1,495,778</u>	<u>(\$729,611)</u>	<u>\$58,228,312</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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Depreciation expense was charged to functions/programs of the primary government – governmental activities as follows:

Governmental activities:	
General government	\$74,401
Public safety	507,092
Public works	1,064,951
Culture and recreation	273,494
Community development	112,571
Depreciation on capital assets held by governmental internal service activities is charged to each function based on use:	
Central garage	<u>51,607</u>
Total depreciation expense - capital assets held by governmental activities	<u><u>\$2,084,116</u></u>

Depreciation expense was charged to functions/programs of the primary government - business-type activities as follows:

Business-type activities:	
Water	\$204,716
Sewer	170,740
Refuse	300
Storm sewer	81,449
Liquor	148,673
Depreciation on capital assets held by business-type internal service activities is charged to each function based on use:	
Information systems	<u>20,545</u>
Total depreciation expense - capital assets held by business-type activities	<u><u>\$626,423</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 5 INTERFUND RECEIVABLES, PAYABLES, CAPITAL LEASES AND TRANSFERS**

INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2011 are as follows:

Fund	Receivable	Payable
Major Funds:		
General Fund	\$392,396	\$2,280
Municipal State Aid Street	-	294,973
Capital Equipment Replacement General Gov't	499,000	
Water	12,040	398,000
Sewer	29,598	-
Storm Sewer	-	101,000
Nonmajor funds	27,308	164,089
Total	<u>\$960,342</u>	<u>\$960,342</u>

Of these interfund balances \$22,172 are for services provided in 2011 and reimbursed in 2012. All other interfund balances at December 31, 2011, reflect lending arrangements to cover deficit cash balances at year end, including some to finance the acquisition of certain real estate held for resale. Substantially all amounts are expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2011 are as follows:

	Transfers In								Nonmajor Funds		Total
	Major Funds								Governmental		
	Governmental				Enterprise				Governmental		
	Capital Imprvmts Gen	Capital Eqp Replacement Gen Govt	Capital Imprvmts PIR	Capital Imprvmts Development	Water Utility	Storm Sewer Utility	Liquor Fund	Other Govtl Funds	Internal Service		
Transfers out:											
Major funds:											
Governmental:											
General	\$ -	\$22,536	\$50,000	\$16,154	\$ -	\$ -	\$ -	\$ -	\$100,000	\$45,000	\$233,690
Public Safety Cntr Capt Bldg	-	-	-	-	-	-	-	-	329,507	-	329,507
Municipal State Aid Street	1,000	-	-	-	-	-	-	-	122,000	-	123,000
Capital Imprvmts Gen Govt Bldg	-	-	-	-	-	-	-	-	-	188,272	188,272
Capital Imprvmts PIR	-	-	-	-	-	-	-	-	566,084	-	566,084
Capital Equip Replacement - Gen Govt	-	-	-	-	-	8,750	-	-	-	-	8,750
Enterprise:											
Water	90,963	-	-	-	-	-	-	-	-	45,000	135,963
Sewer	90,962	-	-	-	2,943	-	-	-	-	45,000	138,905
Refuse	72,859	-	-	-	-	-	-	-	-	45,000	117,859
Liquor	53,955	-	-	-	-	-	-	-	-	45,000	98,955
Nonmajor funds:											
Other governmental funds	60,157	-	-	90,000	-	-	-	-	199,600	60,000	409,757
Internal service funds	1,500	-	16,343	-	-	-	-	-	-	35,000	52,843
Total	<u>\$371,396</u>	<u>\$22,536</u>	<u>\$66,343</u>	<u>\$16,154</u>	<u>\$90,000</u>	<u>\$2,943</u>	<u>\$8,750</u>	<u>\$0</u>	<u>\$1,317,191</u>	<u>\$508,272</u>	<u>\$2,403,585</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 LONG-TERM DEBT**

**GENERAL OBLIGATION BONDS**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital improvements. General obligation bonds are direct obligations and are backed by the full faith and credit of the City. Any deficiencies in pledged revenues will be offset by general property taxes. All of the bonds are serial bonds, which require semiannual payments of principal and/or interest from the date the bonds are issued. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions. General obligation bonds outstanding at December 31, 2011, are as follows:

	Pledged revenue, if any, in addition to general property taxes	Original Issue	Interest Rate	Issue Date	Final Maturity	Balance End of Year
Governmental activities:						
GO Street rehabilitation series 2007A	None	\$1,000,000	4.00-4.375%	9/19/2007	2/1/2018	\$760,000
GO Public safety center series 2008B	None	10,000,000	4.30-4.55%	8/6/2008	2/1/2038	9,810,000
GO Public facilities series 2009A	None	3,005,000	2.00-4.75%	7/1/2009	2/1/2038	2,910,000
Taxable GO tax increment bonds series 2009B	Tax increment	580,000	3.40-5.10%	7/1/2009	2/1/2021	580,000
GO Improvement series 2006A	Special assessments	2,759,550	4.00%	12/7/2006	2/1/2020	1,345,730
Taxable GO housing imprvmt area series 2008A	Special assessments	975,000	5.00-6.05%	7/16/2008	2/1/2024	890,000
GO Public Facilities series 2009A	Special assessments	605,000	2.00-4.75%	7/1/2009	2/1/2019	505,000
Business-type activities:						
GO Improvement series 2006A	Utility revenues	645,450	4.00%	12/7/2006	2/1/2017	569,270
GO Utility revenue series 2006A	Utility revenues	670,000	4.00%	12/7/2006	2/1/2017	440,000
GO Public Facilities series 2009A	Utility revenues	325,000	2.00-4.75%	7/1/2009	2/1/2019	295,000
Total general obligation bonds outstanding						<u>\$18,105,000</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

As of December 31, 2011, the annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$919,060	\$711,067	\$180,940	\$46,426
2013	882,560	676,963	192,440	39,612
2014	896,500	642,527	223,500	31,773
2015	692,000	610,974	198,000	23,693
2016	729,730	582,256	200,270	16,034
2017	756,000	551,436	229,000	7,680
2018	725,000	519,606	40,000	2,400
2019	585,000	490,629	40,000	800
2020	575,000	464,474	-	-
2021-2025	2,615,000	1,946,618	-	-
2026-2030	2,320,000	1,424,506	-	-
2031-2035	2,955,000	840,506	-	-
2036-2038	2,150,000	151,274	-	-
Total	<u>\$16,800,850</u>	<u>\$9,612,836</u>	<u>\$1,304,150</u>	<u>\$168,418</u>

**REVENUE BONDS**

The City issues revenue bonds for which the City pledges only the income derived from the acquired or constructed assets or redevelopment to pay the debt service. All of the bonds are serial bonds, which require semiannual payments of principal and/or interest from the date the bonds are issued. There are a number of limitations and restrictions contained in the bond indentures. The City is in compliance with all significant limitations and restrictions. Revenue bonds outstanding at December 31, 2011 are as follows:

	Pledged revenue	Original Issue	Interest Rate	Issue Date	Final Maturity	Balance End of Year
Governmental activities:						
Tax increment revenue series 2007	Tax increment	\$2,890,000	5.00-5.375%	8/3/2007	2/15/2032	\$2,790,000
Business-type activities:						
Public facility lease revenue series 2007B	Liquor revenues	5,040,000	4.50-5.00%	9/19/2007	2/1/2030	<u>4,750,000</u>
Total revenue bonds outstanding						<u>\$7,540,000</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

As of December 31, 2011, the annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$53,000	\$146,263	\$155,000	\$223,768
2013	58,000	143,488	165,000	216,568
2014	62,000	140,488	170,000	209,030
2015	68,000	137,238	180,000	201,155
2016	74,000	133,688	185,000	192,942
2017	80,000	129,838	195,000	184,393
2018	87,000	125,576	205,000	175,239
2019	94,000	120,870	215,000	165,474
2020	102,000	115,774	230,000	155,128
2021-2025	636,000	486,675	1,330,000	595,453
2026-2030	900,000	282,294	1,720,000	223,105
2031-2032	576,000	34,722	-	-
Total	<u>\$2,790,000</u>	<u>\$1,996,914</u>	<u>\$4,750,000</u>	<u>\$2,542,255</u>

**PLEDGED REVENUES**

Refer to the schedules above for the terms of bonds with pledged revenues. Additional information on pledged revenues by type, as of December 31, 2011, and for the the year then ended, is as follows:

Pledged Revenue	Activity Financed	Total Remaining		Current Year	
		Related Bond Principal and Interest	As Percentage of Revenue Pledged	Related Bond Principal and Interest	Pledged Revenue
Project-specific special assessments	Street improvements	\$1,928,962	95%	\$430,992	\$370,995
Project-specific special assessments	Private redevelopment	1,270,148	95%	96,870	108,712
Project-specific tax increment	Public/Private redevelopment	5,526,209	83%	222,773	347,491
Water, sewer and storm- sewer net revenues	Utility system improvements	1,472,689	59%	304,984	519,502
Annual appropriation of liquor net revenues	Municipal store construction	7,292,255	100%	380,630	381,902

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2011, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds repaid only with general taxes	\$13,855,000	\$ -	(\$1,156,569)	\$12,698,431	\$390,000
General obligation bonds with other pledged revenues	4,556,750	-	(454,451)	4,102,299	529,000
Revenue bonds	2,838,000	-	(48,000)	2,790,000	53,000
Total bonds payable	21,249,750	-	(1,659,020)	19,590,730	972,000
Compensated absences	866,723	625,337	(547,371)	944,689	110,150
Postemployment benefits other than pensions	30,661	72,765	(44,665)	58,761	-
Total governmental activity long-term liabilities	<u>\$22,147,134</u>	<u>\$698,102</u>	<u>(\$2,251,056)</u>	<u>\$20,594,180</u>	<u>\$1,082,150</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds with other pledged revenues	\$2,128,248	\$ -	(\$823,978)	\$1,304,270	\$181,000
Revenue bonds	4,900,000	-	(150,000)	4,750,000	155,000
Total bonds payable	7,028,248	-	(973,978)	6,054,270	336,000
Compensated absences	137,148	160,354	(136,393)	161,109	18,789
Total business-type activity long-term liabilities	<u>\$7,165,396</u>	<u>\$160,354</u>	<u>(\$1,110,371)</u>	<u>\$6,215,379</u>	<u>\$354,789</u>

For governmental activities, compensated absences are generally liquidated by the compensated absences fund, an internal service fund.

**Note 7 CONDUIT DEBT**

From time to time, the City 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 revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the EDA, and the HRA, are not 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, 2011, there were Revenue Bonds of this type outstanding with an estimated aggregate principal amount payable of approximately \$20,610,000.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**Note 8 FUND EQUITY**

A. The City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. This standard changed fund balance classifications for governmental fund statements. Definitions for the new classifications are included in Note 1N.

The following fund had a fund deficit as of December 31, 2011. The City will finance this deficit through internal sources in future years:

Nonmajor Funds:	
Special Revenue	
Police Grants	(\$2,782)
	<u>(\$2,782)</u>
	<u><u>(\$2,782)</u></u>

B. At December 31, 2011, the City has reserved and designated portions of its various fund equities through legal restrictions and City Council authorizations. A summary of such reservations and designations are as follows:

	General Fund	2008A Tax GO Housing Imp Bond	PS Center Capital Bldg	Municipal State Aid Street	Capital Imp General Govt Bldg	Cap Equip Replacement Gen Govt	PIR	Capital Improvement Development	Nonmajor Gov't	Total
Nonspendable:										
Prepaid items	\$80,767	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,046	\$83,813
Interfund loans	-	-	-	-	-	405,000	-	-	-	405,000
Land held for resale	-	-	-	-	-	-	53,300	144,270	1,747,547	1,945,117
Total nonspendable	<u>80,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>405,000</u>	<u>53,300</u>	<u>144,270</u>	<u>1,750,593</u>	<u>2,433,930</u>
Restricted for:										
Tax increment	-	-	-	-	-	-	-	-	727,289	727,289
Debt service	-	175,155	-	-	-	-	-	-	1,986,964	2,162,119
Police and fire purposes	-	-	-	-	-	-	-	-	75,548	75,548
Culture and recreation purposes	-	-	-	-	-	-	-	-	293,229	293,229
Housing and redevelopment	-	-	-	-	-	-	-	-	6,310	6,310
Total restricted	<u>0</u>	<u>175,155</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,089,340</u>	<u>3,264,495</u>
Committed to:										
Cable TV	-	-	-	-	-	-	-	-	394,605	394,605
Culture and recreation purposes	-	-	-	-	-	-	-	-	304,552	304,552
Housing and redevelopment	-	-	-	-	-	-	-	1,987,992	2,472,405	4,460,397
Capital improvement	-	-	-	88,380	1,274,562	-	729,046	-	1,448,003	3,539,991
Capital equipment	-	-	-	-	-	4,074,896	-	-	-	4,074,896
Police and fire purposes	20,134	-	-	-	-	-	-	-	-	20,134
Downtown parking maintenance	112,461	-	-	-	-	-	-	-	-	112,461
Total committed	<u>132,595</u>	<u>0</u>	<u>0</u>	<u>88,380</u>	<u>1,274,562</u>	<u>4,074,896</u>	<u>729,046</u>	<u>1,987,992</u>	<u>4,619,565</u>	<u>12,907,036</u>
<b>Total</b>	<u><u>\$213,362</u></u>	<u><u>\$175,155</u></u>	<u><u>\$0</u></u>	<u><u>\$88,380</u></u>	<u><u>\$1,274,562</u></u>	<u><u>\$4,479,896</u></u>	<u><u>\$782,346</u></u>	<u><u>\$2,132,262</u></u>	<u><u>\$9,459,498</u></u>	<u><u>\$18,605,461</u></u>

- C. The City Council has formally adopted a fund balance policy for the General Fund and the combined Library Fund, Capital Building Library Fund (non-major funds). The most significant revenue sources for these funds are property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy establishes a year end target of unassigned fund balance for the General Fund and spendable fund balance for the combined Library and Capital Building Library funds equal to at least 45% of the next year’s budgeted expenditures.

At December 31, 2011, both funds have met this goal.

**Note 9 DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. PLAN DESCRIPTION**

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

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The City has no current employees that are Basic Plan members. All new members must participate in the Coordinated Plan. All police officers and firefighters who qualify for membership by statute are covered by the PEPFF.

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

For all PEPFF and PERF members that began service prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. For these members, benefits are calculated using the greater of the step rate or level rate formulas. Only the level rate formula applies to members that began service after June 30, 1989. A reduced retirement annuity is available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin. 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.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2011

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org), or by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**B. FUNDING POLICY**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members are required to contribute 6.25% of their annual covered salary in 2011. The PEPFF members are required to contribute 9.6% of their annual covered salary in 2011. The City is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERF members, and 14.4% for PEPFF members. The City's contributions for the last three years, which were equal to the contractually required contributions for each year as set by state statute, are as follows:

<u>Year Ended December 31,</u>	<u>GERF</u>	<u>PEPFF</u>
2009	\$319,601	\$369,627
2010	343,485	387,431
2011	362,428	391,573

**Note 10 DEFINED CONTRIBUTION PLAN**

**A. FIRE RELIEF ASSOCIATION, PAID ON-CALL DIVISION**

The Columbia Heights Fire Department Relief Association is the administrator of a single-employer pension plan for the paid on-call members of the City of Columbia Heights Fire Department.

Through October 26, 1997, the association operated as a defined benefit plan. Effective October 27, 1997, the Association amended its by-laws and converted to a defined contribution plan. The pension plan was fully funded at the time of conversion.

Benefits and contribution requirements are established by the Association's by-laws and can be amended by the Association's Board of Directors with approval from the City. All provisions are within limitations established by Minnesota statutes.

Type of Benefit. The exclusive pension provided by the Association is a "Defined Contribution Lump Sum Service Pension" as defined in Minnesota Statutes §424A.02, Subdivision 4.

Contributions Required and Contributions Made. No contributions are required from the plan members or the City. The plan is funded through state aid, investment income and discretionary contributions from the City. For 2011, state aid was contributed to the plan. This state aid revenue and the related contribution expense/expenditure of \$65,554 are recognized in the accompanying financial statements for the year ended December 31, 2011.

**B. COUNCIL MEMBERS**

Certain council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under section 401(a) of the Internal Revenue Code and all contributions by or on behalf of the employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary, which is matched by the elected official's employer. In 2011, plan members contributed \$1,860 and the City contributed \$1,860.

**Note 11 POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. PLAN DESCRIPTION**

The City administers a single-employer defined benefit health care plan (the plan.) By State Statute, the plan provides an implicit rate subsidy for retired participants by allowing retirees under age 65 to purchase health insurance at the premium rate available to active employees. In addition, by State Statute, the plan provides payment of insurance premiums, up to age 65, for public safety employees that retire with a qualifying disability, equal to the current employer-paid portion of premiums for an active employee. The employer-paid portion of premiums for an active employee is determined periodically by negotiation between the City and collective bargaining units of city employees. The plan does not issue a publicly available financial report.

**B. FUNDING POLICY**

Participants under the implicit rate subsidy provision are required to contribute 100% of the stated premium billed by the insurer. For 2011, participants under disabled public safety retiree provision were required to contribute \$0 for single coverage or a portion of the stated premium billed by the insurer for family coverage.

Under both provisions of the plan, the City is only required to contribute on a pay-as-go basis. This amount is listed below for the current year.

The State of Minnesota, solely at its option, reimburses the City annually for a portion of the City's costs under the disabled public safety retiree provision. Historically, these reimbursements have approximated 60% of the pay-as-go cost of this plan provision. These reimbursements are reported as revenue in the year received, separate from OPEB expenses/expenditures. The amount received from the State in 2011 for public safety retirees was \$10,771.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**C. ANNUAL OPEB COST AND NET OPEB OBLIGATION**

The City's annual OPEB cost is calculated based on the annual required contribution (ARC) determined by periodic actuarial studies. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize the unfunded actuarial liability over a period not to exceed thirty years. The components of the City's OPEB cost for the current year and the changes in the City's net OPEB obligation to the plan are as follows:

<u>Year Ended December 31, 2011</u>	
Annual required contribution	\$78,606
Interest on net OPEB obligation	872
Adjustment to annual required contribution	<u>(1,462)</u>
Annual OPEB cost	78,016
Contributions made by City	<u>(46,240)</u>
Increase in net OPEB obligation	31,776
Net OPEB obligation-beginning of year	<u>30,661</u>
Net OPEB obligation-end of year	<u><u>\$62,437</u></u>

Comparative OPEB information for the current and three prior years includes the following:

<u>Year Ended</u> <u>December 31</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2008	\$25,548	55%	\$11,427
2009	25,891	66%	21,141
2010	26,152	60%	30,661
2011	78,016	20%	62,437

**D. FUNDED STATUS AND FUNDING PROGRESS**

As of January 1, 2011, the actuarial accrued liability for benefits was \$775,238; all of which was unfunded. Under the actuarial cost method used, this actuarial accrued liability is not a function of the annual payroll of active employees covered by the plan (the covered payroll).

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information, beginning in 2008, about the whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

**E. METHODS AND ASSUMPTIONS**

The projection of benefits for financial reporting purposes is based on the type of benefits provided by the substantive plan at each valuation date and the historical pattern of sharing benefit costs between the City and the participants to that point. The methods used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following methods and simplifying assumptions were used:

- Actuarial cost method – Projected unit credit
- Actuarial asset valuation method – Not applicable
- Amortization of UAAL – Level dollar method over a thirty year closed period
- Healthcare cost trend rate – 9% initially, declining to 5% after five years
- Inflation rate assumed – less than 5% annual
- Investment return assumed – 3% annual
- Retirement age assumed – Public safety employees age 52, all others age 62
- Turnover rate – based on actual experience for City for the years 2004-2008
- Mortality – Life expectancies were based on the 2000 Retired Pensioners Mortality Rates for Male and Female

**Note 12 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after the actual worker wage base is known and paid. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property, casualty and automobile insurance coverage are provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**B. LITIGATION**

The City attorney has indicated that any existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance or development agreements; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

**C. FEDERAL AND STATE FUNDS**

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**D. TAX INCREMENT DISTRICTS**

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**E. CONTRACTUAL COMMITMENTS**

The City has entered into several contractual commitments for construction projects that are in process at year end. At December 31, 2011, the City's obligation for such projects was approximately \$152,000.

Additionally, under the terms of various tax increment financing agreements, the City has commitments to reimburse developers for certain qualifying redevelopment costs plus interest. These future reimbursements are limited, however, to the future tax increment received from certain tax increment districts. The amount to be paid under these agreements is not determinable at this time. The following table summarizes the current year activity and contingent portions of these commitments:

TIF District	District Ends	Developer	Current Year		Contingent on Future Tax Increment	
			Expenditures Reimbursed	Interest Paid	Expenditures Available	Interest Available
R8	2027	Crestview ONDC1	\$ -	\$29,956	\$732,801	\$278,354
R8	2027	Col Hts Tran Block	-	1,612	175,089	37,257
K2	2019	Barnick	1,400	-	42,497	-
K2	2019	Miske	15,512	6,196	57,123	-
T6	2031	BNC Bank	-	101,641	6,650,000	1,647,975

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

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**Note 13 ECONOMIC DEPENDENCY**

The City water utility purchases all of its water from a single supplier, the City of Minneapolis. The current contract with this supplier ends May 31, 2034. The contract provides for annual rate adjustments, stated as a percentage of the rate the City of Minneapolis charges its in-city customers. At present, the City of Columbia Heights has no alternate source of water supply.

**Note 14 RECENTLY ISSUED ACCOUNTING STANDARDS**

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements, but may affect the City in future years:

**Statement No. 60** *Accounting and Financial Reporting for Service Concession Arrangements.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**Statement No. 61** *The Financial Reporting Entity Omnibus – An Amendment of GASB No. 14 and No. 34.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

**Statement No. 62** *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

**Statement No. 63** *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**Statement No. 65** *Items Previously Reported as Assets and Liabilities.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

**Statement No. 66** *Technical Corrections – 2012.* The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The effect these standards may have on future financial statements is not determinable at this time.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2011  
With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011			Variance with Final Budget Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
<b>Revenues:</b>					
Taxes	\$7,724,711	\$7,074,915	\$7,263,658	\$188,743	\$6,770,957
Licenses and permits	193,200	193,200	158,385	(34,815)	179,883
Intergovernmental:					
Market value homestead credit	-	649,796	172,810	(476,986)	171,455
All other	1,087,303	1,122,646	1,498,355	375,709	1,485,825
Charges for services	598,050	635,451	589,915	(45,536)	587,971
Fines and forfeitures	131,000	131,000	146,140	15,140	159,836
Investment income:					
Interest and dividends	73,036	73,036	94,441	21,405	122,147
Change in fair value	16,958	16,958	52,150	35,192	(26,141)
Other revenues	10,500	10,500	6,156	(4,344)	15,435
<b>Total revenues</b>	<b>9,834,758</b>	<b>9,907,502</b>	<b>9,982,010</b>	<b>74,508</b>	<b>9,467,368</b>
<b>Expenditures:</b>					
<b>General government:</b>					
Council	144,267	144,267	140,828	3,439	131,924
Manager	412,243	412,243	398,346	13,897	402,190
Clerk	72,967	72,967	65,643	7,324	108,815
Legal	186,716	186,716	167,540	19,176	167,540
Finance	716,204	716,204	710,048	6,156	708,741
Assessing	133,517	133,517	120,237	13,280	116,163
General government buildings	137,718	137,718	154,467	(16,749)	138,731
Capital outlay	60,086	60,086	28,475	31,611	-
<b>Total general government</b>	<b>1,863,718</b>	<b>1,863,718</b>	<b>1,785,584</b>	<b>78,134</b>	<b>1,774,104</b>
<b>Public safety:</b>					
Police and animal control	3,633,228	3,695,198	3,590,327	104,871	3,557,916
Fire and emergency management	1,329,551	1,359,325	1,334,982	24,343	1,250,797
Capital outlay	19,000	19,000	14,791	4,209	-
<b>Total public safety</b>	<b>4,981,779</b>	<b>5,073,523</b>	<b>4,940,100</b>	<b>133,423</b>	<b>4,808,713</b>
<b>Public works:</b>					
Engineering	340,370	340,370	279,062	61,308	268,167
Maintenance	1,035,821	1,035,821	955,257	80,564	972,086
Sanitation	123,939	123,939	101,644	22,295	101,690
Capital outlay	13,000	13,000	56,978	(43,978)	67,004
<b>Total public works</b>	<b>1,513,130</b>	<b>1,513,130</b>	<b>1,392,941</b>	<b>120,189</b>	<b>1,408,947</b>
<b>Other Departments:</b>					
Parks and recreation	1,741,998	1,741,998	1,442,978	299,020	1,411,042
Contingencies	50,000	50,000	22,214	27,786	10,188
Capital outlay	-	-	9,084	(9,084)	-
<b>Total recreation</b>	<b>1,791,998</b>	<b>1,791,998</b>	<b>1,474,276</b>	<b>317,722</b>	<b>1,421,230</b>
<b>Total expenditures</b>	<b>10,150,625</b>	<b>10,242,369</b>	<b>9,592,901</b>	<b>649,468</b>	<b>9,412,994</b>
<b>Revenues over (under) expenditures</b>	<b>(315,867)</b>	<b>(334,867)</b>	<b>389,109</b>	<b>723,976</b>	<b>54,374</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For The Year Ended December 31, 2011  
 With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011				2010 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
Other financing sources (uses):					
Sale of capital assets	\$1,000	\$1,000	\$ -	(\$1,000)	\$ -
Transfers in	364,559	373,559	371,397	(2,162)	699,500
Transfers out	(217,536)	(217,536)	(233,690)	(16,154)	(207,786)
Total other financing sources (uses)	<u>148,023</u>	<u>157,023</u>	<u>137,707</u>	<u>(19,316)</u>	<u>491,714</u>
Net change in fund balance	<u>(\$167,844)</u>	<u>(\$177,844)</u>	526,816	<u>\$704,660</u>	546,088
Fund balance - January 1			<u>5,342,239</u>		<u>4,796,151</u>
Fund balance - December 31			<u>\$5,869,055</u>		<u>\$5,342,239</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
For The Year Ended December 31, 2011

**Statement 11**

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<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2008	\$ -	\$257,138	\$257,138	0%	N/A	N/A
1/1/2011	-	775,238	775,238	0%	N/A	N/A

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO RSI**  
December 31, 2011

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**Note A    BUDGETS**

The legal level of budgetary control is at the fund level. The General Fund and the following Special Revenue Fund budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America:

- Nonmajor special revenue funds:
  - Cable television fund
  - Library fund
  - Community development fund
  - Economic Development Authority (component unit):
    - Economic Development Authority administration fund
  - Housing and Redevelopment Authority (component unit):
    - Parkview villa north fund
    - Parkview villa south fund

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

### SPECIAL REVENUE FUNDS

A Special Revenue Fund is used to account for the proceeds of special revenue sources that are legally restricted 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 (other than debt of the proprietary funds.)

### CAPITAL PROJECT FUNDS

The Capital Projects 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 COLUMBIA HEIGHTS, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2011

**Statement 12**

Assets	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Cash and investments	\$3,595,692	\$3,028,152	\$1,446,858	\$8,070,702
Receivables:				
Accounts	78,476	-	-	78,476
Taxes	14,784	31,617	-	46,401
Interest	6,500	6,500	3,900	16,900
Loans	-	-	-	-
Due from other governmental units	101,817	-	92,323	194,140
Interfund receivable	27,308	-	-	27,308
Prepayments	3,046	-	-	3,046
Real estate held for resale	149,988	1,204,086	393,473	1,747,547
<b>Total assets</b>	<b>\$3,977,611</b>	<b>\$4,270,355</b>	<b>\$1,936,554</b>	<b>\$10,184,520</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$74,316	\$98,927	\$199	\$173,442
Accrued salaries and withholdings payable	21,931	-	-	21,931
Contracts payable - retained percentage	-	3,063	10,727	13,790
Due to other governmental units	37,690	-	-	37,690
Interfund payable	33,046	46,892	84,152	164,090
Deferred revenue	85,967	25,239	-	111,206
Deposits	27,759	-	-	27,759
<b>Total liabilities</b>	<b>280,709</b>	<b>174,121</b>	<b>95,078</b>	<b>549,908</b>
Fund balance:				
Nonspendable	153,034	1,204,086	393,473	1,750,593
Restricted	375,088	2,890,407	-	3,265,495
Committed	3,171,562	-	1,448,003	4,619,565
Assigned	-	-	-	-
Unassigned	(2,782)	1,741	-	(1,041)
<b>Total fund balance</b>	<b>3,696,902</b>	<b>4,096,234</b>	<b>1,841,476</b>	<b>9,634,612</b>
<b>Total liabilities and fund balance</b>	<b>\$3,977,611</b>	<b>\$4,270,355</b>	<b>\$1,936,554</b>	<b>\$10,184,520</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

**Statement 13**

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2011

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$1,063,001	\$807,814	\$ -	\$1,870,815
Tax increment collections	-	548,960	-	548,960
Licenses and permits	219,972	-	-	219,972
Intergovernmental	255,358	44,816	92,323	392,497
Charges for services	1,016,808	-	-	1,016,808
Fines and forfeitures	23,949	-	-	23,949
<b>Investment income:</b>				
Interest and dividends	43,289	38,900	23,900	106,089
Change in fair value	22,300	21,400	13,300	57,000
Other revenues	53,218	-	773	53,991
Total revenues	<u>2,697,895</u>	<u>1,461,890</u>	<u>130,296</u>	<u>4,290,081</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	84,787	-	561	85,348
Public safety	21,130	-	11,117	32,247
Public works	-	900	250	1,150
Culture and recreation	821,406	-	31,647	853,053
Community development	1,196,331	29,539	-	1,225,870
<b>Capital outlay:</b>				
Public works	-	-	531,273	531,273
Community development	13,273	517	-	13,790
<b>Debt service:</b>				
Principal retirement	-	1,614,022	-	1,614,022
Interest and fiscal charges	-	883,110	-	883,110
Developer incentives	-	181,638	-	181,638
Total expenditures	<u>2,136,927</u>	<u>2,709,726</u>	<u>574,848</u>	<u>5,421,501</u>
Revenues over (under) expenditures	<u>560,968</u>	<u>(1,247,836)</u>	<u>(444,552)</u>	<u>(1,131,420)</u>
<b>Other financing sources (uses):</b>				
Transfers in	5,200	1,211,991	100,000	1,317,191
Transfers out	(215,357)	(194,400)	-	(409,757)
Total other financing sources (uses)	<u>(210,157)</u>	<u>1,017,591</u>	<u>100,000</u>	<u>907,434</u>
Net change in fund balance	350,811	(230,245)	(344,552)	(223,986)
Fund balance - January 1	<u>3,346,091</u>	<u>4,326,479</u>	<u>2,186,028</u>	<u>9,858,598</u>
Fund balance - December 31	<u><u>\$3,696,902</u></u>	<u><u>\$4,096,234</u></u>	<u><u>\$1,841,476</u></u>	<u><u>\$9,634,612</u></u>

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## **NONMAJOR SPECIAL REVENUE FUNDS**

The City of Columbia Heights had the following Nonmajor Special Revenue Funds during the year:

Cable Television Fund 225 – established to account for revenues and expenditures associated with the cable television franchise.

Police Forfeiture Fund 265 – established to account for forfeited cash and property received by the police department.

Police Community Programs Fund 270 – established to account for revenues and expenditures of various police activities, including the DARE (Drug Abuse Resistance Education) program, police reserve officers and other activities.

Police Grants Fund 272 – established to account for revenues and expenditures of various grants for police activities.

Library Fund 240 – established in 1993 to account for revenues and expenditures of the library.

After School Programs Fund 261 – established to account for revenues and expenditures associated with various youth enrichment activities conducted by the recreation department and the library, under agreements with Independent School District 13.

Contributed Projects – Recreation Fund 881 – established to monitor contributions for recreational activities and related expenditures.

Contributed Projects – Other Fund 883 – established to monitor contributions and related expenditures for activities other than recreation.

Special Projects Fund 226 – established to monitor revenues from special projects and related expenditures.

Community Development Fund 201 – established to account for revenues and expenditures associated with planning, building inspections, and community development projects within the City.

Anoka County Comm Dev Programs Fund 202 – established to account for revenues and expenditures of community development programs funded by or passed through Anoka County to the City.

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Economic Development Authority – a separate legal entity from the City. The mayor and City Council comprise the majority membership of this component unit. Its purpose is to foster economic development in the City.

Economic Development Authority Administration Fund 204 – established to account for revenues and expenditures of all EDA activity not accounted for in other EDA funds.

Housing and Redevelopment Authority – a separate legal entity from the City. The mayor and City Council comprise the majority membership of this component unit. Its purpose is to operate a senior housing complex.

Parkview Villa North Fund 203 – established to account for the revenues and expenditures of the low-income, federally subsidized portion of a senior housing complex.

Parkview Villa South Fund 213 – established to account for the revenues and expenditures of the market-rate, non-federal portion of a senior housing complex.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2011

	Cable Television Fund 225	Police Forfeiture Fund 265	Police Community Programs Fund 270	Police Grants Fund 272	Library Fund 240
<b>Assets</b>					
Cash and investments	\$359,661	\$56,587	\$ -	\$ -	\$168,694
Receivables:					
Accounts	43,456	-	-	-	-
Taxes	-	-	-	-	-
Interest	1,000	-	-	-	700
Loans	-	-	-	-	-
Due from other governmental units	-	-	-	10,800	-
Interfund receivable	-	-	-	-	-
Prepayments	-	-	-	-	3,046
Real estate held for resale	-	-	-	-	-
<b>Total assets</b>	<b>\$404,117</b>	<b>\$56,587</b>	<b>\$0</b>	<b>\$10,800</b>	<b>\$172,440</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$9,512	\$ -	\$ -	\$427	\$10,845
Accrued salaries and withholdings payable	-	-	-	-	11,279
Due to other governmental units	-	-	-	-	2,770
Interfund payable	-	-	-	13,155	-
Deferred revenue	-	41,979	-	-	-
Deposits	-	-	-	-	-
<b>Total liabilities</b>	<b>9,512</b>	<b>41,979</b>	<b>0</b>	<b>13,582</b>	<b>24,894</b>
<b>Fund balance:</b>					
Nonspendable	-	-	-	-	3,046
Restricted	-	14,608	-	-	-
Committed	394,605	-	-	-	144,500
Assigned	-	-	-	-	-
Unassigned	-	-	-	(2,782)	-
<b>Total fund balance</b>	<b>394,605</b>	<b>14,608</b>	<b>0</b>	<b>(2,782)</b>	<b>147,546</b>
<b>Total liabilities and fund balance</b>	<b>\$404,117</b>	<b>\$56,587</b>	<b>\$0</b>	<b>\$10,800</b>	<b>\$172,440</b>

After-School Programs Fund 261	Contributed Projects - Recreation - Fund 881	Contributed Projects - Other - Fund 883	Special Projects Fund 226	Community Development Fund 201	Anoka County Comm Dev Programs Fund 202	EDA Admin Fund 204 (Component Unit)	HRA Funds (Component Unit)	Total Nonmajor Special Revenue Funds
\$156,759	\$130,416	\$224,852	\$371,594	\$219,438	\$7,910	\$167,446	\$1,732,335	\$3,595,692
-	-	-	-	500	-	31,924	2,596	78,476
-	-	-	-	-	-	14,784	-	14,784
400	400	600	900	600	-	200	1,700	6,500
-	-	-	-	-	-	-	-	-
4,828	-	-	-	-	-	-	86,189	101,817
-	-	-	-	-	-	27,308	-	27,308
-	-	-	-	-	-	-	-	3,046
-	-	-	-	-	149,988	-	-	149,988
<u>\$161,987</u>	<u>\$130,816</u>	<u>\$225,452</u>	<u>\$372,494</u>	<u>\$220,538</u>	<u>\$157,898</u>	<u>\$241,662</u>	<u>\$1,822,820</u>	<u>\$3,977,611</u>
\$1,648	\$2,098	\$ -	\$ -	\$1,101	\$1,600	\$428	\$46,657	\$74,316
287	-	-	-	4,394	-	5,971	-	21,931
-	-	-	-	-	-	-	34,920	37,690
-	-	-	-	-	-	-	19,891	33,046
-	-	-	29,054	-	-	12,639	2,295	85,967
-	-	-	-	500	-	-	27,259	27,759
<u>1,935</u>	<u>2,098</u>	<u>0</u>	<u>29,054</u>	<u>5,995</u>	<u>1,600</u>	<u>19,038</u>	<u>131,022</u>	<u>280,709</u>
-	-	-	-	-	149,988	-	-	153,034
-	128,718	225,452	-	-	6,310	-	-	375,088
160,052	-	-	343,440	214,543	-	222,624	1,691,798	3,171,562
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(2,782)
<u>160,052</u>	<u>128,718</u>	<u>225,452</u>	<u>343,440</u>	<u>214,543</u>	<u>156,298</u>	<u>222,624</u>	<u>1,691,798</u>	<u>3,696,902</u>
<u>\$161,987</u>	<u>\$130,816</u>	<u>\$225,452</u>	<u>\$372,494</u>	<u>\$220,538</u>	<u>\$157,898</u>	<u>\$241,662</u>	<u>\$1,822,820</u>	<u>\$3,977,611</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For The Year Ended December 31, 2011

	Cable Television Fund 225	Police Forfeiture Fund 265	Police Community Programs Fund 270	Police Grants Fund 272	Library Fund 240
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$757,620
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	11,303	-
Fees/program revenues	174,668	-	-	-	8,983
Rents	-	-	-	-	-
Fines and forfeitures	-	8,428	-	-	15,521
Investment income:					
Interest and dividends	6,100	-	-	-	4,600
Change in fair value	3,400	-	-	-	2,500
Other revenues:					
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	60
<b>Total revenues</b>	<b>184,168</b>	<b>8,428</b>	<b>0</b>	<b>11,303</b>	<b>789,284</b>
<b>Expenditures:</b>					
Personal services	2,273	-	-	-	548,490
Supplies	14,547	6,500	-	13,443	119,382
Other services and charges	39,969	545	-	642	80,930
Capital outlay	-	979	-	-	-
<b>Total expenditures</b>	<b>56,789</b>	<b>8,024</b>	<b>0</b>	<b>14,085</b>	<b>748,802</b>
Revenues over (under) expenditures	127,379	404	0	(2,782)	40,482
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	(66,668)	-	-	-	(32,469)
Sale of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(66,668)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,469)</b>
Net change in fund balance	60,711	404	0	(2,782)	8,013
Fund balance - January 1	333,894	14,204	-	-	139,533
Fund balance - December 31	<b>\$394,605</b>	<b>\$14,608</b>	<b>\$0</b>	<b>(\$2,782)</b>	<b>\$147,546</b>

After-School Programs Fund 261	Contributed Projects - Recreation - Fund 881	Contributed Projects - Other - Fund 883	Special Projects Fund 226	Community Development Fund 201	Anoka County Comm Dev Programs Fund 202	EDA Admin Fund 204 (Component Unit)	HRA Funds (Component Unit)	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$305,381	\$ -	\$1,063,001
-	-	-	-	219,972	-	-	-	219,972
46,046	-	-	-	-	6,000	15,259	176,750	255,358
21,525	1,094	-	19,860	-	-	43,740	-	269,870
-	-	-	82,352	-	-	-	664,586	746,938
-	-	-	-	-	-	-	-	23,949
2,400	2,200	4,000	5,700	3,700	-	1,500	13,089	43,289
1,300	1,200	2,200	3,100	2,100	-	800	5,700	22,300
-	26,040	11,035	-	-	-	-	-	37,075
-	-	-	-	20	-	-	16,063	16,143
<u>71,271</u>	<u>30,534</u>	<u>17,235</u>	<u>111,012</u>	<u>225,792</u>	<u>6,000</u>	<u>366,680</u>	<u>876,188</u>	<u>2,697,895</u>
29,482	-	-	-	227,347	-	215,094	37,000	1,059,686
7,466	15,957	27,433	-	3,119	-	3,333	31,723	242,903
17,233	2,466	565	-	13,324	6,000	13,585	645,806	821,065
-	-	-	-	-	2,439	-	9,855	13,273
<u>54,181</u>	<u>18,423</u>	<u>27,998</u>	<u>0</u>	<u>243,790</u>	<u>8,439</u>	<u>232,012</u>	<u>724,384</u>	<u>2,136,927</u>
<u>17,090</u>	<u>12,111</u>	<u>(10,763)</u>	<u>111,012</u>	<u>(17,998)</u>	<u>(2,439)</u>	<u>134,668</u>	<u>151,804</u>	<u>560,968</u>
-	-	5,200	-	-	-	-	-	5,200
-	-	-	-	(13,110)	-	(103,110)	-	(215,357)
-	-	-	-	-	-	-	-	-
<u>0</u>	<u>0</u>	<u>5,200</u>	<u>0</u>	<u>(13,110)</u>	<u>0</u>	<u>(103,110)</u>	<u>0</u>	<u>(210,157)</u>
17,090	12,111	(5,563)	111,012	(31,108)	(2,439)	31,558	151,804	350,811
142,962	116,607	231,015	232,428	245,651	158,737	191,066	1,539,994	3,346,091
<u>\$160,052</u>	<u>\$128,718</u>	<u>\$225,452</u>	<u>\$343,440</u>	<u>\$214,543</u>	<u>\$156,298</u>	<u>\$222,624</u>	<u>\$1,691,798</u>	<u>\$3,696,902</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - CABLE TELEVISION FUND 225**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2011  
With Comparative Actual Amounts For The Year Ended December 31, 2010

**Statement 16**

	2011		Actual Amounts	Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Franchise fees	\$168,000	\$168,000	\$174,668	\$6,668	\$171,766
Investment income:					
Interest and dividends	-	-	6,100	6,100	5,900
Change in fair value	-	-	3,400	3,400	(1,400)
Total revenues	<u>168,000</u>	<u>168,000</u>	<u>184,168</u>	<u>16,168</u>	<u>176,266</u>
Expenditures:					
Personal services	6,464	6,464	2,273	4,191	2,042
Supplies	21,650	21,650	14,547	7,103	70
Other services and charges	34,660	34,660	39,969	(5,309)	58,130
Capital outlay	-	-	-	-	-
Total expenditures	<u>62,774</u>	<u>62,774</u>	<u>56,789</u>	<u>5,985</u>	<u>60,242</u>
Revenues over expenditures	105,226	105,226	127,379	22,153	116,024
Other financing sources (uses):					
Transfers out	<u>(66,668)</u>	<u>(66,668)</u>	<u>(66,668)</u>	-	<u>(56,668)</u>
Net change in fund balance	<u>\$38,558</u>	<u>\$38,558</u>	60,711	<u>\$22,153</u>	59,356
Fund balance - January 1			<u>333,894</u>		<u>274,538</u>
Fund balance - December 31			<u>\$394,605</u>		<u>\$333,894</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - POLICE FORFEITURE FUND 265**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 17**

	<u>2011</u>	<u>2010</u>
Revenues:		
Forfeitures	<u>\$8,428</u>	<u>\$14,396</u>
Expenditures:		
Supplies	6,500	1,502
Other services and charges	545	-
Capital outlay	979	-
Total expenditures	<u>8,024</u>	<u>1,502</u>
Revenues over (under) expenditures	404	12,894
Fund balance - January 1	<u>14,204</u>	<u>1,310</u>
Fund balance - December 31	<u><u>\$14,608</u></u>	<u><u>\$14,204</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - POLICE COMMUNITY PROGRAMS FUND 270**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Actual Amounts For The Year Ended December 31, 2010**

**Statement 18**

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$2,414
Expenditures:					
Personal services	4,864	-	-	-	9,761
Supplies	10,636	-	-	-	9,743
Other services and charges	4,500	-	-	-	30
Total expenditures	20,000	0	0	0	19,534
Revenues over (under) expenditures	(20,000)	0	0	0	(17,120)
Other financing sources (uses):					
Transfers in	-	-	-	-	9,000
Transfers out	-	-	-	-	(36,370)
Total other financing sources (uses)	-	-	-	-	(27,370)
Net change in fund balance	<u>(\$20,000)</u>	<u>\$0</u>	0	<u>\$0</u>	(44,490)
Fund balance - January 1			-		44,490
Fund balance - December 31			<u>\$0</u>		<u>\$0</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - POLICE GRANTS FUND 272**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 19**

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$11,303	\$16,026
Miscellaneous	-	-
Total revenues	<u>11,303</u>	<u>16,026</u>
Expenditures:		
Supplies	13,443	14,373
Other services and charges	642	1,653
Capital outlay	-	-
Total expenditures	<u>14,085</u>	<u>16,026</u>
Revenues over expenditures	(2,782)	0
Fund balance - January 1	<u>-</u>	<u>-</u>
Fund balance - December 31	<u><u>(\$2,782)</u></u>	<u><u>\$0</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - LIBRARY FUND 240**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2011  
With Comparative Actual Amounts For The Year Ended December 31, 2010

**Statement 20**

	2011		Actual Amounts	Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Taxes	\$757,620	\$757,620	\$757,620	\$ -	\$738,393
Charges for services	10,300	10,300	8,983	(1,317)	9,805
Fines	17,000	17,000	15,521	(1,479)	14,461
Investment income:					
Interest and dividends	4,500	4,500	4,600	100	4,400
Change in fair value	-	-	2,500	2,500	(1,100)
Other revenues:					
Miscellaneous	225	225	60	(165)	-
Contributions	800	800	-	(800)	-
Total revenues	<u>790,445</u>	<u>790,445</u>	<u>789,284</u>	<u>(1,161)</u>	<u>765,959</u>
Expenditures:					
Personal services	549,691	569,423	548,490	20,933	525,743
Supplies	124,475	124,475	119,382	5,093	98,719
Other services and charges	106,535	86,803	80,930	5,873	86,354
Total expenditures	<u>780,701</u>	<u>780,701</u>	<u>748,802</u>	<u>31,899</u>	<u>710,816</u>
Revenues over (under) expenditures	<u>9,744</u>	<u>9,744</u>	<u>40,482</u>	<u>30,738</u>	<u>55,143</u>
Other financing sources (uses):					
Transfers out	(27,269)	(27,269)	(32,469)	(5,200)	(18,864)
Sale of capital assets	25	25	-	(25)	-
Total other financing sources (uses)	<u>(27,244)</u>	<u>(27,244)</u>	<u>(32,469)</u>	<u>(5,225)</u>	<u>(18,864)</u>
Net change in fund balance	<u>(\$17,500)</u>	<u>(\$17,500)</u>	8,013	<u>\$25,513</u>	36,279
Fund balance - January 1			<u>139,533</u>		<u>103,254</u>
Fund balance - December 31			<u>\$147,546</u>		<u>\$139,533</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - AFTER SCHOOL PROGRAMS FUND 261**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 21**

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$46,046	\$55,787
Program revenue	21,525	19,622
Investment income:		
Interest and dividends	2,400	2,500
Change in fair value	1,300	(600)
Total revenues	<u>71,271</u>	<u>77,309</u>
Expenditures:		
Personal services	29,482	30,355
Supplies	7,466	9,707
Other services and charges	17,233	17,217
Total expenditures	<u>54,181</u>	<u>57,279</u>
Revenues over expenditures	17,090	20,030
Fund balance - January 1	<u>142,962</u>	<u>122,932</u>
Fund balance - December 31	<u><u>\$160,052</u></u>	<u><u>\$142,962</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - RECREATION CONTRIBUTED PROJECTS FUND 881**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 22**

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment income:		
Program revenue	\$1,094	\$ -
Interest and dividends	2,200	2,400
Change in fair value	1,200	(600)
Other revenue:		
Contributions	26,040	37,687
Miscellaneous	-	616
Total revenues	<u>30,534</u>	<u>40,103</u>
Expenditures:		
Supplies	15,957	11,599
Other services and charges	2,466	100
Capital outlay	-	-
Total expenditures	<u>18,423</u>	<u>11,699</u>
Revenues over expenditures	12,111	28,404
Fund balance - January 1	<u>116,607</u>	<u>88,203</u>
Fund balance - December 31	<u><u>\$128,718</u></u>	<u><u>\$116,607</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - CONTRIBUTED PROJECTS - OTHER FUND 883**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 23**

	<u>2011</u>	<u>2010</u>
Revenues:		
Investment income:		
Interest and dividends	\$4,000	\$5,900
Change in fair value	2,200	(1,400)
Contributions	11,035	8,204
Miscellaneous	-	15
Total revenues	<u>17,235</u>	<u>12,719</u>
Expenditures:		
Personal services	-	-
Supplies	27,433	11,960
Other services and charges	565	1,250
Capital outlay	-	-
Total expenditures	<u>27,998</u>	<u>13,210</u>
Revenues over expenditures	<u>(10,763)</u>	<u>(491)</u>
Other financing sources (uses):		
Transfers in	5,200	1,950
Transfers out	-	(43,242)
	<u>5,200</u>	<u>(41,292)</u>
Net change in fund balance	(5,563)	(41,783)
Fund balance - January 1	<u>231,015</u>	<u>272,798</u>
Fund balance - December 31	<u><u>\$225,452</u></u>	<u><u>\$231,015</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND 226**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
**For The Year Ended December 31, 2011**  
**With Comparative Amounts For The Year Ended December 31, 2010**

**Statement 24**

	<u>2011</u>	<u>2010</u>
Revenues:		
Fees/program revenue	\$19,860	\$20,086
Rents	82,352	70,653
Investment income:		
Interest and dividends	5,700	5,700
Change in fair value	3,100	(1,400)
Total revenues	<u>111,012</u>	<u>95,039</u>
Expenditures:		
Other services and charges	<u>-</u>	<u>-</u>
Revenues over expenditures	111,012	95,039
Other financing sources (uses):		
Transfers out	<u>-</u>	<u>(42,000)</u>
Net change in fund balance	111,012	53,039
Fund balance - January 1	<u>232,428</u>	<u>179,389</u>
Fund balance - December 31	<u><u>\$343,440</u></u>	<u><u>\$232,428</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT FUND 201**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2011  
With Comparative Actual Amounts For The Year Ended December 31, 2010

**Statement 25**

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Licenses and permits	\$219,500	\$219,500	\$219,972	\$472	\$299,265
Investment income:					
Interest and dividends	-	-	3,700	3,700	4,000
Change in fair value	-	-	2,100	2,100	(1,000)
Miscellaneous	-	-	20	20	-
Total revenues	<u>219,500</u>	<u>219,500</u>	<u>225,792</u>	<u>6,292</u>	<u>302,265</u>
Expenditures:					
Personal services	225,148	225,148	227,347	(2,199)	191,235
Supplies	4,730	4,730	3,119	1,611	1,659
Other services and charges	20,835	20,835	13,324	7,511	13,421
Total expenditures	<u>250,713</u>	<u>250,713</u>	<u>243,790</u>	<u>6,923</u>	<u>206,315</u>
Revenues over (under) expenditures	<u>(31,213)</u>	<u>(31,213)</u>	<u>(17,998)</u>	<u>13,215</u>	<u>95,950</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(13,110)	(13,110)	(13,110)	-	(12,666)
Total other financing sources (uses)	<u>(13,110)</u>	<u>(13,110)</u>	<u>(13,110)</u>	<u>0</u>	<u>(12,666)</u>
Net change in fund balance	<u>(\$44,323)</u>	<u>(\$44,323)</u>	<u>(31,108)</u>	<u>\$13,215</u>	<u>83,284</u>
Fund balance - January 1			<u>245,651</u>		<u>162,367</u>
Fund balance - December 31			<u>\$214,543</u>		<u>\$245,651</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - ANOKA COUNTY COMM DEV PROGRAMS FUND 202**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - ACTUAL**  
For The Year Ended December 31, 2011  
With Comparative Amounts For The Year Ended December 31, 2010

**Statement 26**

	<u>2011</u>	<u>2010</u>
Revenues:		
Intergovernmental	\$6,000	\$149,727
Investment income:		
Interest and dividends	-	-
Total revenues	<u>6,000</u>	<u>149,727</u>
Expenditures:		
Other services and charges	6,000	4,887
Capital outlay	2,439	15,858
Total expenditures	<u>8,439</u>	<u>20,745</u>
Revenues over expenditures	(2,439)	128,982
Fund balance - January 1	<u>158,737</u>	<u>29,755</u>
Fund balance - December 31	<u><u>\$156,298</u></u>	<u><u>\$158,737</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 27**

BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT AUTHORITY ADMINISTRATION FUND 204

(COMPONENT UNIT)

For The Year Ended December 31, 2011

With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011		Actual Amounts	Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Taxes	\$325,185	\$340,444	\$305,381	(\$35,063)	\$324,542
Fees/program revenues	-	-	43,740	43,740	-
Intergovernmental:					
Market value homestead credit	-	15,259	15,259	-	14,692
Investment income:					
Interest and dividends	-	-	1,500	1,500	900
Change in fair value	-	-	800	800	(200)
Total revenues	<u>325,185</u>	<u>355,703</u>	<u>366,680</u>	<u>10,977</u>	<u>339,934</u>
Expenditures:					
Personal services	252,197	252,197	215,094	37,103	253,707
Other services and charges	29,544	29,544	13,585	15,959	16,571
Supplies	4,400	4,400	3,333	1,067	1,063
Capital outlay	-	-	-	-	-
Total expenditures	<u>286,141</u>	<u>286,141</u>	<u>232,012</u>	<u>54,129</u>	<u>271,341</u>
Revenues over (under) expenditures	<u>39,044</u>	<u>69,562</u>	<u>134,668</u>	<u>65,106</u>	<u>68,593</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	37,500
Transfers out	(103,110)	(103,110)	(103,110)	-	(63,666)
Total other financing sources (uses)	<u>(103,110)</u>	<u>(103,110)</u>	<u>(103,110)</u>	<u>0</u>	<u>(26,166)</u>
Net change in fund balance	<u>(\$64,066)</u>	<u>(\$33,548)</u>	31,558	<u>\$65,106</u>	42,427
Fund balance - January 1			<u>191,066</u>		<u>148,639</u>
Fund balance - December 31			<u>\$222,624</u>		<u>\$191,066</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**SPECIAL REVENUE FUNDS - HOUSING AND REDEVELOPMENT AUTHORITY (COMPONENT UNIT)**

**Statement 28**

**COMBINING BALANCE SHEET**

December 31, 2011

	Parkview Villa North Fund 203	Parkview Villa South Fund 213	Total Housing and Redevelopment Authority
<b>Assets</b>			
Cash and investments	\$1,000,165	\$732,170	\$1,732,335
Receivables:			
Accounts	2,593	3	2,596
Interest	-	1,700	1,700
Interfund receivable	-	-	-
Due from other governmental units	86,189	-	86,189
<b>Total assets</b>	<b>\$1,088,947</b>	<b>\$733,873</b>	<b>\$1,822,820</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$35,970	\$10,687	\$46,657
Due to other governmental units	22,204	12,716	34,920
Interfund payable	13,638	6,253	19,891
Deferred revenue	1,229	1,066	2,295
Deposits	17,556	9,703	27,259
<b>Total liabilities</b>	<b>90,597</b>	<b>40,425</b>	<b>131,022</b>
<b>Fund balance:</b>			
Committed	998,350	693,448	1,691,798
<b>Total fund balance</b>	<b>998,350</b>	<b>693,448</b>	<b>1,691,798</b>
<b>Total liabilities and fund balance</b>	<b>\$1,088,947</b>	<b>\$733,873</b>	<b>\$1,822,820</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**SPECIAL REVENUE FUNDS - HOUSING AND REDEVELOPMENT AUTHORITY (COMPONENT UNIT)**

**Statement 29**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**

**CHANGES IN FUND BALANCE**

For The Year Ended December 31, 2011

	Parkview Villa North Fund 203	Parkview Villa South Fund 213	Total Housing and Redevelopment Authority
Revenues:			
Intergovernmental	\$176,750	\$ -	\$176,750
Rents	351,037	313,549	664,586
Investment income:			
Interest and dividends	2,789	10,300	13,089
Change in fair value	-	5,700	5,700
Other revenues:			
Miscellaneous	9,907	6,156	16,063
Total revenues	<u>540,483</u>	<u>335,705</u>	<u>876,188</u>
Expenditures:			
Personal services	25,500	11,500	37,000
Supplies	21,187	10,536	31,723
Other services and charges	446,002	199,804	645,806
Capital outlay	9,855	-	9,855
Total expenditures	<u>502,544</u>	<u>221,840</u>	<u>724,384</u>
Revenues over expenditures	37,939	113,865	151,804
Fund balance - January 1	<u>960,411</u>	<u>579,583</u>	<u>1,539,994</u>
Fund balance - December 31	<u><u>\$998,350</u></u>	<u><u>\$693,448</u></u>	<u><u>\$1,691,798</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY-  
 PARKVIEW VILLA NORTH FUND 203

**Statement 30**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For The Year Ended December 31, 2011  
 With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Intergovernmental revenue	\$357,500	\$357,500	\$176,750	(\$180,750)	\$492,940
Rents	324,260	324,260	351,037	26,777	341,456
Investment income:					
Interest and dividends	6,891	6,891	2,789	(4,102)	16,500
Change in fair value	-	-	-	-	(4,000)
Other revenues	-	-	9,907	9,907	9,540
Total revenues	<u>688,651</u>	<u>688,651</u>	<u>540,483</u>	<u>(148,168)</u>	<u>856,436</u>
Expenditures:					
Personal services	26,013	26,013	25,500	513	25,380
Supplies	21,650	21,650	21,187	463	31,561
Other services and charges	457,397	457,397	446,002	11,395	420,046
Capital outlay	112,000	112,000	9,855	102,145	280,730
Total expenditures	<u>617,060</u>	<u>617,060</u>	<u>502,544</u>	<u>114,516</u>	<u>757,717</u>
Revenues over (under) expenditures	<u>\$71,591</u>	<u>\$71,591</u>	37,939	<u>(\$33,652)</u>	98,719
Fund balance - January 1			960,411		<u>861,692</u>
Fund balance - December 31			<u>\$998,350</u>		<u>\$960,411</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY -

**Statement 31**

PARKVIEW VILLA SOUTH FUND 213

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2011

With Comparative Actual Amounts For The Year Ended December 31, 2010

	2011			Variance with Final Budget- Positive (Negative)	2010 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Rents	\$306,479	\$306,479	\$313,549	\$7,070	\$302,408
Investment income:					
Interest and dividends	-	-	10,300	10,300	11,100
Change in fair value	-	-	5,700	5,700	(2,700)
Other	2,650	2,650	6,156	3,506	6,110
Total revenues	<u>309,129</u>	<u>309,129</u>	<u>335,705</u>	<u>26,576</u>	<u>316,918</u>
Expenditures:					
Personal services	11,687	11,687	11,500	187	11,402
Supplies	12,125	12,125	10,536	1,589	9,337
Other services and charges	205,126	205,126	199,804	5,322	197,303
Capital outlay	35,000	35,000	-	35,000	-
Total expenditures	<u>263,938</u>	<u>263,938</u>	<u>221,840</u>	<u>42,098</u>	<u>218,042</u>
Revenues over expenditures	<u>\$45,191</u>	<u>\$45,191</u>	113,865	<u>\$68,674</u>	98,876
Fund balance - January 1			<u>579,583</u>		<u>480,707</u>
Fund balance - December 31			<u>\$693,448</u>		<u>\$579,583</u>

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**NONMAJOR  
DEBT SERVICE FUNDS**

The City of Columbia Heights had the following kinds of Nonmajor Debt Service Funds during the year:

Bond Debt Service Funds – are separate funds used to account for the revenues and expenditures of each separate bond issue.

Tax Increment Financing Funds – are separate funds used to account for the revenues and expenditures of each separate Tax Increment Financing District.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2011

	G.O. Improvement/ Revenue Bonds 2003A Fund 388	G.O. Improvement/ Revenue Bonds 2006A Fund 340	G.O. Street Rehabilitation Bonds 2007 Fund 341	G.O. Public Safety Center Bonds 2008B Fund 343
<b>Assets</b>				
Cash and investments	\$ -	\$720,994	\$112,000	\$494,361
Receivables:				
Taxes	-	-	937	3,172
Interest	-	1,300	100	800
Land held for resale	-	-	-	-
<b>Total assets</b>	<b>\$0</b>	<b>\$722,294</b>	<b>\$113,037</b>	<b>\$498,333</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable - retained percentage	-	-	-	-
Due to other governmental units	-	-	-	-
Deferred revenue:				
Interfund payable	-	-	-	-
Property taxes - delinquent	-	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance (deficit):</b>				
Nonspendable	-	-	-	-
Restricted	-	722,294	113,037	498,333
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance (deficit)</b>	<b>0</b>	<b>722,294</b>	<b>113,037</b>	<b>498,333</b>
<b>Total liabilities and fund balance</b>	<b>\$0</b>	<b>\$722,294</b>	<b>\$113,037</b>	<b>\$498,333</b>

EDA Component Unit								
G.O. Public Facilities Bonds 2009A Fund 344	Tax Increment Bonds Fund 376	Sheffield TIF Redevelopment Fund 377	TIF Multi-Use Redevelopment Plan Fund 385	TIF Transition Block Fund 389	TIF 47th and Central Avenue Fund 371	TIF Huset Park Area Fund 372	EDA TIF Revenue Bonds 2007 Fund 373	Total Nonmajor Debt Service Funds
\$405,868	\$279,723	\$41,978	\$74,584	\$60,864	\$383,321	\$206,901	\$247,558	\$3,028,152
1,384	-	3,781	51	-	16,112	6,180	-	31,617
700	900	-	200	100	1,600	400	400	6,500
-	632,537	-	-	-	571,549	-	-	1,204,086
<u>\$407,952</u>	<u>\$913,160</u>	<u>\$45,759</u>	<u>\$74,835</u>	<u>\$60,964</u>	<u>\$972,582</u>	<u>\$213,481</u>	<u>\$247,958</u>	<u>\$4,270,355</u>
\$ -	\$308 695	\$ -	\$11,554	\$16,590	\$38,175 2,368	\$32,300	\$ -	\$98,927 3,063
-	-	-	-	-	-	-	-	-
-	-	28,835	18,057	-	-	-	-	46,892
-	-	3,781	-	-	15,562	5,896	-	25,239
<u>0</u>	<u>1,003</u>	<u>32,616</u>	<u>29,611</u>	<u>16,590</u>	<u>56,105</u>	<u>38,196</u>	<u>0</u>	<u>174,121</u>
-	632,537	-	-	-	571,549	-	-	1,204,086
406,211	279,620	13,143	45,224	44,374	344,928	175,285	247,958	2,890,407
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,741	-	-	-	-	-	2,600	(2,600)	1,741
<u>407,952</u>	<u>912,157</u>	<u>13,143</u>	<u>45,224</u>	<u>44,374</u>	<u>916,477</u>	<u>177,885</u>	<u>245,358</u>	<u>4,096,234</u>
<u>\$407,952</u>	<u>\$913,160</u>	<u>\$45,759</u>	<u>\$74,835</u>	<u>\$60,964</u>	<u>\$972,582</u>	<u>\$216,081</u>	<u>\$245,358</u>	<u>\$4,270,355</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR DEBT SERVICE FUNDS**  
For The Year Ended December 31, 2011

	G.O. Improvement/ Revenue Bonds 2003A Fund 388	G.O. Improvement/ Revenue Bonds 2006A Fund 340	G.O. Street Rehabilitation Bonds 2007 Fund 341	G.O. Public Safety Center Bonds 2008B Fund 343	G.O. Public Facilities Bonds 2009A Fund 344
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$127,754	\$468,597	\$211,463
Tax increment collections	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Investment income:					
Interest and dividends	-	8,000	600	4,800	2,300
Change in fair value	-	4,400	300	2,700	1,200
Total revenues	<u>0</u>	<u>12,400</u>	<u>128,654</u>	<u>476,097</u>	<u>214,963</u>
<b>Expenditures:</b>					
Current:					
Other services and charges	900	-	-	-	-
Capital outlay:					
Community development	-	-	-	-	-
Debt service:					
Principal retirement	720,238	410,784	90,000	190,000	155,000
Interest and fiscal charges	32,568	62,276	34,601	436,968	136,416
Issuance costs	-	-	-	-	-
Developer incentives	-	-	-	-	-
Total expenditures	<u>753,706</u>	<u>473,060</u>	<u>124,601</u>	<u>626,968</u>	<u>291,416</u>
Revenues over (under) expenditures	<u>(753,706)</u>	<u>(460,660)</u>	<u>4,053</u>	<u>(150,871)</u>	<u>(76,453)</u>
Other financing sources (uses):					
Transfers in	269,651	330,281	-	238,490	179,169
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>269,651</u>	<u>330,281</u>	<u>0</u>	<u>238,490</u>	<u>179,169</u>
Net change in fund balance	(484,055)	(130,379)	4,053	87,619	102,716
Fund balance (deficit) - January 1	<u>484,055</u>	<u>852,673</u>	<u>108,984</u>	<u>410,714</u>	<u>305,236</u>
Fund balance (deficit) - December 31	<u>\$0</u>	<u>\$722,294</u>	<u>\$113,037</u>	<u>\$498,333</u>	<u>\$407,952</u>

## EDA Component Unit

Tax Increment Bonds Fund 376	Sheffield TIF Redevelopment Fund 377	TIF Multi-Use Redevelopment Plan Fund 385	TIF Transition Block Fund 389	TIF 47th and Central Avenue Fund 371	TIF Huset Park Area Fund 372	EDA TIF Revenue Bonds 2007 Fund 373	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$807,814
-	72,209	31,028	34,503	116,967	294,253	-	548,960
-	5,530	373	-	3,191	35,722	-	44,816
5,600	200	1,100	800	10,200	2,600	2,700	38,900
3,100	100	600	500	5,600	1,400	1,500	21,400
<u>8,700</u>	<u>78,039</u>	<u>33,101</u>	<u>35,803</u>	<u>135,958</u>	<u>333,975</u>	<u>4,200</u>	<u>1,461,890</u>
17,066	1,346	1,786	2,070	2,372	4,899	-	30,439
(7,967)	-	-	-	8,484	-	-	517
-	-	-	-	-	-	48,000	1,614,022
-	4,332	-	-	26,410	-	149,539	883,110
-	-	-	-	-	-	-	-
-	-	23,108	31,568	-	126,962	-	181,638
<u>9,099</u>	<u>5,678</u>	<u>24,894</u>	<u>33,638</u>	<u>37,266</u>	<u>131,861</u>	<u>197,539</u>	<u>2,709,726</u>
(399)	72,361	8,207	2,165	98,692	202,114	(193,339)	(1,247,836)
-	-	-	-	-	-	194,400	1,211,991
-	-	-	-	-	(194,400)	-	(194,400)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(194,400)</u>	<u>194,400</u>	<u>1,017,591</u>
(399)	72,361	8,207	2,165	98,692	7,714	1,061	(230,245)
<u>912,556</u>	<u>(59,218)</u>	<u>37,017</u>	<u>42,209</u>	<u>817,785</u>	<u>170,171</u>	<u>244,297</u>	<u>4,326,479</u>
<u>\$912,157</u>	<u>\$13,143</u>	<u>\$45,224</u>	<u>\$44,374</u>	<u>\$916,477</u>	<u>\$177,885</u>	<u>\$245,358</u>	<u>\$4,096,234</u>

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**NONMAJOR  
CAPITAL PROJECT FUNDS**

The City of Columbia Heights had the following Nonmajor Capital Project Funds during the year:

Economic Development Authority – a separate legal entity from the City. The mayor and City Council comprise the majority membership of this component unit. Its purpose is to foster economic development in the City.

Housing Maintenance Fund 408 – established to account for activities to maintain the quality and quantity of housing in the City.

Capital Improvement Parks Fund 412 – used to account for improvements in City parks. This includes park dedication fees when available, the use of which is limited by state statute to park improvements.

Infrastructure Replacement Fund 430 – used to fund replacement of City infrastructure.

Capital Equipment Fire Fund 439 – used to fund replacement of fire department capital assets. This fund is limited by state statute to fire department expenditures. The original source of the assets in this fund was excess funding in a fire pension plan.

Capital Equipment Cable TV Fund 440 – used to fund replacement of cable television capital assets.

Capital Building Library Fund 450 – used to fund replacement of the library building.

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CITY OF COLUMBIA HEIGHTS, MINNESOTA  
 SUBCOMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2011

Statement 34

	EDA (Component Unit) Housing Maintenance Fund 408	Capital Improvement Parks Fund 412	Infrastructure Replacement Fund 430	Capital Equipment Fire Fund 439	Capital Equipment Cable TV Fund 440	Capital Building Library Fund 450	Total Nonmajor Capital Project Funds
<b>Assets</b>							
Cash and investments	\$ -	\$4,700	\$943,408	\$175,446	\$67,800	\$255,504	\$1,446,858
Due from other governments	-	92,323	-	-	-	-	92,323
Receivables:							
Interest	-	600	2,600	500	200	-	3,900
Real estate held for resale	393,473	-	-	-	-	-	393,473
<b>Total assets</b>	<b>\$393,473</b>	<b>\$97,623</b>	<b>\$946,008</b>	<b>\$175,946</b>	<b>\$68,000</b>	<b>\$255,504</b>	<b>\$1,936,554</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$199	\$ -	\$ -	\$ -	\$ -	\$199
Contracts payable - retained percentage	-	10,727	-	-	-	-	10,727
Interfund payable	-	84,152	-	-	-	-	84,152
<b>Total liabilities</b>	<b>0</b>	<b>95,078</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>95,078</b>
<b>Fund balance:</b>							
Nonspendable	393,473	-	-	-	-	-	393,473
Restricted	-	-	-	-	-	-	-
Committed	-	2,545	946,008	175,946	68,000	255,504	1,448,003
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balance</b>	<b>393,473</b>	<b>2,545</b>	<b>946,008</b>	<b>175,946</b>	<b>68,000</b>	<b>255,504</b>	<b>1,841,476</b>
<b>Total liabilities and fund balance</b>	<b>\$393,473</b>	<b>\$97,623</b>	<b>\$946,008</b>	<b>\$175,946</b>	<b>\$68,000</b>	<b>\$255,504</b>	<b>\$1,936,554</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**For The Year Ended December 31, 2011**

**Statement 35**

	EDA (Component Unit) Housing Maintenance Fund 408	Capital Improvement Parks Fund 412	Infrastructure Replacement Fund 430	Capital Equipment Fire Fund 439	Capital Equipment Cable TV Fund 440	Capital Building Library Fund 450	Total Nonmajor Capital Project Funds
<b>Revenues:</b>							
Intergovernmental	\$ -	\$92,323	\$ -	\$ -	\$ -	\$ -	\$92,323
Charges for services	-	-	-	-	-	-	-
Investment income:							
Interest and dividends	-	3,400	16,000	3,100	1,400	-	23,900
Change in fair value	-	1,900	8,900	1,700	800	-	13,300
Contributions	-	773	-	-	-	-	773
Total revenues	<u>0</u>	<u>98,396</u>	<u>24,900</u>	<u>4,800</u>	<u>2,200</u>	<u>0</u>	<u>130,296</u>
<b>Expenditures:</b>							
Current:							
Personal services	-	-	-	-	-	-	-
Other services and charges	-	31,647	250	11,117	561	-	43,575
Capital outlay	-	383,883	-	-	147,390	-	531,273
Total expenditures	<u>0</u>	<u>415,530</u>	<u>250</u>	<u>11,117</u>	<u>147,951</u>	<u>0</u>	<u>574,848</u>
Revenue over (under) expenditures	<u>0</u>	<u>(317,134)</u>	<u>24,650</u>	<u>(6,317)</u>	<u>(145,751)</u>	<u>0</u>	<u>(444,552)</u>
Other financing sources (uses):							
Transfers in	-	50,000	50,000	-	-	-	100,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>0</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Net change in fund balance	0	(267,134)	74,650	(6,317)	(145,751)	0	(344,552)
Fund balance - January 1	<u>393,473</u>	<u>269,679</u>	<u>871,358</u>	<u>182,263</u>	<u>213,751</u>	<u>255,504</u>	<u>2,186,028</u>
Fund balance - December 31	<u>\$393,473</u>	<u>\$2,545</u>	<u>\$946,008</u>	<u>\$175,946</u>	<u>\$68,000</u>	<u>\$255,504</u>	<u>\$1,841,476</u>

## **ENTERPRISE FUNDS**

The authority for these types of funds is derived from Section 69(b) of the City Charter which allows for Utility or other Public Service Enterprise Funds.

The Enterprise Funds are members of the Proprietary Fund Type category, and, as such, are accounted for on the accrual basis of accounting. Revenues in the Enterprise Funds are recognized when they are earned and expenses are recognized when they are incurred.

The Enterprise Funds are used to account for operations that are financed and/or operated in a manner similar to private business enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water Utility Fund – used to account for revenues and expenses associated with services to area residents.

Sewer Utility Fund – used to account for revenues and expenses associated with sewer disposal within the City.

Refuse Utility Fund – used to account for revenues and expenses associated with organized collection of refuse and recycling in the City.

Storm Sewer Utility Fund – used to account for revenues and expenses associated with storm water disposal.

Liquor Fund – used to account for revenues and expenses associated with the operation of three off-sale municipal liquor stores.

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
WATER UTILITY FUND  
SUBCOMBINING SCHEDULE OF NET ASSETS  
December 31, 2011  
With Comparative Totals for December 31, 2010

Statement 36

Assets	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2011	2010
<b>Current assets:</b>							
Cash and cash equivalents	\$18,705	\$498,768	\$ -	\$41,937	\$ -	\$559,410	\$738,512
Receivables:							
Accounts (net of allowance for uncollectables)	543,527	-	-	-	-	543,527	532,616
Interest	1,900	1,400	-	200	-	3,500	3,800
Interfund receivable	695,481	-	-	140,805	(824,245)	12,041	18,947
Inventory - at cost	1,712	-	-	-	-	1,712	2,143
<b>Total current assets</b>	<u>1,261,325</u>	<u>500,168</u>	<u>0</u>	<u>182,942</u>	<u>(824,245)</u>	<u>1,120,190</u>	<u>1,296,018</u>
<b>Noncurrent assets:</b>							
<b>Capital assets:</b>							
Land	45,223	-	-	-	-	45,223	45,223
Buildings	559,826	-	-	-	-	559,826	559,826
Equipment	462,515	-	-	-	-	462,515	456,629
Infrastructure	7,524,209	-	-	-	-	7,524,209	7,420,389
Construction in process	-	-	479,626	-	-	479,626	161,470
<b>Total capital assets</b>	<u>8,591,773</u>	<u>0</u>	<u>479,626</u>	<u>0</u>	<u>0</u>	<u>9,071,399</u>	<u>8,643,537</u>
Less: accumulated depreciation	(4,044,729)	-	-	-	-	(4,044,729)	(3,840,014)
<b>Total capital assets (net of accumulated depreciation)</b>	<u>4,547,044</u>	<u>0</u>	<u>479,626</u>	<u>0</u>	<u>0</u>	<u>5,026,670</u>	<u>4,803,523</u>
<b>Total noncurrent assets</b>	<u>4,547,044</u>	<u>0</u>	<u>479,626</u>	<u>0</u>	<u>0</u>	<u>5,026,670</u>	<u>4,803,523</u>
<b>Total assets</b>	<u>5,808,369</u>	<u>500,168</u>	<u>479,626</u>	<u>182,942</u>	<u>(824,245)</u>	<u>6,146,860</u>	<u>6,099,541</u>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	7,933	-	10,338	-	-	18,271	7,859
Accrued salaries and withholdings payable	5,877	-	-	-	-	5,877	9,734
Due to other governmental units	96,976	-	205,722	-	-	302,698	92,292
Interfund payable	-	-	824,245	398,000	(824,245)	398,000	-
Accrued interest payable	-	-	-	16,795	-	16,795	27,049
Deposits	-	-	-	-	-	-	-
Compensated absences payable - current	3,330	-	-	-	-	3,330	3,229
Bonds payable - current	-	-	-	152,880	-	152,880	191,805
<b>Total current liabilities</b>	<u>114,116</u>	<u>0</u>	<u>1,040,305</u>	<u>567,675</u>	<u>(824,245)</u>	<u>897,851</u>	<u>331,968</u>
<b>Noncurrent liabilities:</b>							
Compensated absences payable - noncurrent	25,222	-	-	-	-	25,222	21,291
Bonds payable - noncurrent	-	-	-	951,490	-	951,490	1,578,768
<b>Total noncurrent liabilities</b>	<u>25,222</u>	<u>0</u>	<u>0</u>	<u>951,490</u>	<u>0</u>	<u>976,712</u>	<u>1,600,059</u>
<b>Total liabilities</b>	<u>139,338</u>	<u>0</u>	<u>1,040,305</u>	<u>1,519,165</u>	<u>(824,245)</u>	<u>1,874,563</u>	<u>1,932,027</u>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	4,547,044	-	479,626	(1,502,370)	-	3,524,300	2,969,888
Restricted for debt service	-	18,569	-	166,147	-	184,716	239,987
Unrestricted	1,121,987	481,599	(1,040,305)	-	-	563,281	957,639
<b>Total net assets</b>	<u>\$5,669,031</u>	<u>\$500,168</u>	<u>(\$560,679)</u>	<u>(\$1,336,223)</u>	<u>\$0</u>	<u>\$4,272,297</u>	<u>\$4,167,514</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

WATER UTILITY FUND

Statement 37

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET ASSETS

For Year Ended December 31, 2011

With Comparative Totals for Year Ended December 31, 2010

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2011	2010
Operating revenues:							
Charges for services:							
Customer services	\$101,111	\$ -	\$ -	\$ -	\$ -	\$101,111	\$123,356
Penalties	55,819	-	-	-	-	55,819	54,953
Charges for sales:							
Water	2,290,210	-	-	-	-	2,290,210	2,236,231
Meter	6,190	-	76,663	-	-	82,853	83,224
Total operating revenues	<u>2,453,330</u>	<u>0</u>	<u>76,663</u>	<u>0</u>	<u>0</u>	<u>2,529,993</u>	<u>2,497,764</u>
Operating expenses:							
Cost of sales	1,192,653	-	-	-	-	1,192,653	1,034,837
Distribution	630,452	-	222,023	-	-	852,475	622,272
Administration	18,426	-	-	-	-	18,426	19,377
Depreciation	204,716	-	-	-	-	204,716	209,889
Total operating expenses	<u>2,046,247</u>	<u>0</u>	<u>222,023</u>	<u>0</u>	<u>0</u>	<u>2,268,270</u>	<u>1,886,375</u>
Net income (loss) from operations	<u>407,083</u>	<u>0</u>	<u>(145,360)</u>	<u>0</u>	<u>0</u>	<u>261,723</u>	<u>611,389</u>
Nonoperating revenues (expenses):							
Investment income	18,600	13,200	-	2,200	-	34,000	15,600
Miscellaneous revenues	810	-	-	-	-	810	5,742
Operating expense	-	-	-	(305)	-	(305)	-
Interest and fiscal charges	-	-	-	(58,425)	-	(58,425)	(67,492)
Total nonoperating revenues (expenses)	<u>19,410</u>	<u>13,200</u>	<u>0</u>	<u>(56,530)</u>	<u>0</u>	<u>(23,920)</u>	<u>(46,150)</u>
Net income (loss) before transfers	<u>426,493</u>	<u>13,200</u>	<u>(145,360)</u>	<u>(56,530)</u>	<u>0</u>	<u>237,803</u>	<u>565,239</u>
Transfers in	106,763	25,000	14,837	328,000	(471,657)	2,943	-
Transfers out	(503,800)	-	(103,820)	-	471,657	(135,963)	(121,568)
Total transfers	<u>(397,037)</u>	<u>25,000</u>	<u>(88,983)</u>	<u>328,000</u>	<u>0</u>	<u>(133,020)</u>	<u>(121,568)</u>
Change in net assets	29,456	38,200	(234,343)	271,470	0	104,783	443,671
Total net assets - January 1	<u>5,639,575</u>	<u>461,968</u>	<u>(326,336)</u>	<u>(1,607,693)</u>	<u>-</u>	<u>4,167,514</u>	<u>3,723,843</u>
Total net assets - December 31	<u>\$5,669,031</u>	<u>\$500,168</u>	<u>(\$560,679)</u>	<u>(\$1,336,223)</u>	<u>\$0</u>	<u>\$4,272,297</u>	<u>\$4,167,514</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**WATER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 38**

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$2,519,587	\$2,466,710
Cash paid to suppliers for goods and services	(1,475,703)	(1,441,403)
Cash payments to employees for services	(366,427)	(356,190)
Net cash provided by (used in) from operating activities	<u>677,457</u>	<u>669,117</u>
Cash flows from noncapital financing activities:		
Transfers in	474,600	-
Transfers out	(607,620)	(121,568)
Interfund receivable repaid by (advanced to) other funds	(817,339)	(18,947)
Interfund payable (repaid to) advanced by other funds	1,222,245	-
Net cash flows provided by (used in) noncapital financing activities	<u>271,886</u>	<u>(140,515)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(427,862)	(57,650)
Bonds issued	-	-
Principal payments - bonds	(666,203)	(269,029)
Interest and fiscal charges	(68,680)	(72,103)
Net cash flows provided by (used in) capital and related financing activities	<u>(1,162,745)</u>	<u>(398,782)</u>
Cash flows from investing activities:		
Investment income	34,300	14,300
Net cash flows provided by (used in) investing activities	<u>34,300</u>	<u>14,300</u>
Net increase (decrease) in cash and cash equivalents	(179,102)	144,120
Cash and cash equivalents - January 1	738,512	594,392
Cash and cash equivalents - December 31	<u>\$559,410</u>	<u>\$738,512</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$261,723</u>	<u>\$611,389</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	204,716	209,889
Miscellaneous revenues	505	5,742
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(10,911)	(36,796)
(Increase) decrease in inventory, at cost	431	552
Increase (decrease) in accounts payable	10,412	(422)
Increase (decrease) in accrued salaries and withholdings payable	(3,857)	4,620
Increase (decrease) in due to other governmental units	4,684	(127,962)
Adjustment for nonoperating portion	205,722	-
Increase (decrease) in deposits payable	-	(1,000)
Increase (decrease) in compensated absences payable	4,032	3,105
Total adjustments	<u>415,734</u>	<u>57,728</u>
Net cash flows provided by (used in) operating activities	<u>\$677,457</u>	<u>\$669,117</u>
Noncash capital and related financing activities:		
Capital assets purchased/constructed on account	\$ -	\$147,171

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals for December 31, 2010

**Statement 39**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Totals	
					2011	2010
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$725,410	\$447,888	\$585,839	\$ -	\$1,759,137	\$1,998,393
<b>Receivables:</b>						
Accounts (net of allowance for uncollectibles)	370,478	-	-	-	370,478	345,876
Interest	2,500	1,200	1,800	-	5,500	8,500
Due from other governmental units - current	-	-	-	-	-	-
Interfund receivables	46,394	-	28,835	-	75,229	111,289
Prepayments	74,917	-	-	-	74,917	75,091
Total current assets	<u>1,219,699</u>	<u>449,088</u>	<u>616,474</u>	<u>0</u>	<u>2,285,261</u>	<u>2,539,149</u>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Land	36,586	-	-	-	36,586	36,586
Buildings	100,426	-	-	-	100,426	100,426
Equipment	840,942	-	-	-	840,942	840,942
Construction in progress	-	-	550,773	-	550,773	102,690
Infrastructure	5,482,680	-	-	-	5,482,680	5,482,680
Total capital assets	<u>6,460,634</u>	<u>0</u>	<u>550,773</u>	<u>0</u>	<u>7,011,407</u>	<u>6,563,324</u>
Less: accumulated depreciation	<u>(4,146,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,146,206)</u>	<u>(3,975,466)</u>
Net capital assets	<u>2,314,428</u>	<u>0</u>	<u>550,773</u>	<u>0</u>	<u>2,865,201</u>	<u>2,587,858</u>
Total noncurrent assets	<u>2,314,428</u>	<u>0</u>	<u>550,773</u>	<u>0</u>	<u>2,865,201</u>	<u>2,587,858</u>
Total assets	<u>3,534,127</u>	<u>449,088</u>	<u>1,167,247</u>	<u>0</u>	<u>5,150,462</u>	<u>5,127,007</u>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	4,786	-	223,393	-	228,179	4,388
Accrued salaries and withholdings payable	6,917	-	48	-	6,965	3,846
Contracts payable - retained percentage	31,100	-	11,660	-	42,760	31,100
Accrued interest payable	-	-	-	-	-	-
Compensated absences payable - current	3,731	-	-	-	3,731	3,513
Bonds payable - current	-	-	-	-	-	-
Total current liabilities	<u>46,534</u>	<u>0</u>	<u>235,101</u>	<u>0</u>	<u>281,635</u>	<u>42,847</u>
<b>Noncurrent liabilities:</b>						
Compensated absences payable - noncurrent	28,260	-	-	-	28,260	23,161
Bonds payable - noncurrent	-	-	-	-	-	-
Total noncurrent liabilities	<u>28,260</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,260</u>	<u>23,161</u>
Total liabilities	<u>74,794</u>	<u>0</u>	<u>235,101</u>	<u>0</u>	<u>309,895</u>	<u>66,008</u>
<b>Net Assets</b>						
Invested in capital assets, net of related debt	2,314,428	-	550,773	-	2,865,201	2,587,858
Restricted for debt service	-	-	-	-	-	-
Unrestricted	1,144,905	449,088	381,373	-	1,975,366	2,473,141
Total net assets	<u>\$3,459,333</u>	<u>\$449,088</u>	<u>\$932,146</u>	<u>\$0</u>	<u>\$4,840,567</u>	<u>\$5,060,999</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 40**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Interfund Eliminations	Totals	
						2011	2010
Operating revenues:							
Charges for services:							
Sewer service charges	\$1,521,142	\$ -	\$ -	\$ -	\$ -	\$1,521,142	\$1,592,133
Operating expenses:							
Disposal	901,096	-	-	-	-	901,096	866,612
Collection	367,446	-	204,094	-	-	571,540	365,978
Administration	19,335	-	-	-	-	19,335	19,315
Depreciation	170,740	-	-	-	-	170,740	177,083
Total operating expenses	1,458,617	0	204,094	0	0	1,662,711	1,428,988
Net income (loss) from operations	62,525	0	(204,094)	0	0	(141,569)	163,145
Nonoperating revenues (expenses)							
Investment income	23,600	11,800	21,932	-	-	57,332	44,205
Miscellaneous revenues	2,710	-	-	-	-	2,710	2,189
Interest and fiscal charges	-	-	-	-	-	-	(17)
Total nonoperating revenues (expenses)	26,310	11,800	21,932	0	0	60,042	46,377
Net income (loss) before transfers	88,835	11,800	(182,162)	0	0	(81,527)	209,522
Capital contributions	-	-	-	-	-	-	234,668
Transfers in	-	25,000	175,324	-	(200,324)	-	-
Transfers out	(339,229)	-	-	-	200,324	(138,905)	(124,048)
Total transfers	(339,229)	25,000	175,324	0	0	(138,905)	110,620
Change in net assets	(250,394)	36,800	(6,838)	0	0	(220,432)	320,142
Net assets - January 1	3,709,727	412,288	938,984	-	-	5,060,999	4,740,857
Net assets - December 31	\$3,459,333	\$449,088	\$932,146	\$0	\$0	\$4,840,567	\$5,060,999

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 41**

	2011	2010
Cash flows from operating activities:		
Cash received from customers	\$1,499,250	\$1,660,882
Cash paid to suppliers for goods and services	(1,026,583)	(1,183,192)
Cash payments to employees for services	(221,327)	(214,162)
Net cash flows provided by (used in) operating activities	<u>251,340</u>	<u>263,528</u>
Cash flows from noncapital financing activities:		
Transfers in	200,324	-
Transfers out	(339,229)	(124,048)
Interfund receivable repaid by (advanced to) other funds	36,060	75,339
Net cash flows provided by (used in) noncapital financing activities	<u>(102,845)</u>	<u>(48,709)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(448,083)	(339,382)
Principal payments - bonds	-	(4,653)
Interest and fiscal charges	-	(100)
Net cash flows provided by (used in) capital and related financing activities	<u>(448,083)</u>	<u>(344,135)</u>
Cash flows from investing activities:		
Investment income	60,332	43,105
Net cash flows provided by (used in) investing activities	<u>60,332</u>	<u>43,105</u>
Net increase (decrease) in cash and cash equivalents	(239,256)	(86,191)
Cash and cash equivalents - January 1	1,998,393	2,084,584
Cash and cash equivalents - December 31	<u>\$1,759,137</u>	<u>\$1,998,393</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>(\$141,569)</u>	<u>\$163,145</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	170,740	177,083
Miscellaneous revenues	2,710	2,189
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(24,602)	(16,789)
(Increase) decrease in due from other governmental units	-	83,349
(Increase) decrease in prepayments	174	(2,873)
Increase (decrease) in accounts payable	223,791	(111,583)
Increase (decrease) in accrued salaries and withholdings payable	3,119	850
Increase (decrease) in contracts payable -retained percentage	11,660	(35,550)
Increase (decrease) compensated absences payable	5,317	3,707
Total adjustments	<u>392,909</u>	<u>100,383</u>
Net cash flows provided by (used in) operating activities	<u>\$251,340</u>	<u>\$263,528</u>
Noncash capital and related financing activities:		
Contribution of capital asset from government	\$ -	\$234,668

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals for December 31, 2010

**Statement 42**

	<u>2011</u>	<u>2010</u>
Assets		
Current assets:		
Cash and cash equivalents	\$789,747	\$572,189
Receivables:		
Accounts (net of allowance for uncollectibles)	432,529	379,455
Interest	2,200	2,500
Due from other governmental units	-	-
Total current assets	<u>1,224,476</u>	<u>954,144</u>
Noncurrent assets:		
Capital assets:		
Buildings	6,000	6,000
Equipment	108,690	108,690
Total capital assets	114,690	114,690
Less: accumulated depreciation	(113,490)	(113,190)
Total capital assets (net of accumulated depreciation)	1,200	1,500
Total noncurrent assets	<u>1,200</u>	<u>1,500</u>
 Total assets	 <u>1,225,676</u>	 <u>955,644</u>
Liabilities		
Current liabilities:		
Accounts payable	227,885	106,421
Accrued salaries and withholdings payable	3,007	1,149
Compensated absences payable - current	588	695
Total current liabilities	<u>231,480</u>	<u>108,265</u>
Noncurrent liabilities:		
Compensated absences payable - noncurrent	4,451	4,585
 Total liabilities	 <u>235,931</u>	 <u>112,850</u>
Net Assets		
Invested in capital assets, net of related debt	1,200	1,500
Unrestricted	988,545	841,294
 Total net assets	 <u><u>\$989,745</u></u>	 <u><u>\$842,794</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

## REFUSE UTILITY FUND

Statement 43

## SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

## IN FUND NET ASSETS

For Year Ended December 31, 2011

With Comparative Totals for Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Refuse service charges	<u>1,682,178</u>	<u>\$1,539,842</u>
Operating expenses:		
Collection and disposal	1,381,227	1,238,703
Administration	59,251	60,994
Recycling	61,127	67,088
Hazardous waste	2,626	2,674
Depreciation	300	300
Total operating expenses	<u>1,504,531</u>	<u>1,369,759</u>
Net income from operations	<u>177,647</u>	<u>170,083</u>
Nonoperating revenues:		
Investment income	21,000	10,400
Intergovernmental	66,163	36,653
Total nonoperating revenues	<u>87,163</u>	<u>47,053</u>
Net income before transfers	264,810	217,136
Transfers out	<u>(117,859)</u>	<u>(105,472)</u>
Change in net assets	146,951	111,664
Total net assets - January 1	<u>842,794</u>	<u>731,130</u>
Total net assets - December 31	<u><u>\$989,745</u></u>	<u><u>\$842,794</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 44**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$1,629,104	\$1,491,169
Cash paid to suppliers for goods and services	(1,305,582)	(1,283,089)
Cash payments to employees for services	(75,568)	(82,990)
Net cash flows provided by (used in) operating activities	<u>247,954</u>	<u>125,090</u>
Cash flows from noncapital financing activities:		
Transfers out	(117,859)	(105,472)
Intergovernmental	66,163	68,824
Interfund receivable repaid by (advanced to) other funds	-	-
Net cash flows provided by (used in) noncapital financing activities	<u>(51,696)</u>	<u>(36,648)</u>
Cash flows from investing activities:		
Investment income	21,300	9,800
Net cash flows provided by (used in) investing activities	<u>21,300</u>	<u>9,800</u>
Net increase in cash and cash equivalents	217,558	98,242
Cash and cash equivalents - January 1	<u>572,189</u>	<u>473,947</u>
Cash and cash equivalents - December 31	<u><u>\$789,747</u></u>	<u><u>\$572,189</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income	<u>\$177,647</u>	<u>\$170,083</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	300	300
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(53,074)	(48,673)
Increase (decrease) in accounts payable	121,464	2,487
Increase (decrease) in accrued salaries and withholdings payable	1,858	(7)
Increase (decrease) compensated absences payable	(241)	900
Total adjustments	<u>70,307</u>	<u>(44,993)</u>
Net cash flows provided by (used in) operating activities	<u><u>\$247,954</u></u>	<u><u>\$125,090</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals for December 31, 2010

**Statement 45**

Assets	Operating	Capital	Capital	Debt Service	Intrafund	Totals	
	Account	Equipment Replacement Account	Construction Account	Account	Eliminations	2011	2010
<b>Current assets:</b>							
Cash and cash equivalents	\$ -	\$ -	\$3,700	\$32,411	\$ -	\$36,111	\$6,057
<b>Receivables:</b>							
Accounts (net of allowance for uncollectibles)	85,589	-	-	-	-	85,589	78,636
Interest	-	-	400	100	-	500	900
Interfund receivable	-	-	148,028	-	(148,028)	-	-
<b>Total current assets</b>	<b>85,589</b>	<b>0</b>	<b>152,128</b>	<b>32,511</b>	<b>(148,028)</b>	<b>122,200</b>	<b>85,593</b>
<b>Noncurrent assets:</b>							
<b>Capital assets:</b>							
Land	254,724	-	-	-	-	254,724	254,724
Equipment	190,653	-	-	-	-	190,653	95,719
Infrastructure	1,477,536	-	-	-	-	1,477,536	1,477,536
Construction in process	-	-	39,348	-	-	39,348	39,348
<b>Total capital assets</b>	<b>1,922,913</b>	<b>0</b>	<b>39,348</b>	<b>0</b>	<b>0</b>	<b>1,962,261</b>	<b>1,867,327</b>
Less: accumulated depreciation	(632,546)	-	-	-	-	(632,546)	(551,097)
<b>Net capital assets</b>	<b>1,290,367</b>	<b>0</b>	<b>39,348</b>	<b>0</b>	<b>0</b>	<b>1,329,715</b>	<b>1,316,230</b>
<b>Total noncurrent assets</b>	<b>1,290,367</b>	<b>0</b>	<b>39,348</b>	<b>0</b>	<b>0</b>	<b>1,329,715</b>	<b>1,316,230</b>
<b>Total assets</b>	<b>1,375,956</b>	<b>0</b>	<b>191,476</b>	<b>32,511</b>	<b>(148,028)</b>	<b>1,451,915</b>	<b>1,401,823</b>
<b>Liabilities</b>							
<b>Current liabilities:</b>							
Accounts payable	3,380	-	-	-	-	3,380	3,232
Accrued salaries and withholdings payable	2,251	-	-	-	-	2,251	1,996
Due to other governmental units	-	-	-	-	-	-	-
Interfund payable	93,750	99,908	-	101,000	(148,028)	146,630	-
Accrued interest payable	-	-	-	3,307	-	3,307	5,731
Compensated absences payable - current	91	-	-	-	-	91	171
Bonds payable - current	-	-	-	28,120	-	28,120	37,575
<b>Total current liabilities</b>	<b>99,472</b>	<b>99,908</b>	<b>0</b>	<b>132,427</b>	<b>(148,028)</b>	<b>183,779</b>	<b>48,705</b>
<b>Noncurrent liabilities:</b>							
Compensated absences payable - noncurrent	693	-	-	-	-	693	1,124
Bonds payable - noncurrent	-	-	-	171,780	-	171,780	320,100
<b>Total noncurrent liabilities</b>	<b>693</b>	<b>0</b>	<b>0</b>	<b>171,780</b>	<b>0</b>	<b>172,473</b>	<b>321,224</b>
<b>Total liabilities</b>	<b>100,165</b>	<b>99,908</b>	<b>0</b>	<b>304,207</b>	<b>(148,028)</b>	<b>356,252</b>	<b>369,929</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	1,290,367	-	39,348	(300,900)	-	1,028,815	958,555
Restricted for debt service	-	-	4,775	29,204	-	33,979	47,466
Unrestricted	(14,576)	(99,908)	147,353	-	-	32,869	25,873
<b>Total net assets</b>	<b>\$1,275,791</b>	<b>(\$99,908)</b>	<b>\$191,476</b>	<b>(\$271,696)</b>	<b>\$0</b>	<b>\$1,095,663</b>	<b>\$1,031,894</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET ASSETS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 46**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2011	2010
Operating revenues:							
Storm sewer service charges	\$349,964	\$ -	\$ -	\$ -	\$ -	\$349,964	\$342,820
Operating expenses:							
Collection	184,395	-	-	-	-	184,395	183,660
Administration	1,601	-	-	-	-	1,601	1,444
Operating expenses	-	-	20,608	-	-	20,608	964
Depreciation	81,450	-	-	-	-	81,450	74,330
Total operating expenses	267,446	0	20,608	0	0	288,054	260,398
Net income (loss) from operations	82,518	0	(20,608)	0	0	61,910	82,422
Nonoperating revenues (expenses):							
Investment income	-	-	4,100	600	-	4,700	3,500
Customer service	-	-	-	-	-	-	-
Miscellaneous revenues	654	-	-	-	-	654	2,266
Interest and fiscal charges	-	-	-	(12,245)	-	(12,245)	(14,375)
Total nonoperating revenues (expenses)	654	0	4,100	(11,645)	0	(6,891)	(8,609)
Net income (loss) before transfers	83,172	0	(16,508)	(11,645)	0	55,019	73,813
Transfers in	94,934	5,000	20,148	59,000	(170,332)	8,750	-
Transfers out	(84,148)	(86,184)	-	-	170,332	-	-
Total transfers and contributions	10,786	(81,184)	20,148	59,000	0	8,750	0
Change in net assets	93,958	(81,184)	3,640	47,355	0	63,769	73,813
Net assets - January 1	1,181,833	(18,724)	187,836	(319,051)	-	1,031,894	958,081
Net assets - December 31	\$1,275,791	(\$99,908)	\$191,476	(\$271,696)	\$0	\$1,095,663	\$1,031,894
						\$0	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

**Statement 47**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$343,664	\$341,895
Cash paid to suppliers for goods and services	(87,642)	(129,707)
Cash payments to employees for services	(119,070)	(101,250)
Net cash flows provided by (used in) operating activities	<u>136,952</u>	<u>110,938</u>
Cash flows from noncapital financing activities:		
Interfund receivable repaid by (advanced to) other funds	(148,028)	-
Interfund payable (repaid to) advanced by other funds	294,658	-
Net cash flows provided by (used in) noncapital financing activities:	<u>146,630</u>	<u>0</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(86,184)	(39,348)
Principal payments - bonds	(157,775)	(138,582)
Interest and fiscal charges	(14,669)	(16,745)
Net cash flows provided by (used in) capital and related financing activities	<u>(258,628)</u>	<u>(194,675)</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	5,100	3,400
Net cash flows provided by (used in) investing activities	<u>5,100</u>	<u>3,400</u>
Net increase (decrease) in cash and cash equivalents	30,054	(80,337)
Cash and cash equivalents - January 1	<u>6,057</u>	<u>86,394</u>
Cash and cash equivalents - December 31	<u><u>\$36,111</u></u>	<u><u>\$6,057</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$61,910</u>	<u>\$82,422</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	81,450	74,330
Miscellaneous revenue	654	2,266
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,954)	(3,191)
Increase (decrease) in accounts payable	148	2,083
Increase (decrease) in accrued salaries and withholdings payable	255	1,333
Increase (decrease) in due to other governmental units	-	(48,401)
Increase (decrease) compensated absences payable	(511)	96
Total adjustments	<u>75,042</u>	<u>28,516</u>
Net cash flows provided by (used in) operating activities	<u><u>\$136,952</u></u>	<u><u>\$110,938</u></u>

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**LIQUOR FUND**

**Statement 48**

**SUBCOMBINING SCHEDULE OF NET ASSETS**

December 31, 2011

With Comparative Totals for December 31, 2010

	Operating Account	Debt Service Account	Intrafund Eliminations	Totals	
				2011	2010
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$276,481	\$1,300	\$ -	\$277,781	\$7,000
Cash and cash equivalents with fiscal agent	-	399,254	-	399,254	399,254
<b>Receivables:</b>					
Accounts (net of allowance for uncollectables)	269	-	-	269	416
Interest	-	200	-	200	300
Interfund receivable	-	265,016	(265,016)	-	-
Due from other governmental units	1,228	-	-	1,228	1,691
Prepayments	17,500	79,931	-	97,431	87,529
Inventory - at cost	2,356,582	-	-	2,356,582	2,320,615
<b>Total current assets</b>	<b>2,652,060</b>	<b>745,701</b>	<b>(265,016)</b>	<b>3,132,745</b>	<b>2,816,805</b>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land	2,006,714	-	-	2,006,714	2,006,714
Buildings	3,915,062	-	-	3,915,062	3,915,062
Equipment	386,314	-	-	386,314	375,215
Construction in progress	-	-	-	-	-
<b>Total capital assets</b>	<b>6,308,090</b>	<b>0</b>	<b>0</b>	<b>6,308,090</b>	<b>6,296,991</b>
Less: accumulated depreciation	(673,314)	-	-	(673,314)	(524,640)
<b>Net capital assets</b>	<b>5,634,776</b>	<b>0</b>	<b>0</b>	<b>5,634,776</b>	<b>5,772,351</b>
<b>Total noncurrent assets</b>	<b>5,634,776</b>	<b>0</b>	<b>0</b>	<b>5,634,776</b>	<b>5,772,351</b>
<b>Total assets</b>	<b>8,286,836</b>	<b>745,701</b>	<b>(265,016)</b>	<b>8,767,521</b>	<b>8,589,156</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	238,904	-	-	238,904	117,706
Accrued salaries and withholdings payable	20,127	-	-	20,127	18,490
Contract payable - retained percentage	-	-	-	-	-
Due to other governmental units	95,098	-	-	95,098	87,608
Interfund payable	265,016	-	(265,016)	-	102,815
Accrued interest payable	-	103,747	-	103,747	106,828
Compensated absences payable - current	9,698	-	-	9,698	8,698
Bonds payable - current	-	155,000	-	155,000	150,000
<b>Total current liabilities</b>	<b>628,843</b>	<b>258,747</b>	<b>(265,016)</b>	<b>622,574</b>	<b>592,145</b>
<b>Noncurrent liabilities:</b>					
Compensated absences payable - noncurrent	73,463	-	-	73,463	57,345
Bonds payable - noncurrent	-	4,595,000	-	4,595,000	4,750,000
<b>Total noncurrent liabilities</b>	<b>73,463</b>	<b>4,595,000</b>	<b>0</b>	<b>4,668,463</b>	<b>4,807,345</b>
<b>Total liabilities</b>	<b>702,306</b>	<b>4,853,747</b>	<b>(265,016)</b>	<b>5,291,037</b>	<b>5,399,490</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	5,634,776	(4,270,815)	-	1,363,961	1,359,130
Restricted for debt service	-	162,769	-	162,769	150,822
Unrestricted	1,949,754	-	-	1,949,754	1,679,714
<b>Total net assets</b>	<b>\$7,584,530</b>	<b>(\$4,108,046)</b>	<b>\$0</b>	<b>\$3,476,484</b>	<b>\$3,189,666</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For Year Ended December 31, 2011  
With Comparative Totals for Year Ended December 31, 2010

	Operating Accounts		
	Top Valu	Top Valu II	Heights Liquor
Operating revenues:			
Charges for sales:			
Liquor	\$1,468,610	\$1,248,109	\$470,871
Beer	1,514,919	1,488,837	558,847
Wine	604,028	570,865	69,422
Other	176,700	184,117	139,637
Total operating revenues	<u>3,764,257</u>	<u>3,491,928</u>	<u>1,238,777</u>
Operating expenses:			
Cost of goods sold	2,831,295	2,638,295	944,296
Operating expense	622,076	506,298	182,609
Depreciation	82,962	61,275	4,436
Total operating expenses	<u>3,536,333</u>	<u>3,205,868</u>	<u>1,131,341</u>
Net income from operations	<u>\$227,924</u>	<u>\$286,060</u>	<u>\$107,436</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends			
Miscellaneous expenses			
Interest and fiscal charges			
Total nonoperating revenues (expenses)			
Net income (loss) before transfers			
Transfers in			
Transfers out			
Total transfers			
Change in net assets			
Net assets - January 1			
Net assets - December 31			

Total Operating Accounts	Debt Service Account	Intrafund Eliminations	Totals	
			2011	2010
\$3,187,590	\$ -	\$ -	\$3,187,590	\$2,993,566
3,562,603	-	-	3,562,603	3,526,323
1,244,315	-	-	1,244,315	1,145,229
500,454	-	-	500,454	493,141
<u>8,494,962</u>	<u>0</u>	<u>0</u>	<u>8,494,962</u>	<u>8,158,259</u>
6,413,886	-	-	6,413,886	6,220,511
1,310,983	-	-	1,310,983	1,248,331
148,673	-	-	148,673	147,844
<u>7,873,542</u>	<u>0</u>	<u>0</u>	<u>7,873,542</u>	<u>7,616,686</u>
621,420	0	0	621,420	541,573
-	1,500	-	1,500	1,105
-	-	-	-	-
-	(237,147)	-	(237,147)	(244,672)
<u>0</u>	<u>(235,647)</u>	<u>0</u>	<u>(235,647)</u>	<u>(243,567)</u>
621,420	(235,647)	0	385,773	298,006
-	390,000	(390,000)	-	-
(488,955)	-	390,000	(98,955)	(140,624)
<u>(488,955)</u>	<u>390,000</u>	<u>0</u>	<u>(98,955)</u>	<u>(140,624)</u>
132,465	154,353	0	286,818	157,382
7,452,065	(4,262,399)	-	3,189,666	3,032,284
<u>\$7,584,530</u>	<u>(\$4,108,046)</u>	<u>\$0</u>	<u>\$3,476,484</u>	<u>\$3,189,666</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**LIQUOR FUND**

**SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2011

With Comparative Amount for Year Ended December 31, 2010

**Statement 50**

**Page 1 of 2**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$8,495,572	\$8,157,262
Cash paid to suppliers for goods and services	(6,684,150)	(6,977,383)
Cash payments to employees for services	(929,242)	(913,123)
Net cash flows provided by (used in) operating activities	<u>882,180</u>	<u>266,756</u>
Cash flows from noncapital financing activities:		
Interfund payable (repaid to) advanced by other funds	(102,815)	102,815
Transfers in	390,000	-
Transfers out	(488,955)	(140,624)
Net cash flows provided by (used in) noncapital financing activities	<u>(201,770)</u>	<u>(37,809)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(11,099)	(2,290)
Principal payments - bonds	(150,000)	(140,000)
Interest and fiscal charges	(250,130)	(239,712)
Net cash flows provided by (used in) capital and related financing activities	<u>(411,229)</u>	<u>(382,002)</u>
Cash flows from investing activities:		
Investment income	1,600	805
Net cash flows provided by (used in) investing activities	<u>1,600</u>	<u>805</u>
Net increase (decrease) in cash and cash equivalents	270,781	(152,250)
Total cash and cash equivalents - January 1	<u>406,254</u>	<u>558,504</u>
Total cash and cash equivalents - December 31	677,035	406,254
(Less) cash and cash equivalents with fiscal agent - December 31	<u>(399,254)</u>	<u>(399,254)</u>
Cash and cash equivalents - December 31	<u><u>\$277,781</u></u>	<u><u>\$7,000</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**LIQUOR FUND**

**SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2011

With Comparative Amount for Year Ended December 31, 2010

**Statement 50**

**Page 2 of 2**

	<u>2011</u>	<u>2010</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$621,420</u>	<u>\$541,573</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	148,673	147,844
Miscellaneous expense	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	147	62
(Increase) decrease in due from other governmental units	463	(1,059)
(Increase) decrease in prepayments	(9,902)	7,837
Adjustment for nonoperating portion	9,902	(7,837)
(Increase) decrease in inventory, at cost	(35,966)	(186,258)
Increase (decrease) in accounts payable	121,198	(247,848)
Adjustment for nonoperating portion	-	-
Increase (decrease) in accrued salaries and withholdings payable	1,637	3,911
Adjustment for nonoperating portion	-	-
Increase (decrease) in contracts payable - retained percentage	-	(2,290)
Adjustment for nonoperating portion	-	2,290
Increase (decrease) in due to other governmental units	7,490	6,152
Increase (decrease) in compensated absences payable	17,118	2,379
Total adjustments	<u>260,760</u>	<u>(274,817)</u>
Net cash flows provided by (used in) operating activities	<u>\$882,180</u>	<u>\$266,756</u>
Noncash capital and related financing activities:		
Capital assets purchased/constructed on account	\$ -	\$2,290

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## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing on a cost reimbursement basis of goods or services provided by one department or agency to other departments or agencies within the City.

Central Garage Fund – used to account for the costs of operating a maintenance facility for automotive equipment used by other City departments. Such costs are billed to other departments at actual cost plus a fixed overhead factor. The automotive equipment itself is acquired by the various user departments, which are responsible for financing replacement vehicles as necessary.

Information Systems Fund – used to account for the costs associated with information systems within the City. All costs are recorded in the fund and are financed by transfers from user departments.

Insurance Fund – used to account for certain costs of the City's risk management services and to build a reserve for catastrophic losses. All costs for premiums, claims and claims administration are recorded in the fund and allocated to user funds based on a percentage risk factor.

Compensated Absences Fund – used to account for funds that have been set aside by the City Council for compensated absences earned by employees' services to the City's governmental funds. Funds set aside for the compensated absences earned by employees' services to the City's proprietary funds are recorded directly in each particular proprietary fund.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
December 31, 2011

**Statement 51**

Assets	Central Garage	Information Systems	Insurance	Compensated Absences	Total Internal Service Funds
<b>Current assets:</b>					
Cash and cash equivalents	\$632,227	\$620,542	\$897,571	\$907,116	\$3,057,456
Interest receivable	1,500	1,800	2,300	-	5,600
Prepayments	-	-	46,809	-	46,809
Accounts receivable	196	-	2,797	-	2,993
Inventory - at cost	58,573	-	-	-	58,573
Total current assets	<u>692,496</u>	<u>622,342</u>	<u>949,477</u>	<u>907,116</u>	<u>3,171,431</u>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land	15,779	-	-	-	15,779
Buildings	1,780,253	-	-	-	1,780,253
Equipment	198,911	182,705	-	-	381,616
Construction in progress	61,935	-	-	-	61,935
Total capital assets	<u>2,056,878</u>	<u>182,705</u>	<u>0</u>	<u>0</u>	<u>2,239,583</u>
Less: accumulated depreciation	(735,065)	(134,043)	-	-	(869,108)
Net capital assets	<u>1,321,813</u>	<u>48,662</u>	<u>0</u>	<u>0</u>	<u>1,370,475</u>
Total noncurrent assets	<u>1,321,813</u>	<u>48,662</u>	<u>0</u>	<u>0</u>	<u>1,370,475</u>
Total assets	<u>2,014,309</u>	<u>671,004</u>	<u>949,477</u>	<u>907,116</u>	<u>4,541,906</u>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	120,886	4,033	2,000	-	126,919
Contracts payable	14,431	-	-	-	14,431
Accrued salaries and withholdings payable	3,656	7,762	-	-	11,418
Deferred revenue	7,233	-	-	-	7,233
Compensated absences payable - current	4,217	1,351	-	107,713	113,281
Total current liabilities	<u>150,423</u>	<u>13,146</u>	<u>2,000</u>	<u>107,713</u>	<u>273,282</u>
<b>Noncurrent liabilities:</b>					
Compensated absences payable - noncurrent	31,944	10,231	-	800,816	842,991
Total liabilities	<u>182,367</u>	<u>23,377</u>	<u>2,000</u>	<u>908,529</u>	<u>1,116,273</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	-	-	-	-	-
Unrestricted	1,831,942	647,627	947,477	(1,413)	3,425,633
Total net assets	<u>\$1,831,942</u>	<u>\$647,627</u>	<u>\$947,477</u>	<u>(\$1,413)</u>	<u>\$3,425,633</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For The Year Ended December 31, 2011

**Statement 52**

	Central Garage	Information Systems	Insurance	Compensated Absences	Interfund Eliminations	Total Internal Service Funds
Operating revenues:						
Charges for services:						
Services to departments	\$174,719	\$ -	\$483,758	\$ -	\$ -	\$658,477
Use of space	283,188	-	-	-	-	283,188
Recovery of damages	-	-	34,928	-	-	34,928
Charges for sales:						
Sales of motor fuel	174,493	-	-	-	-	174,493
Total operating revenues	<u>632,400</u>	<u>0</u>	<u>518,686</u>	<u>0</u>	<u>0</u>	<u>1,151,086</u>
Operating expenses:						
Cost of services and space	511,753	344,347	390,895	89,146	-	1,336,141
Depreciation	51,607	20,545	-	-	-	72,152
Total operating expenses	<u>563,360</u>	<u>364,892</u>	<u>390,895</u>	<u>89,146</u>	<u>0</u>	<u>1,408,293</u>
Net income (loss) from operations	<u>69,040</u>	<u>(364,892)</u>	<u>127,791</u>	<u>(89,146)</u>	<u>0</u>	<u>(257,207)</u>
Nonoperating revenues:						
Investment income	14,200	17,400	22,500	-	-	54,100
Miscellaneous expense	-	-	(1,300)	-	-	(1,300)
Total nonoperating revenues	<u>14,200</u>	<u>17,400</u>	<u>21,200</u>	<u>0</u>	<u>0</u>	<u>52,800</u>
Net income (loss) before transfers	<u>83,240</u>	<u>(347,492)</u>	<u>148,991</u>	<u>(89,146)</u>	<u>0</u>	<u>(204,407)</u>
Capital contributions	-	-	-	-	-	-
Transfers in	188,272	320,000	-	-	(35,000)	473,272
Transfers out	<u>(36,500)</u>	<u>-</u>	<u>(16,343)</u>	<u>-</u>	<u>35,000</u>	<u>(17,843)</u>
Total transfers and capital contributions	<u>151,772</u>	<u>320,000</u>	<u>(16,343)</u>	<u>0</u>	<u>0</u>	<u>455,429</u>
Change in net assets	235,012	(27,492)	132,648	(89,146)	0	251,022
Net assets - January 1	<u>1,596,930</u>	<u>675,119</u>	<u>814,829</u>	<u>87,733</u>	<u>-</u>	<u>3,174,611</u>
Net assets - December 31	<u>\$1,831,942</u>	<u>\$647,627</u>	<u>\$947,477</u>	<u>(\$1,413)</u>	<u>\$0</u>	<u>\$3,425,633</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For The Year Ended December 31, 2011

Statement 53

	Central Garage	Information Systems	Insurance	Compensated Absences	Total Internal Service Funds
<b>Cash flows from operating activities:</b>					
Cash received from interfund goods and services provided	\$632,204	\$ -	\$483,758	\$526,979	\$1,642,941
Cash received for damages	-	-	34,928	-	34,928
Cash paid to suppliers for goods and services	(211,688)	(100,894)	(388,831)	-	(701,413)
Cash payments to employees for services	(196,356)	(238,266)	-	(547,371)	(981,993)
Net cash flows provided by (used in) operating activities	224,160	(339,160)	129,855	(20,392)	(5,537)
<b>Cash flows from noncapital financing activities:</b>					
Intergovernmental	-	-	-	-	-
Transfers in	192,272	348,108	-	-	540,380
Transfers out	(40,500)	(28,108)	(16,343)	-	(84,951)
Net cash flows provided by (used in) noncapital financing activities	151,772	320,000	(16,343)	0	455,429
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(256,195)	(28,108)	-	-	(284,303)
Net cash flows provided by (used in) capital and related financing activities	(256,195)	(28,108)	0	0	(284,303)
<b>Cash flows from investing activities:</b>					
Investment income	14,300	18,300	22,500	-	55,100
Net cash flows provided by (used in) investing activities	14,300	18,300	22,500	0	55,100
Net increase (decrease) in cash and cash equivalents	134,037	(28,968)	136,012	(20,392)	220,689
Cash and cash equivalents - January 1	498,190	649,510	761,559	927,508	2,836,767
Cash and cash equivalents - December 31	\$632,227	\$620,542	\$897,571	\$907,116	\$3,057,456
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$69,040	(\$364,892)	\$127,791	(\$89,146)	(\$257,207)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>					
Miscellaneous expense	-	-	(1,300)	-	(1,300)
Depreciation expense	51,607	20,545	-	-	72,152
<b>Changes in assets and liabilities:</b>					
(Increase) decrease in accounts receivable	(196)	-	(2,297)	-	(2,493)
(Increase) decrease in prepayments	-	-	3,661	-	3,661
(Increase) decrease in inventory, at cost	(19,551)	-	-	-	(19,551)
Increase (decrease) in accounts payable	106,965	3,384	2,000	-	112,349
Increase (decrease) in accrued salaries and withholdings payable	(151)	3,557	-	-	3,406
Increase (decrease) in deferred revenue	7,233	-	-	-	7,233
Increase (decrease) in compensated absences payable	9,213	(1,754)	-	68,754	76,213
Total adjustments	155,120	25,732	2,064	68,754	251,670
Net cash flows provided by (used in) operating activities	\$224,160	(\$339,160)	\$129,855	(\$20,392)	(\$5,537)
<b>Noncash capital and related financing activities:</b>					
Contribution of capital assets from government	\$ -	\$ -	\$ -	\$ -	\$ -

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CENTRAL GARAGE FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals For December 31, 2010

**Statement 54**

	Operating Account	Capital Equipment Replacement Account	Totals	
			2011	2010
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$600,591	\$31,636	\$632,227	\$498,190
Interest receivable	1,400	100	1,500	1,600
Accounts receivable	196	-	196	-
Inventory - at cost	58,573	-	58,573	39,022
Total current assets	<u>660,760</u>	<u>31,736</u>	<u>692,496</u>	<u>538,812</u>
Noncurrent assets:				
Capital assets:				
Land	15,779	-	15,779	15,779
Buildings	1,780,253	-	1,780,253	1,585,993
Equipment	198,911	-	198,911	198,911
Construction in progress	61,935	-	61,935	-
Total capital assets	<u>2,056,878</u>	<u>0</u>	<u>2,056,878</u>	<u>1,800,683</u>
Less: Accumulated depreciation	<u>(735,065)</u>	<u>-</u>	<u>(735,065)</u>	<u>(634,218)</u>
Net capital assets	<u>1,321,813</u>	<u>0</u>	<u>1,321,813</u>	<u>1,117,225</u>
Total noncurrent assets	<u>1,321,813</u>	<u>0</u>	<u>1,321,813</u>	<u>1,117,225</u>
Total assets	<u>1,982,573</u>	<u>31,736</u>	<u>2,014,309</u>	<u>1,656,037</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	120,886	-	120,886	28,352
Contracts payable	14,431	-	14,431	-
Accrued salaries and withholdings payable	3,656	-	3,656	3,807
Deferred revenue	7,233	-	7,233	-
Compensated absences payable - current	4,217	-	4,217	3,549
Total current liabilities	<u>150,423</u>	<u>0</u>	<u>150,423</u>	<u>35,708</u>
Noncurrent liabilities:				
Compensated absences payable - noncurrent	<u>31,944</u>	<u>-</u>	<u>31,944</u>	<u>23,399</u>
Total liabilities	<u>182,367</u>	<u>0</u>	<u>182,367</u>	<u>59,107</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	-	-	-	1,117,225
Unrestricted	<u>1,800,206</u>	<u>31,736</u>	<u>1,831,942</u>	<u>479,705</u>
Total net assets	<u>\$1,800,206</u>	<u>\$31,736</u>	<u>\$1,831,942</u>	<u>\$1,596,930</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CENTRAL GARAGE FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For The Year Ended December 31, 2011  
With Comparative Totals For The Year Ended December 31, 2010

**Statement 55**

	Operating Account	Capital Equipment Replacement Account	Intrafund Eliminations	Totals	
				2011	2010
Operating revenues:					
Charges for services:					
Services to departments	\$174,719	\$ -	\$ -	\$174,719	\$195,050
Use of space	283,188	-	-	283,188	265,694
Charges for sales:					
Sales of motor fuel	174,493	-	-	174,493	161,534
Total operating revenues	<u>632,400</u>	<u>0</u>	<u>0</u>	<u>632,400</u>	<u>622,278</u>
Operating expenses:					
Cost of services and space	511,753	-	-	511,753	512,734
Depreciation	51,607	-	-	51,607	49,240
Total operating expenses	<u>563,360</u>	<u>0</u>	<u>0</u>	<u>563,360</u>	<u>561,974</u>
Net income from operations	<u>69,040</u>	<u>0</u>	<u>0</u>	<u>69,040</u>	<u>60,304</u>
Nonoperating revenues:					
Investment income:					
Interest and dividends	8,600	500	-	9,100	8,900
Change in fair value	4,800	300	-	5,100	(2,100)
Intergovernmental	-	-	-	-	-
Total nonoperating revenues	<u>13,400</u>	<u>800</u>	<u>0</u>	<u>14,200</u>	<u>6,800</u>
Net income before capital contributions and transfers	<u>82,440</u>	<u>800</u>	<u>0</u>	<u>83,240</u>	<u>67,104</u>
Capital contribution - capital asset	-	-	-	-	-
Transfers in	188,272	4,000	(4,000)	188,272	42,000
Transfers out	(40,500)	-	4,000	(36,500)	(61,250)
Total transfers	<u>147,772</u>	<u>4,000</u>	<u>0</u>	<u>151,772</u>	<u>(19,250)</u>
Change in net assets	230,212	4,800	0	235,012	47,854
Total net assets - January 1	<u>1,569,994</u>	<u>26,936</u>	<u>-</u>	<u>1,596,930</u>	<u>1,549,076</u>
Total net assets - December 31	<u>\$1,800,206</u>	<u>\$31,736</u>	<u>\$0</u>	<u>\$1,831,942</u>	<u>\$1,596,930</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

CENTRAL GARAGE FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

**Statement 56**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from interfund goods & services provided	\$632,204	\$622,278
Cash paid to suppliers for goods and services	(211,688)	(330,064)
Cash payments to employees for services	(196,356)	(190,315)
Net cash flows provided by (used in) operating activities	<u>224,160</u>	<u>101,899</u>
Cash flows from noncapital financing activities:		
Intergovernmental	-	-
Transfers in	192,272	42,000
Transfers out	(40,500)	(61,250)
Net cash flows provided by (used in) noncapital financing activities:	<u>151,772</u>	<u>(19,250)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(256,195)	-
Cash flows from investing activities:		
Investment income	14,300	6,600
Net cash flows provided by (used in) investing activities	<u>14,300</u>	<u>6,600</u>
Net increase (decrease) in cash and cash equivalents	134,037	89,249
Cash and cash equivalents - January 1	498,190	408,941
Cash and cash equivalents - December 31	<u>\$632,227</u>	<u>\$498,190</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$69,040</u>	<u>\$60,304</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	51,607	49,240
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(196)	-
(Increase) decrease in inventory, at cost	(19,551)	(2,226)
Increase (decrease) in accounts payable	106,965	(10,264)
Increase (decrease) in accrued salaries and withholdings payable	(151)	1,053
Increase (decrease) in compensated absences payable	9,213	3,792
Increase (decrease) in deferred revenue	7,233	-
Total adjustments	<u>155,120</u>	<u>41,595</u>
Net cash flows provided by (used in) operating activities	<u>\$224,160</u>	<u>\$101,899</u>
Noncash capital and related financing activities:		
Contribution of capital assets from government	\$0	\$15,779

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION SYSTEMS FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals For December 31, 2010

**Statement 57**

	Operating Account	Capital Equipment Replacement Account	Totals	
			2011	2010
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$145,288	\$475,254	\$620,542	\$649,510
Interest receivable	300	1,500	1,800	2,700
Total current assets	<u>145,588</u>	<u>476,754</u>	<u>622,342</u>	<u>652,210</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Equipment	182,705	-	182,705	154,597
Less: accumulated depreciation	<u>(134,043)</u>	<u>-</u>	<u>(134,043)</u>	<u>(113,498)</u>
Net capital assets	<u>48,662</u>	<u>-</u>	<u>48,662</u>	<u>41,099</u>
Total noncurrent assets	<u>48,662</u>	<u>0</u>	<u>48,662</u>	<u>41,099</u>
Total assets	<u>194,250</u>	<u>476,754</u>	<u>671,004</u>	<u>693,309</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	4,033	-	4,033	649
Accrued salaries and withholdings payable	7,762	-	7,762	4,205
Compensated absences payable - current	<u>1,351</u>	<u>-</u>	<u>1,351</u>	<u>1,756</u>
Total current liabilities	<u>13,146</u>	<u>0</u>	<u>13,146</u>	<u>6,610</u>
<b>Noncurrent liabilities:</b>				
Compensated absences payable - noncurrent	<u>10,231</u>	<u>-</u>	<u>10,231</u>	<u>11,580</u>
Total liabilities	<u>23,377</u>	<u>0</u>	<u>23,377</u>	<u>18,190</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	-	-	-	41,099
Unrestricted	<u>126,135</u>	<u>521,492</u>	<u>647,627</u>	<u>634,020</u>
Total net assets	<u>\$126,135</u>	<u>\$521,492</u>	<u>\$647,627</u>	<u>\$675,119</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION SYSTEMS FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For The Year Ended December 31, 2011  
With Comparative Totals For The Year Ended December 31, 2010

**Statement 58**

	Operating Account	Capital Equipment Replacement Account	Intrafund Eliminations	Totals	
				2011	2010
Operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses:					
Cost of services	344,347	-	-	344,347	288,649
Depreciation	20,545	-	-	20,545	21,320
Total operating expenses	<u>364,892</u>	<u>0</u>	<u>0</u>	<u>364,892</u>	<u>309,969</u>
Net income (loss) from operations	<u>(364,892)</u>	<u>0</u>	<u>0</u>	<u>(364,892)</u>	<u>(309,969)</u>
Nonoperating revenues:					
Investment income	2,800	14,600	-	17,400	11,300
Total nonoperating revenues	<u>2,800</u>	<u>14,600</u>	<u>0</u>	<u>17,400</u>	<u>11,300</u>
Net income (loss) before transfers	<u>(362,092)</u>	<u>14,600</u>	<u>0</u>	<u>(347,492)</u>	<u>(298,669)</u>
Transfers in	348,108	-	(28,108)	320,000	223,790
Transfers out	-	(28,108)	28,108	-	-
Total transfers	<u>348,108</u>	<u>(28,108)</u>	<u>0</u>	<u>320,000</u>	<u>223,790</u>
Change in net assets	(13,984)	(13,508)	0	(27,492)	(74,879)
Net assets - January 1	<u>140,119</u>	<u>535,000</u>	<u>-</u>	<u>675,119</u>	<u>749,998</u>
Net assets - December 31	<u>\$126,135</u>	<u>\$521,492</u>	<u>\$0</u>	<u>\$647,627</u>	<u>\$675,119</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

INFORMATION SYSTEMS FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

Statement 59

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash paid to suppliers for goods and services	(\$100,894)	(\$73,578)
Cash payments to employees for services	<u>(238,266)</u>	<u>(218,080)</u>
Net cash flows provided by (used in) operating activities	<u>(339,160)</u>	<u>(291,658)</u>
Cash flows from noncapital financing activities:		
Transfers in	348,108	223,790
Transfers out	<u>(28,108)</u>	<u>-</u>
Net cash flows from noncapital financing activities	320,000	223,790
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(28,108)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>18,300</u>	<u>11,200</u>
Net cash flows provided by (used in) investing activities	<u>18,300</u>	<u>11,200</u>
Net increase in cash and cash equivalents	(28,968)	(56,668)
Cash and cash equivalents - January 1	<u>649,510</u>	<u>706,178</u>
Cash and cash equivalents - December 31	<u><u>\$620,542</u></u>	<u><u>\$649,510</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>(\$364,892)</u>	<u>(\$309,969)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	20,545	21,320
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	3,384	(7,890)
Increase (decrease) in accrued salaries and withholdings payable	3,557	1,331
Increase (decrease) in compensated absences payable	<u>(1,754)</u>	<u>3,550</u>
Total adjustments	<u>25,732</u>	<u>18,311</u>
Net cash flows provided by (used in) operating activities	<u><u>(\$339,160)</u></u>	<u><u>(\$291,658)</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INSURANCE FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
December 31, 2011  
With Comparative Totals For December 31, 2010

**Statement 60**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$897,571	\$761,559
Interest receivable	2,300	2,800
Accounts receivable	2,797	-
Prepayments	46,809	50,470
	<u>949,477</u>	<u>814,829</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,000	-
	<u>2,000</u>	<u>0</u>
<b>Net Assets</b>		
Unrestricted	<u>947,477</u>	<u>814,829</u>
	<u>\$947,477</u>	<u>\$814,829</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INSURANCE FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For The Year Ended December 31, 2011  
With Comparative Totals For The Year Ended December 31, 2010

**Statement 61**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Insurance allocation	\$483,758	\$485,964
Recovery of damages	34,928	12,989
Total operating revenues	<u>518,686</u>	<u>498,953</u>
Operating expenses:		
Cost of services:		
Premiums	373,047	432,376
Claims	17,848	15,070
Total operating expenses	<u>390,895</u>	<u>447,446</u>
Net income (loss) from operations	<u>127,791</u>	<u>51,507</u>
Nonoperating revenues:		
Investment income	22,500	11,500
Miscellaneous expense	(1,300)	-
Total nonoperating revenues	<u>21,200</u>	<u>11,500</u>
Net income before transfers	148,991	63,007
Transfers out	<u>(16,343)</u>	<u>-</u>
Change in net assets	132,648	63,007
Net assets - January 1	<u>814,829</u>	<u>751,822</u>
Net assets - December 31	<u><u>\$947,477</u></u>	<u><u>\$814,829</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA****INSURANCE FUND****Statement 62****SUBCOMBINING SCHEDULE OF CASH FLOWS**

For The Year Ended December 31, 2011

With Comparative Totals For The Year Ended December 31, 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from interfund services provided	\$483,758	\$485,964
Cash received for damages	34,928	12,989
Cash paid to suppliers for goods and services	(388,831)	(445,482)
Net cash flows provided by (used in) operating activities	<u>129,855</u>	<u>53,471</u>
Cash flows from noncapital financing activities:		
Transfers out	<u>(16,343)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	<u>22,500</u>	<u>11,100</u>
Net cash flows provided by (used in) investing activities	<u>22,500</u>	<u>11,100</u>
Net increase in cash and cash equivalents	136,012	64,571
Cash and cash equivalents - January 1	<u>761,559</u>	<u>696,988</u>
Cash and cash equivalents - December 31	<u><u>\$897,571</u></u>	<u><u>\$761,559</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>\$127,791</u>	<u>\$51,507</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Miscellaneous expense	(1,300)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,297)	-
(Increase) decrease in prepayments	3,661	5,370
Increase (decrease) in accounts payable	2,000	(3,406)
Total adjustments	<u>2,064</u>	<u>1,964</u>
Net cash flows provided by (used in) operating activities	<u><u>\$129,855</u></u>	<u><u>\$53,471</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF NET ASSETS**  
 December 31, 2011  
 With Comparative Totals For December 31, 2010

**Statement 63**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$907,116	\$927,508
Interest receivable	-	-
	<u>907,116</u>	<u>927,508</u>
<b>Liabilities</b>		
Current liabilities:		
Compensated absences payable - current	107,713	110,598
Noncurrent liabilities:		
Compensated absences payable - noncurrent	<u>800,816</u>	<u>729,177</u>
Total liabilities	<u>908,529</u>	<u>839,775</u>
<b>Net Assets</b>		
Unrestricted	<u>(1,413)</u>	<u>87,733</u>
Total net assets	<u><u>(\$1,413)</u></u>	<u><u>\$87,733</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
For The Year Ended December 31, 2011  
With Comparative Totals For The Year Ended December 31, 2010

**Statement 64**

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Charges for services	<u>\$ -</u>	<u>\$ -</u>
Operating expenses:		
Personal services	<u>89,146</u>	<u>-</u>
Net income (loss) from operations	<u>(89,146)</u>	<u>0</u>
Nonoperating revenues:		
Investment income	<u>-</u>	<u>-</u>
Change in net assets	<u>(89,146)</u>	<u>0</u>
Net assets - January 1	<u>87,733</u>	<u>87,733</u>
Net assets - December 31	<u><u>(\$1,413)</u></u>	<u><u>\$87,733</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For The Year Ended December 31, 2011  
With Comparative Totals For The Year Ended December 31, 2010

**Statement 65**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from interfund services provided	\$526,979	\$681,942
Cash payments to employees for services	<u>(547,371)</u>	<u>(582,647)</u>
Net cash flows provided by (used in) operating activities	<u>(20,392)</u>	<u>99,295</u>
Cash flows from investing activities:		
Investment income	<u>-</u>	<u>-</u>
Net cash flows provided by (used in) investing activities	<u>0</u>	<u>0</u>
Net increase in cash and cash equivalents	(20,392)	99,295
Cash and cash equivalents - January 1	<u>927,508</u>	<u>828,213</u>
Cash and cash equivalents - December 31	<u><u>\$907,116</u></u>	<u><u>\$927,508</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>(\$89,146)</u>	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in compensated absences payable	68,754	99,295
Total adjustments	<u>68,754</u>	<u>99,295</u>
Net cash flows provided by (used in) operating activities	<u><u>(\$20,392)</u></u>	<u><u>\$99,295</u></u>

## **AGENCY FUNDS**

Agency Funds are used to account for assets held by a government in a trustee or agent capacity for individuals, private organizations, other governments and the like.

The City of Columbia Heights had the following Agency Funds during the year:

Permit Surcharge Fund – used to account for building permit surcharges collected for and remitted to the State of Minnesota, and sewer availability charges (SAC) collected for and remitted to the Metropolitan Council.

Tri-City GIS Fund – used to account for joint purchases of geographic information services by the Cities of Columbia Heights, Fridley and Andover.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For The Year Ended December 31, 2011

**Statement 66**

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
<b><u>Permit Surcharge Fund</u></b>				
Assets:				
Cash and investments	\$2,028	\$29,454	(\$29,664)	\$1,818
Total assets	<u>\$2,028</u>	<u>\$29,454</u>	<u>(\$29,664)</u>	<u>\$1,818</u>
Liabilities:				
Due to other governmental units	\$2,028	\$29,454	(\$29,664)	\$1,818
Total liabilities	<u>\$2,028</u>	<u>\$29,454</u>	<u>(\$29,664)</u>	<u>\$1,818</u>
<b><u>Tri-City GIS Fund</u></b>				
Assets:				
Cash and investments	\$4,686	\$71,640	(\$74,970)	\$1,356
Due from other governmental units	196	63,296	(56,744)	6,748
Total assets	<u>\$4,882</u>	<u>\$71,640</u>	<u>(\$74,970)</u>	<u>\$8,104</u>
Liabilities:				
Accounts payable	\$4,757	\$78,317	(\$74,970)	\$8,104
Due to other governmental units	125	-	(125)	-
Total liabilities	<u>\$4,882</u>	<u>\$78,317</u>	<u>(\$75,095)</u>	<u>\$8,104</u>
<b><u>Total</u></b>				
Assets:				
Cash and investments	\$6,714	\$101,094	(\$104,634)	\$3,174
Due from other governmental units	196	63,296	(56,744)	6,748
Total assets	<u>\$6,910</u>	<u>\$164,390</u>	<u>(\$161,378)</u>	<u>\$9,922</u>
Liabilities:				
Accounts payable	\$4,757	\$78,317	(\$74,970)	\$8,104
Due to other governmental units	2,153	29,454	(29,789)	1,818
Total liabilities	<u>\$6,910</u>	<u>\$107,771</u>	<u>(\$104,759)</u>	<u>\$9,922</u>

### **III. STATISTICAL SECTION (UNAUDITED)**

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## STATISTICAL SECTION

The following detailed statistical tables are presented to provide a context for understanding and evaluating the information presented in the other parts of this report. Unless otherwise noted, the information in these statistical tables is derived from the City of Columbia Heights' Comprehensive Annual Financial Reports for the relevant years. Certain information in prior years' presentations have been reclassified and/or adjusted in these tables to conform to the current year presentation. These tables address the five categories of information listed below.

### Financial Trends - Tables 1 through 4

These tables contain trend information to help the reader understand how the City's financial performance has changed over time.

### Revenue Capacity - Tables 5 through 8

These tables contain information to help the reader assess the factors affecting the City's ability to generate property taxes.

### Debt Capacity - Tables 9 through 13

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

### Demographic and Economic Information - Tables 14 and 15

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

### Operating Information - Tables 16 through 18

These tables contain information about the City's operations and resources to help the reader understand the relationship between the City's financial activities and the services the City provides.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**NET ASSETS BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

---

	Fiscal Year		
	2002	2003	2004
Governmental activities:			
Invested in capital assets, net of related debt	\$15,022,274	\$14,535,589	\$14,328,916
Restricted	1,203,523	1,114,870	2,285,305
Unrestricted	16,904,724	18,169,133	20,455,981
Total governmental activities net assets	<u>\$33,130,521</u>	<u>\$33,819,592</u>	<u>\$37,070,202</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$5,473,625	\$5,432,788	\$6,175,547
Restricted	175,783	290,175	337,389
Unrestricted	7,658,623	7,325,228	6,918,745
Total business-type activities net assets	<u>\$13,308,031</u>	<u>\$13,048,191</u>	<u>\$13,431,681</u>
Primary government:			
Invested in capital assets, net of related debt	\$20,495,899	\$19,968,377	\$20,504,463
Restricted	1,379,306	1,405,045	2,622,694
Unrestricted	24,563,347	25,494,361	27,374,726
Total primary government net assets	<u>\$46,438,552</u>	<u>\$46,867,783</u>	<u>\$50,501,883</u>

**Table 1**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$16,727,724	\$18,043,277	\$18,859,030	\$23,497,922	\$24,163,911	\$26,279,178	\$28,095,261
2,302,056	2,224,384	2,228,454	2,316,959	2,458,743	2,034,030	3,213,455
18,650,981	23,028,974	22,985,523	21,011,465	22,423,351	23,142,534	21,119,179
\$37,680,761	\$43,296,635	\$44,073,007	\$46,826,346	\$49,046,005	\$51,455,742	\$52,427,895
\$6,732,499	\$5,759,805	\$6,039,739	\$7,142,278	\$7,459,474	\$8,044,184	\$9,331,167
375,652	455,227	775,036	745,601	648,435	438,275	381,465
6,506,201	7,299,574	6,478,383	5,855,495	6,014,140	6,725,383	5,918,147
\$13,614,352	\$13,514,606	\$13,293,158	\$13,743,374	\$14,122,049	\$15,207,842	\$15,630,779
\$23,460,223	\$23,803,082	\$24,898,769	\$30,640,200	\$31,623,385	\$34,323,362	\$37,426,428
2,677,708	2,679,611	3,003,490	3,062,560	3,107,178	2,472,305	3,594,920
25,157,182	30,328,548	29,463,906	26,866,960	28,437,491	29,867,917	27,037,326
\$51,295,113	\$56,811,241	\$57,366,165	\$60,569,720	\$63,168,054	\$66,663,584	\$68,058,674

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CHANGES IN NET ASSETS**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year		
	2002	2003	2004
<b>Expenses</b>			
Governmental activities:			
General government	\$1,915,920	\$1,756,434	\$1,669,721
Public safety	3,920,746	3,630,535	3,640,970
Public works	1,659,152	2,646,859	2,109,060
Culture and recreation	2,018,571	1,909,831	1,904,848
Community development	1,679,107	1,239,030	2,171,407
Interest on long-term debt	575,712	414,297	387,544
Total governmental activities expenses	<u>11,769,208</u>	<u>11,596,986</u>	<u>11,883,550</u>
Business-type activities:			
Water	1,561,071	1,903,331	1,637,316
Sewer	1,058,721	1,231,594	1,219,200
Refuse	1,271,961	1,330,272	1,321,730
Storm sewer	162,499	204,895	158,374
Liquor	6,343,775	6,619,942	6,593,578
Total business-type activities expenses	<u>10,398,027</u>	<u>11,290,034</u>	<u>10,930,198</u>
Total primary government expenses	<u>\$22,167,235</u>	<u>\$22,887,020</u>	<u>\$22,813,748</u>
<b>Program revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$594,983	\$724,331	\$203,344
Public safety	290,465	330,768	488,216
Public works	168,608	306,193	48,253
Culture and recreation	233,498	107,318	239,352
Community development	501,288	510,620	1,313,912
Operating grants and contributions:			
General government	2,688	-	-
Public safety	387,828	405,098	436,460
Public works	161,384	194,987	213,801
Culture and recreation	140,938	41,492	72,269
Community development	525,821	304,669	955,213
Capital grants and contributions:			
General government	-	-	-
Public safety	-	225,000	225,000
Public works	-	613,304	1,315,007
Culture and recreation	4,043,856	-	50,250
Community development	466,373	56,805	177,737
Total governmental activities program revenues	<u>7,517,730</u>	<u>3,820,585</u>	<u>5,738,814</u>

**Table 2**  
**Page 1 of 2**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$1,681,229	\$1,689,675	\$1,732,111	\$1,835,453	\$1,761,334	\$2,013,750	\$2,039,680
4,052,905	3,992,930	4,380,363	4,599,669	4,591,977	5,473,224	5,549,678
2,391,726	2,353,032	2,506,913	2,906,950	2,794,189	2,777,966	2,654,047
2,017,816	2,135,633	2,313,750	2,283,881	2,182,856	2,479,519	2,576,409
5,360,442	2,579,084	5,918,257	4,476,475	2,385,405	2,295,574	1,630,350
288,532	118,760	496,688	721,006	961,392	959,320	909,858
<u>15,792,650</u>	<u>12,869,114</u>	<u>17,348,082</u>	<u>16,823,434</u>	<u>14,677,153</u>	<u>15,999,353</u>	<u>15,360,022</u>
1,717,445	2,026,603	2,113,121	2,149,976	1,927,811	2,000,101	2,370,076
1,333,420	1,393,679	1,675,738	1,571,487	1,737,134	1,478,518	1,710,381
1,147,313	1,147,879	1,170,707	1,185,298	1,290,528	1,426,486	1,561,659
162,915	184,764	204,221	216,362	376,884	272,355	298,577
6,544,175	6,377,805	6,539,357	7,470,323	7,701,961	7,910,951	8,155,888
<u>10,905,268</u>	<u>11,130,730</u>	<u>11,703,144</u>	<u>12,593,446</u>	<u>13,034,318</u>	<u>13,088,411</u>	<u>14,096,581</u>
<u>\$26,697,918</u>	<u>\$23,999,844</u>	<u>\$29,051,226</u>	<u>\$29,416,880</u>	<u>\$27,711,471</u>	<u>\$29,087,764</u>	<u>\$29,456,603</u>
\$228,740	\$171,146	\$177,378	\$173,485	\$169,850	\$192,005	\$189,641
423,450	528,752	670,017	616,107	637,653	715,205	697,656
81,607	267,960	130,351	67,226	34,149	44,211	48,303
250,380	263,565	297,341	262,562	256,969	269,825	159,829
2,748,542	1,461,497	1,504,679	1,562,345	1,019,191	1,114,848	962,276
79	2,769	-	2,560	1,505	-	-
557,983	355,356	389,325	433,732	434,402	559,482	563,914
178,311	161,176	154,309	154,049	161,401	166,468	176,578
76,405	79,371	47,784	239,865	102,517	93,474	76,864
144,121	160,017	159,624	185,506	211,400	241,919	112,895
-	-	-	-	-	194,842	38,399
599,917	52,463	103,974	57,700	19,520	16,026	11,303
46,052	3,896,862	1,448,180	1,596,348	1,683,024	2,848,179	1,314,547
1,702,543	141,738	71,516	42,588	1,500	15,724	-
-	682,872	1,311,525	2,974,449	199,505	541,826	175,467
<u>7,038,130</u>	<u>8,225,544</u>	<u>6,466,003</u>	<u>8,368,522</u>	<u>4,932,586</u>	<u>7,014,034</u>	<u>4,527,672</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**CHANGES IN NET ASSETS**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year		
	2002	2003	2004
Business-type activities:			
Charges for services:			
Water	\$ -	\$1,548,505	\$1,771,153
Sewer	1,391,669	1,240,882	1,019,532
Refuse	1,220,936	1,248,346	1,255,011
Storm sewer	1,248,982	184,712	284,223
Liquor	172,975	6,960,916	6,975,756
Operating grants and contributions:	6,883,344	-	
Sewer	198	1,865	-
Refuse	53,780	53,411	46,635
Storm sewer	-	52,499	-
Capital grants and contributions:			
Water	-	-	-
Sewer	-	-	-
Storm sewer	130,339	-	113,407
Total business-type activities program revenues	<u>11,102,223</u>	<u>11,291,136</u>	<u>11,465,717</u>
Total primary government program revenues	<u>\$18,619,953</u>	<u>\$15,111,721</u>	<u>\$17,204,531</u>
<b>Net (expense) revenue:</b>			
Governmental activities	(\$4,251,478)	(\$7,776,401)	(\$6,144,736)
Business-type activities	704,196	1,102	535,519
Total primary government net (expense) revenue	<u>(3,547,282)</u>	<u>(7,775,299)</u>	<u>(5,609,217)</u>
<b>General revenues and other changes in net assets</b>			
Governmental activities:			
Taxes:			
Property taxes	4,341,972	4,306,036	4,989,205
Tax increment collections	798,446	781,439	972,208
Unrestricted grants and contributions	3,275,417	2,712,408	2,337,386
Investment earnings	1,201,447	408,208	729,456
Miscellaneous	6,454	103,524	-
Transfers	734,236	487,613	467,091
Total governmental activities	<u>10,357,972</u>	<u>8,799,228</u>	<u>9,495,346</u>
Business-type activities:			
Investment earnings	375,624	126,671	215,062
Transfers	(734,236)	(487,613)	(467,091)
Total business-type activities	<u>(358,612)</u>	<u>(360,942)</u>	<u>(252,029)</u>
Total primary government	<u>\$9,999,360</u>	<u>\$8,438,286</u>	<u>\$9,243,317</u>
<b>Change in net assets:</b>			
Governmental activities	\$6,006,494	\$1,022,827	\$3,350,610
Business-type activities	445,584	(359,840)	283,490
Total primary government	<u>\$6,452,078</u>	<u>\$662,987</u>	<u>\$3,634,100</u>

**Table 2**  
**Page 2 of 2**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$1,887,990	\$2,141,648	\$2,273,980	\$2,414,316	\$2,471,257	\$2,503,506	\$2,530,803
1,145,810	1,374,217	1,419,252	1,440,165	1,465,496	1,594,322	1,523,852
1,256,180	1,263,267	1,303,472	1,341,014	1,383,979	1,542,312	1,682,178
274,907	270,467	290,419	314,238	370,590	345,086	350,618
6,714,575	6,546,979	6,722,622	7,490,942	7,962,884	8,158,259	8,494,962
-	-	-	1,718	-	-	-
46,170	47,755	36,060	50,572	50,105	36,653	66,163
-	-	-	-	-	-	-
-	22,822	-	-	-	-	-
-	-	-	54,774	-	-	-
-	-	-	-	-	-	-
<u>11,325,632</u>	<u>11,667,155</u>	<u>12,045,805</u>	<u>13,107,739</u>	<u>13,704,311</u>	<u>14,180,138</u>	<u>14,648,576</u>
<u>\$18,363,762</u>	<u>\$19,892,699</u>	<u>\$18,511,808</u>	<u>\$21,476,261</u>	<u>\$18,636,897</u>	<u>\$21,194,172</u>	<u>\$19,176,248</u>
(\$8,754,520)	(\$4,643,570)	(\$10,882,079)	(\$8,454,912)	(\$9,744,567)	(\$8,985,319)	(\$10,832,350)
420,364	536,425	342,661	514,293	669,993	1,091,727	551,995
<u>(8,334,156)</u>	<u>(4,107,145)</u>	<u>(10,539,418)</u>	<u>(7,940,619)</u>	<u>(9,074,574)</u>	<u>(7,893,592)</u>	<u>(10,280,355)</u>
5,662,368	5,953,722	6,321,467	6,762,129	8,046,318	8,825,502	9,069,092
1,088,267	1,086,298	1,183,062	1,557,891	1,244,684	812,965	558,861
1,768,216	1,679,384	1,844,516	1,516,412	1,731,185	1,176,934	1,278,195
471,142	706,231	1,379,726	1,050,827	475,345	487,612	598,880
18,980	15,930	44,000	40,877	82,704	-	34,485
445,249	957,879	456,537	280,115	383,990	92,044	264,990
<u>9,454,222</u>	<u>10,399,444</u>	<u>11,229,308</u>	<u>11,208,251</u>	<u>11,964,226</u>	<u>11,395,057</u>	<u>11,804,503</u>
118,413	181,708	321,571	216,038	92,672	86,110	135,932
(445,249)	(957,879)	(456,537)	(280,115)	(383,990)	(92,044)	(264,990)
<u>(326,836)</u>	<u>(776,171)</u>	<u>(134,966)</u>	<u>(64,077)</u>	<u>(291,318)</u>	<u>(5,934)</u>	<u>(129,058)</u>
<u>\$9,127,386</u>	<u>\$9,623,273</u>	<u>\$11,094,342</u>	<u>\$11,144,174</u>	<u>\$11,672,908</u>	<u>\$11,389,123</u>	<u>\$11,675,445</u>
\$699,702	\$5,755,874	\$347,229	\$2,753,339	\$2,219,659	\$2,409,738	\$972,153
93,528	(239,746)	207,695	450,216	378,675	1,085,793	422,937
<u>\$793,230</u>	<u>\$5,516,128</u>	<u>\$554,924</u>	<u>\$3,203,555</u>	<u>\$2,598,334</u>	<u>\$3,495,531</u>	<u>\$1,395,090</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**FUND BALANCES - GOVERNMENTAL FUNDS**

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year		
	2002	2003	2004
General fund:			
Reserved	\$14,657	\$14,727	\$23,302
Unreserved	3,500,949	3,408,505	4,116,808
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total general fund	<u>\$3,515,606</u>	<u>\$3,423,232</u>	<u>\$4,140,110</u>
All other governmental funds:			
Reserved	\$950,813	\$976,139	\$5,273,705
Unreserved, reported in:			
Special revenue funds	355,626	610,804	(652,449)
Debt service funds	1,187,646	841,666	1,044,647
Capital projects funds	11,938,611	13,633,284	12,367,589
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total all other governmental funds	<u>\$14,432,696</u>	<u>\$16,061,893</u>	<u>\$18,033,492</u>

**Table 3**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$10,484	\$35,323	\$35,710	\$12,159	\$71,898	\$77,204	\$ -
3,339,644	3,560,525	3,943,436	3,743,798	4,724,253	5,265,035	-
-	-	-	-	-	-	80,767
-	-	-	-	-	-	-
-	-	-	-	-	-	132,595
-	-	-	-	-	-	-
-	-	-	-	-	-	5,655,693
\$3,350,128	\$3,595,848	\$3,979,146	\$3,755,957	\$4,796,151	\$5,342,239	\$5,869,055
\$2,187,884	\$2,668,322	\$2,382,354	\$968,602	\$1,643,915	\$1,550,071	\$ -
(612,434)	(506,084)	411,090	1,868,340	2,332,610	3,190,618	-
621,250	809,062	1,745,447	3,242,471	3,177,586	3,713,774	-
12,784,744	15,034,968	15,918,048	20,233,690	13,173,074	11,642,407	-
-	-	-	-	-	-	2,353,164
-	-	-	-	-	-	3,442,391
-	-	-	-	-	-	12,774,440
-	-	-	-	-	-	-
-	-	-	-	-	-	(2,782)
\$14,981,444	\$18,006,268	\$20,456,939	\$26,313,103	\$20,327,185	\$20,096,870	\$18,567,213

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years

	Fiscal Year		
	2002	2003	2004
<b>Revenues:</b>			
Taxes	\$5,143,733	\$5,076,498	\$5,937,431
Special assessments	597,380	564,351	671,357
Licenses and permits	277,924	281,480	586,957
Intergovernmental	7,996,992	3,844,988	4,687,866
Charges for services	1,166,876	1,125,431	1,442,438
Fines and forfeitures	84,346	140,378	140,282
Investment earnings	1,201,447	392,995	695,275
Other revenues	327,771	435,829	176,575
Total revenues	<u>16,796,469</u>	<u>11,861,950</u>	<u>14,338,181</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,876,996	1,663,801	1,576,233
Public safety	3,829,178	3,590,525	3,615,200
Public works	1,162,996	1,208,055	1,311,390
Culture and recreation	1,897,690	1,862,777	1,872,178
Community development	1,545,405	1,622,468	1,576,161
<b>Capital outlay:</b>			
General government	20,778	16,037	-
Public safety	124,648	348,221	476,511
Public works	5,296,201	1,273,747	1,637,559
Culture and recreation	26,610	71,700	83,955
Community development	257,425	55,824	682,939
<b>Debt service:</b>			
Principal retirement	716,515	477,918	514,789
Interest and fiscal charges	561,222	602,592	652,518
Issuance costs	-	10,330	29,918
Developer incentives	104,258	85,211	67,866
Total expenditures	<u>14,148,923</u>	<u>12,889,206</u>	<u>14,097,217</u>
Revenues over (under) expenditures	<u>2,647,546</u>	<u>(1,027,256)</u>	<u>240,964</u>

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$6,702,610	\$6,977,604	\$7,444,199	\$8,263,763	\$9,218,038	\$9,631,635	\$9,683,433
520,031	1,011,553	1,137,576	2,505,523	879,092	1,020,334	729,327
382,339	597,557	444,833	423,465	435,618	479,148	378,357
4,878,487	4,228,308	4,229,414	3,734,826	3,777,355	4,936,443	2,820,419
3,197,360	1,887,314	1,995,859	1,665,604	1,513,667	1,650,772	1,652,655
127,555	129,400	160,383	142,283	139,955	188,693	170,089
432,959	648,744	1,271,216	984,846	456,145	469,312	562,180
90,956	251,414	170,344	296,815	102,901	273,446	70,173
<u>16,332,297</u>	<u>15,731,894</u>	<u>16,853,824</u>	<u>18,017,125</u>	<u>16,522,771</u>	<u>18,649,783</u>	<u>16,066,633</u>
1,575,863	1,577,484	1,616,374	1,706,244	1,646,974	1,926,982	1,880,257
3,954,019	3,887,884	4,122,411	4,345,716	4,418,436	4,968,433	5,037,548
1,558,987	1,523,170	1,640,713	1,955,250	1,736,999	1,731,700	1,509,527
1,977,798	2,074,835	2,238,793	2,202,680	2,003,635	2,194,853	2,306,693
4,511,338	2,256,122	3,077,310	4,077,576	2,115,628	1,351,368	1,321,431
11,022	4,512	-	5,453	45,708	-	144,029
95,125	82,986	254,728	3,499,713	8,997,400	237,272	95,281
1,912,738	4,202,665	1,303,297	1,084,959	951,240	2,925,174	1,882,787
62,700	117,909	274,896	3,269,986	2,256,958	194,380	140,867
1,436,724	266,144	306,332	287,620	139,118	1,202,998	40,549
1,449,035	782,273	792,273	1,029,836	783,974	765,736	1,659,022
2,478,205	119,544	219,065	384,293	835,167	981,281	935,405
-	25,114	148,972	155,397	56,189	-	181,638
252,176	142,451	2,584,854	71,341	125,857	141,005	
<u>21,275,730</u>	<u>17,063,093</u>	<u>18,580,018</u>	<u>24,076,064</u>	<u>26,113,283</u>	<u>18,621,182</u>	<u>17,135,034</u>
<u>(4,943,433)</u>	<u>(1,331,199)</u>	<u>(1,726,194)</u>	<u>(6,058,939)</u>	<u>(9,590,512)</u>	<u>28,601</u>	<u>(1,068,401)</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years

	Fiscal Year		
	2002	2003	2004
Other financing sources (uses):			
Bonds issued	\$ -	\$1,332,828	\$1,985,000
Bond premium (discount)	-	(5,998)	(5,935)
Transfers in	6,857,803	3,849,932	838,937
Transfers out	(5,751,430)	(2,880,382)	(370,489)
Sale of capital assets	-	267,699	-
Total other financing sources (uses)	<u>1,106,373</u>	<u>2,564,079</u>	<u>2,447,513</u>
Net change in fund balance	<u>\$3,753,919</u>	<u>\$1,536,823</u>	<u>\$2,688,477</u>
Expenditures capitalized for governmental activities reporting purposes	5,280,407	1,273,938	2,355,420
Debt service as a percentage of noncapital expenditures (A)	14.4%	9.3%	9.9%
Debt service as a percentage of total expenditures (A)	9.0%	8.4%	8.3%

(A) For the purpose of the debt service ratios presented in this table, only the principal and interest components of the debt service expenditures reported in this table are used, and noncapital expenditures are determined by subtracting expenditures capitalized for governmental activities reporting purposes from the total governmental funds expenditures reported in the table.

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
\$ -	\$2,759,550	\$3,890,000	\$10,975,000	\$4,190,000	\$ -	\$ -
-	26,303	(22,108)	-	-	-	-
553,070	1,807,877	570,374	377,615	458,231	407,272	326,583
(80,321)	(70,000)	(70,000)	(88,941)	(99,224)	(120,100)	(302,022)
628,654	78,013	191,897	428,240	95,781	-	40,999
<u>1,101,403</u>	<u>4,601,743</u>	<u>4,560,163</u>	<u>11,691,914</u>	<u>4,644,788</u>	<u>287,172</u>	<u>65,560</u>
<u>(\$3,842,030)</u>	<u>\$3,270,544</u>	<u>\$2,833,969</u>	<u>\$5,632,975</u>	<u>(\$4,945,724)</u>	<u>\$315,773</u>	<u>(\$1,002,841)</u>
3,518,309	4,592,787	1,896,363	7,909,561	12,364,511	3,637,559	2,303,513
22.1%	7.2%	6.1%	8.7%	11.8%	11.7%	17.5%
18.5%	5.3%	5.4%	5.9%	6.2%	9.4%	15.1%

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF ALL TAXABLE PROPERTY**  
 Last Ten Fiscal Years  
 (Unaudited)

**Table 5**

Fiscal Year	Tax Capacity Value		Captured Tax Increment Value	Subtotal	Area Wide Allocation (B)		Adjusted Taxable Net Tax Capacity Value (C)	Total Direct Tax Rate (D)	Estimated Market Value	Adjusted Tax Capacity Value as a Percent of EMV
	Residential	Other Property (A)			Contribution	Distribution				
2002	Note (E)			8,116,453	(385,323)	1,976,846	9,707,976	49.114%	843,669,700	1.151%
2003	\$7,852,288	\$1,731,844	(\$823,154)	8,760,978	(409,330)	2,111,495	10,463,143	45.272%	982,517,600	1.065%
2004	8,808,143	1,813,247	(1,010,335)	9,611,055	(379,508)	2,267,401	11,498,948	47.888%	1,077,714,400	1.067%
2005	10,170,041	1,874,629	(1,152,643)	10,892,027	(417,605)	2,275,591	12,750,013	47.859%	1,203,032,800	1.060%
2006	11,487,424	1,861,133	(1,193,227)	12,155,330	(453,305)	2,324,917	14,026,942	44.736%	1,271,030,500	1.104%
2007	12,860,373	1,967,884	(1,389,436)	13,438,821	(443,665)	2,473,140	15,468,296	41.511%	1,387,050,100	1.115%
2008	13,596,290	2,219,619	(1,747,297)	14,068,612	(485,657)	2,877,432	16,460,387	43.076%	1,454,932,200	1.131%
2009	13,229,803	2,426,270	(1,748,791)	13,907,282	(551,683)	3,175,712	16,531,311	47.430%	1,424,291,300	1.161%
2010	11,997,297	2,401,197	(803,298)	13,595,196	(624,231)	3,579,416	16,550,381	56.881%	1,303,072,900	1.270%
2011	10,890,631	2,218,809	(568,719)	12,540,721	(796,058)	3,811,856	15,556,519	61.804%	1,180,235,300	1.318%

- (A) The category "Other Property" is substantially all commercial/industrial property, plus nominal amounts of railroad and personal property.
- (B) The Metropolitan Fiscal Disparities Act was first implemented for taxes payable in 1975 for the seven Metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Forty percent of the increase in commercial-industrial (including public utility) valuation in each assessment district since 1971 is contributed to an area-wide tax base. Using the factors of population and real property market value, a per capita distribution index is calculated. This index is employed in determining what proportion of the valuation shall be distributed back to each assessment district.
- (C) The Minnesota Legislature reduced some of the "class rates" used to calculate tax capacity value in fiscal years 1999 and 2001. This reduced the amount of market value that converts to tax capacity value.
- (D) For fiscal year 2002 and subsequent years, the Minnesota Legislature changed the formula by which state aid to cities was determined, significantly decreasing the annual amount of state aid received by the City of Columbia Heights. Some of this decrease was offset by the relatively higher City direct tax rates after 2001.
- (E) Certain information on the components of tax capacity prior to 2003 is not available.

Source: Anoka County Auditor's Tax Certificate

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES (A)**  
 Last Ten Fiscal Years

**Table 6**

Fiscal Year	City Direct Rate (A)	Overlapping Rates (B)			Total
		School District 13	County	Special Districts ( C )	
2002	49.114% (D)	38.614%	26.432%	7.098%	121.258%
2003	45.272%	20.303%	34.761%	8.203%	108.539%
2004	47.888%	22.833%	37.617%	7.689%	116.027%
2005	47.859%	19.918%	32.722%	8.048%	108.547%
2006	44.736%	19.505%	29.875%	7.679%	101.795%
2007	41.511%	17.338%	28.626%	7.901%	95.376%
2008	43.076%	16.088%	28.927%	9.693%	97.784%
2009	47.430%	23.554%	29.861%	8.699%	109.544%
2010	56.881%	24.547%	32.696%	9.185%	123.309%
2011	61.804%	18.842%	37.235%	9.605%	127.486%

- (A) These property tax rates are stated as a percentage of tax capacity value. Refer to Table 5 for tax capacity value. Rates are determined by tax district. Within the Anoka County property tax system, the City is an individual tax district. Thus the City direct rate is an individual rate, and is not comprised of component direct rates.
- (B) Overlapping rates are those of local and county governments that apply to property owners within the City. Most, but not all, overlapping rates apply to all City property owners. For example, although the school and county property tax rates apply to all City property owners, special district rates apply only to the City property owners whose property is located within each special district's geographic boundaries.
- (C) Special districts include Metropolitan Council, Metropolitan Transit District, Metropolitan Mosquito Control District, N.E. Metro School District 916, Rice Creek Watershed District, Anoka County Housing and Redevelopment Authority, Anoka County Regional Rail Authority, County/City Radio, and the Columbia Heights Housing and Redevelopment Authority.
- (D) For fiscal year 2002 and subsequent years, the Minnesota Legislature changed the formula by which state aid to cities was determined, significantly decreasing the annual amount of state aid received by the City of Columbia Heights. Some of this decrease was offset by the increase in the City direct tax rate shown above for 2002 and subsequent years.

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Ten Years Ago

**Table 7**

Taxpayer	2011			2002		
	Tax Capacity Value (A)	Rank	Percentage of Total City Tax Capacity Value	Taxable Capacity Value (A)	Rank	Percentage of Total City Tax Capacity Value
Medtronic Inc	\$212,358	1	1.62%	\$174,502	1	1.97%
Centro Bradley SPE 5 LLC	137,986	2	1.05%	N/A	N/A	N/A
Stadium Village Properties LLC	109,314	3	0.83%	N/A	N/A	N/A
Consolidated Realty of Mpls	101,594	4	0.77%	98,923	3	1.12%
Columbia Park Properties	99,234	5	0.76%	76,552	6	0.87%
Crestview Corporation	99,190	6	0.76%	65,187	8	0.74%
Columbia Heights Center LLC	78,418	7	0.60%	80,930	5	0.91%
Lynde Investment Co MN Partnership	71,625	8	0.55%	57,466	9	0.65%
Jeff's Bobby & Steve's Auto World	70,572	9	0.54%	49,366	10	0.56%
Northern States Power	57,688	10	0.44%	49,072	11	0.55%
New Heights Development LLC	56,597	11	0.43%	N/A	N/A	N/A
Maylan Construction Company	N/A	N/A	N/A	86,848	4	0.98%
Lake State Properties	N/A	N/A	N/A	76,278	7	0.86%
Bradley Operating LP	N/A	N/A	N/A	141,728	2	1.60%
Total	<u>\$1,094,576</u>		<u>8.35%</u>	<u>\$1,417,010</u>		<u>10.81%</u>
Total All Property	<u>\$13,109,440</u>			<u>\$8,847,773</u>		

(A) Tax Capacity values in this table are before adjustments for captured tax increment value and area-wide allocations. See Table 5.

Source: Anoka County Auditor's Tax Certificate.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Years

Fiscal Year	Gross Tax Levy (A)	County Adjustments to Levy (B)	Adjusted Tax Levy
2002	4,824,130	10,868	4,834,998
2003	4,817,984	1,805	4,819,789
2004	5,447,260	2,628	5,449,888
2005	6,102,537	152	6,102,689
2006	6,347,537	(160)	6,347,377
2007	6,500,613	(189)	6,500,424
2008	7,045,370	(74)	7,045,296
2009	7,702,363	(161)	7,702,202
2010	9,075,425	(302)	9,075,123
2011	9,426,760	(141)	9,426,619

(A) For years after 2001, the gross tax levy is the levy amount approved annually by City Council resolution prior to January 1 of the fiscal year indicated. The tax levies included in this table are only for the City of Columbia Heights taxing district. This table does not include levies by the special taxing district of Columbia Heights HRA.

(B) Anoka County adjusts the property tax levy adopted by the City Council for certain items. These are primarily excess tax increment reimbursements and rounding. Abatements or increases of tax to individual taxpayers are not included in these adjustments.

(C) A portion of each gross property tax levy is paid to the City by the State of Minnesota, and referred to as a credit. For the years 2002-2010, this is the "Market Value Homestead Credit." For years 2011 and after this is "Market Value Exclusion." These credits are reported in the City's financial statements as intergovernmental revenue. The remaining levy collections are remitted to the City by Anoka County. The County collections are the only portion of the property tax levy reported as property tax revenue in the City's financial statements.

Source: Anoka County Auditor's Tax Certificate. Also Anoka County Tax Settlement Statements for the City of Columbia Heights.

**Table 8**

Collected Within The Fiscal Year For Which Levied			Collections in Subsequent Years	Total Collections to Date	
State-Paid Credits ( C )	Collections by County	% of Adjusted Tax Levy		Amount	% of Adjusted Tax Levy
570,151	4,192,056	98.49%	32,498	4,794,705	99.17%
607,323	4,115,967	98.00%	64,941	4,788,231	99.35%
588,271	4,760,788	98.15%	53,643	5,402,702	99.13%
568,479	5,412,178	98.00%	85,072	6,065,729	99.39%
517,322	5,672,909	97.52%	126,403	6,316,634	99.52%
471,660	5,842,540	97.14%	154,090	6,468,290	99.51%
451,019	6,400,604	97.25%	144,023	6,995,646	99.30%
447,755	7,021,605	96.98%	155,094	7,624,454	98.99%
535,625	8,279,065	97.13%	137,317	8,814,690	97.13%
608,241	8,578,784	97.46%	N/A	9,187,025	97.46%

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**RATIOS OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Total Governmental Activities
	General Obligation Bonds Repaid Only With General Taxes	General Obligation Bonds With Pledged Tax Increment	General Obligation Bonds With Pledged Special Assessments	Tax Increment Revenue Bonds	
2002	-	2,008,206	705,000	-	2,713,206
2003	-	1,630,288	1,937,828	-	3,568,116
2004	-	3,264,704	1,773,623	-	5,038,327
2005	-	1,985,000	1,604,292	-	3,589,292
2006	-	1,385,000	4,181,569	-	5,566,569
2007	1,000,000	775,000	3,999,296	2,890,000	8,664,296
2008	11,000,000	150,000	4,569,460	2,890,000	18,609,460
2009	13,940,000	580,000	4,614,486	2,881,000	22,015,486
2010	13,855,000	580,000	3,976,750	2,838,000	21,249,750
2011	12,698,431	580,000	3,522,299	2,790,000	19,590,730

(A) Based on population and income data in Table 14. Certain information from prior years' presentations have been restated in this table to conform to the current presentation.

**Table 9**

Business-Type Activities			All Activities		
General Obligation Bonds With Pledged Utility Revenues	Liquor Facility Lease Revenue Bonds	Total Business-Type Activities	Total All Debt	Percentage of Personal Income (A)	Per Capita (A)
1,650,000	-	1,650,000	4,363,206	1.1%	233
\$2,737,172	-	2,737,172	6,305,288	1.6%	337
2,486,377	-	2,486,377	7,524,704	1.9%	405
2,220,708	-	2,220,708	5,810,000	1.3%	318
3,248,431	-	3,248,431	8,815,000	2.0%	482
2,950,704	5,040,000	7,990,704	16,655,000	3.8%	919
2,590,540	5,040,000	7,630,540	26,240,000	6.0%	1,447
2,540,512	5,040,000	7,580,512	29,595,998	6.7%	1,612
2,128,248	4,900,000	7,028,248	28,277,998	6.0%	1,450
1,304,270	4,750,000	6,054,270	25,645,000	5.4%	1,315

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**RATIOS OF OUTSTANDING NET GENERAL BONDED DEBT BY TYPE**  
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds Repaid Only With General Taxes	General Obligation Bonds With Pledged Tax Increment	Subtotal of Net General Bonded Debt Repaid With Taxes	Percentage of Estimated Property Value (B)	General Obligation Bonds With Pledged Special Assessments
2002	-	2,008,206	2,008,206	0.24%	705,000
2003	-	1,630,288	1,630,288	0.17%	1,937,828
2004	-	3,264,704	3,264,704	0.30%	1,773,623
2005	-	1,985,000	1,985,000	0.16%	1,604,292
2006	-	1,385,000	1,385,000	0.11%	4,181,569
2007	1,000,000	775,000	1,775,000	0.13%	3,999,296
2008	11,000,000	150,000	11,150,000	0.77%	4,569,460
2009	13,940,000	580,000	14,520,000	1.02%	4,614,486
2010	13,855,000	580,000	14,435,000	1.11%	3,976,750
2011	12,698,431	580,000	13,278,431	1.02%	3,522,299

(A) Based on population and income data in Table 14. Certain information from prior years' presentations have been restated in this table to conform to the current presentation.

(B) Based on the estimated market value of property in Table 5.

The estimated market value of property bears a strong relationship to the debt capacity of the City. It should be noted however, that in the State of Minnesota, property tax revenue is dependent on the tax capacity value of property. Tax capacity value is derived from estimated market value by a set of class rates and other adjustments as determined by the State legislature. The historical relationship between estimated market value and tax capacity value for property in the City is shown in Table 5.

**Table 10**

Business-Type Activities	All Activities			
General Obligation Bonds With Pledged Utility Revenues	Subtotal of Net General Bonded Debt Repaid With Non-Tax Sources	Percentage of Personal Income (A)	Total Net General Bonded Debt	Per Capita (A)
1,650,000	2,355,000	0.6%	\$4,363,206	233
2,737,172	4,675,000	1.2%	\$6,305,288	337
2,486,377	4,260,000	1.1%	\$7,524,704	405
2,220,708	3,825,000	0.9%	\$5,810,000	318
3,248,431	7,430,000	1.7%	\$8,815,000	482
2,950,704	6,950,000	1.6%	\$8,725,000	481
2,590,540	7,160,000	1.6%	\$18,310,000	1,010
2,540,512	7,154,998	1.6%	\$21,674,998	1,180
2,128,248	6,104,998	1.3%	\$20,539,998	1,054
1,304,270	4,826,569	1.0%	\$18,105,000	929

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 December 31, 2011

**Table 11**

Governmental Unit (A)	Debt Outstanding	Estimated Percentage Applicable (B)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Anoka County	\$165,392,433	4.8374%	\$8,000,744
Anoka County Railroad Authority	30,155,000	4.8477%	1,461,820
Independent School District 13	23,810,000	71.5625%	17,039,043
Metropolitan Council	1,293,495,536	0.4696%	6,074,350
Subtotal - overlapping debt			32,575,957
City direct debt - governmental activities			21,249,750
Total direct and overlapping debt			\$53,825,707

(A) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the taxpayers should be taken into account.

(B) The percentage of overlapping debt applicable is estimated using adjusted taxable net tax capacity values of property, which is the tax capacity value after adjustments for captured tax increment value and area-wide allocations (see Table 5) Applicable percentages were estimated by determining the portion of each governmental unit's tax capacity value that is within the City's boundaries and dividing it by each unit's total tax capacity value.

Source: Anoka County Auditor's Tax Certificate

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

**Table 12**

**Legal Debt Margin Calculation for Fiscal Year 2011**

Taxable market value of property	\$1,175,949,800
Debt limitation percentage (A)	<u>3%</u>
Debt limit	35,278,494
Net debt applicable to limit (B)	<u>12,698,431</u>
Legal debt margin	<u>\$22,580,063</u>
Legal debt margin as a percentage of limit	<u>64.01%</u>

**Legal Debt Margin Calculation for Fiscal Years 2001 Through 2010**

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
2002	\$15,506,730	\$ -	\$15,506,730	100.00%
2003	17,102,916	-	17,102,916	100.00%
2004	19,133,440	-	19,133,440	100.00%
2005	21,831,836	-	21,831,836	100.00%
2006	24,490,232	-	24,490,232	100.00%
2007	27,255,660	1,000,000	26,255,660	96.33%
2008	43,388,271	11,000,000	32,388,271	74.65%
2009	42,618,129	13,940,000	28,678,129	67.29%
2010	38,979,705	13,855,000	25,124,705	64.46%

(A) M.S.A. Section 475.53 (Limit on Debt) Subdivision 1. Generally, except as otherwise provided in Sections 475.51 to 475.74, "no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of 3% of the market value of taxable property in the municipality."

(B) M.S.A. Section 475.51 (definitions) Subdivision 4. "Net debt" means the amount remaining after deducting from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a Permanent Improvement Revolving Fund.
5. Obligations issued for the acquisition and betterment of public water works systems and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Not applicable.
7. Amount of all money and face value of all securities held as a Debt Service Fund for the extinguishment of obligations other than those deductible under this subdivision.
8. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**PLEDGED REVENUE COVERAGE NON-OBLIGATION DEBT**  
 Last Ten Fiscal Years

**Table 13**

	Fiscal Year				
	2002 - 2007	2008	2009	2010	2011
<b>Economic Development Authority</b>					
<b>Tax Increment Revenue Bonds Series 2007:</b>					
Tax increment revenue from applicable parcels	\$ -	\$243,159	\$267,142	\$241,854	\$211,533
Intergovernmental:					
Market Value TIF credit	-	14,002	19,554	28,118	34,351
Net available revenue	<u>\$0</u>	<u>\$257,161</u>	<u>\$286,696</u>	<u>\$269,972</u>	<u>\$245,884</u>
Debt service:					
Principal	-	-	9,000	43,000	48,000
Interest	-	158,325	152,363	151,063	148,788
Total debt service	<u>\$0</u>	<u>\$158,325</u>	<u>\$161,363</u>	<u>\$194,063</u>	<u>\$196,788</u>
Coverage	N/A	162%	178%	139%	125%
<b>Economic Development Authority</b>					
<b>Lease Revenue Bonds Series 2007B:</b>					
Annual appropriation of liquor net revenues	\$ -	\$210,264	\$497,200	\$364,000	\$390,000
Investment income	-	8,638	71	1,105	1,500
Issuance costs and administration (expense)	-	(10,062)	(6,866)	(10,393)	(9,598)
Net available revenue	<u>\$0</u>	<u>\$208,840</u>	<u>\$490,405</u>	<u>\$354,712</u>	<u>\$381,902</u>
Debt service:					
Principal	\$ -	\$ -	\$ -	\$140,000	\$150,000
Interest	-	208,264	240,305	237,155	230,630
Total debt service	<u>\$0</u>	<u>\$208,264</u>	<u>\$240,305</u>	<u>\$377,155</u>	<u>\$380,630</u>
Coverage	N/A	100%	204%	94%	100%

Note: Details regarding the City's outstanding debt can be found in Note 6 of the financial statements.

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2002	18,698	399,538,864	21,368	4.50%
2003	18,698	399,538,864	21,368	4.70%
2004	18,600	397,444,800	21,368	4.40%
2005	18,261	442,135,332	24,212	3.80%
2006	18,288	442,789,056	24,212	3.90%
2007	18,124	438,818,288	24,212	4.60%
2008	18,137	439,133,044	24,212	5.50%
2009	18,361	444,556,532	24,212	8.50%
2010	19,496	472,037,152	24,212	7.50%
2011	19,496	485,450,400	24,900	6.70%

Sources are as follows:

Population: Data for the years 2002, 2004-2009 provided by the Metropolitan Council. Data for the year 2003 & 2011 were estimated as equal to next available prior year. Data for 2010 is from the 2010 US Census.

Per Capita Income: Data for 2002-2004 estimated as equal to per capita income reported in the 2000 U.S. Census. Data for 2005-2010 provided by the US Census Bureau, 2005-2009 American Community Survey. Certain information from prior years' presentations have been restated in this table to conform to the current presentation.

Unemployment Rate: Provided by MN Department of Employment and Economic Development for Anoka County. Rates are not compiled for individual communities within counties.

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 15**

Principal Employers Within City	2011			2002		
	Employees	Rank	Percentage of Total Anoka County (A) Employment	Employees	Rank	Percentage of Total Anoka County (A) Employment
Medtronic Inc	600	1	0.33%	532	1	0.30%
Independent School District 13	475	2	0.26%	415	2	0.23%
City of Columbia Heights	207	3	0.12%	175	4	0.10%
Crestview Lutheran Home	180	4	0.10%	226	3	0.13%
Rainbow Foods	120	5	0.07%	120	5	0.07%
Columbia Park Clinic	120	6	0.07%	70	7	0.04%
Unique Thrift Store	75	7	0.04%	N/A	N/A	N/A
Invest Cast Inc	70	8	0.04%	54	9	0.03%
La Casita Mexican Restaurant	60	9	0.03%	N/A	N/A	N/A
Bobby & Steve's Auto World	53	10	0.03%	N/A	N/A	N/A
US Post Office	N/A	N/A	N/A	45	10	0.03%
NEI College of Technology	N/A	N/A	N/A	76	6	0.04%
SIS Enterprises	N/A	N/A	N/A	60	8	0.03%
<b>Total</b>	<b>1,960</b>		<b>1.09%</b>	<b>1,773</b>		<b>0.99%</b>

(A) Employment data is not compiled for individual cities within Minnesota counties.

Sources:

The employee count for the City of Columbia Heights is from Table 16. 2011 data for other employers was compiled from Salesgenie business database at May 2011.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	Employees as of December 31,		
	2002	2003	2004
General government			
Mayor/council	5	5	5
Administration	7	5	5
Finance	13	13	12
Public safety:			
Police	35	31	30
Fire	34	40	39
Public works	20	17	18
Culture and recreation:			
Library	19	19	19
Parks	5	5	5
Recreation	13	13	13
Community development	7	7	6
Water	4	4	4
Sewer	4	4	4
Refuse	-	-	-
Storm sewer	-	-	-
Liquor	28	35	37
<b>Total</b>	<b>194</b>	<b>198</b>	<b>197</b>

Source: Organizational Chart in the City of Columbia Heights CAFR.

Note: The above table shows the distribution of all employees by head count (including full-time, part-time and paid on-call), by function. This bears a strong relationship to the distribution of employee costs across functions. However, many employees provide services to more than one function, and employee costs are charged to each function based on the services received by each function.

**Table 16**

Employees as of December 31,						
2005	2006	2007	2008	2009	2010	2011
5	5	5	5	5	5	5
5	4	4	4	4	5	10
12	12	13	13	13	14	13
30	31	31	34	35	36	35
35	36	33	29	31	30	32
16	17	16	17	18	17	16
21	22	22	25	21	19	21
5	5	5	5	5	5	5
15	16	16	17	14	13	16
7	7	7	6	6	5	5
4	4	5	4	4	4	4
4	4	4	3	3	3	3
-	-	-	-	-	-	-
-	-	-	1	1	1	1
37	37	42	38	40	41	39
196	200	203	201	202	202	207

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Ten Fiscal Years

Function/Program	Fiscal Year		
	2002	2003	2004
<b>General government:</b>			
Resolutions approved by City Council (A)	70	57	87
Ordinances adopted by City Council	4	19	7
<b>Public safety:</b>			
<b>Police:</b>			
Part I crimes (B)	992	1,056	1,229
Part II crimes (B)	3,142	3,225	3,435
<b>Fire:</b>			
Emergency medical calls (B)	1,660	1,702	1,653
Fire calls (B)	4,777	380	483
Inspections & Related Actions (B)	3,562	4,616	2,077
<b>Public works:</b>			
Street paving and patching (tons of asphalt)	not avail	1,220	1,271
Street sweeping (tons of debris)	990	640	1,064
Trees removed	175	143	261
<b>Culture and recreation:</b>			
<b>Library:</b>			
Items in collection	71,439	71,409	73,105
Circulation	119,082	116,917	116,533
Reference inquiries	14,383	18,427	14,670
<b>Parks and recreation:</b>			
Athletics participants (C)	3,015	2,558	2,139
Other programs, estimated attendance (D)	9,000	9,000	9,000
Number of paid room rentals	223	132	134
<b>Community development:</b>			
Number of business licenses issued	313	295	307
Number of building permits issued (E)	1,216	1,176	1,159
Construction value of permits issued	\$8,362,360	\$11,056,530	\$50,322,414 (F)
<b>Water:</b>			
Consumption (thousands of gallons)	566,169	579,322	538,358
<b>Sewer (sanitary):</b>			
Wastewater (thousands of gallons, 12 months ended June 30)	544,190	556,900	526,010
Miles of line cleaned/rodded/root-sawed	7	17	28
<b>Refuse:</b>			
Refuse (tons)	8,241	7,670	8,348
Recycling (tons)	1,915	1,873	1,783
Yardwaste (tons)	824	809	862
<b>Storm sewer:</b>			
No operating indicators available	N/A	N/A	N/A
<b>Liquor:</b>			
Number of units sold	N/A	N/A	N/A

- (A) In 2006, the City significantly increased enforcement of ordinances concerning nuisance/hazardous conditions of properties within the City. Resolutions per year sharply increased, given one resolution per significant enforcement action.
- (B) Public safety operating indicators include services provided to the City of Hilltop under contractual agreements. The City of Hilltop is completely encircled by the City of Columbia Heights and has a population of 744.
- (C) This operating indicator includes duplicate counts for participation in more than one team/league by some persons.
- (D) This operating indicator includes duplicate counts for attendance at more than one program by some persons. It is rounded to the nearest thousand attendees based on review of attendance data.
- (E) This operating indicator includes inspection permits issued for new construction, building alteration/addition, plumbing, heating, street excavation and sign installation.
- (F) The construction value of building permits issued in 2004 includes \$30,573,000 for a water filtration plant owned and operated by the City of Minneapolis within the City of Columbia Heights.

Certain information from prior years' presentations have been restated in this table to conform to the current presentation.

Sources: Various City departments.

Table 17

Fiscal Year							
2005	2006	2007	2008	2009	2010	2011	
92	234	198	247	170	115	159	
20	14	12	26	12	12	15	
1,280	1,167	1,246	1,098	882	768	756	
3,496	3,184	3,144	2,966	1,275	1,683	1,576	
1,873	1,806	1,888	2,093	1,694	1,664	1,722	
581	387	445	385	660	846	764	
2,379	3,709	4,603	6,955	3,724	5,720	6,073	
409	710	1,910	1,415	1,033	1,054	869	
658	637	648	420	581	638	712	
296	188	357	175	121	180	180	
68,226	70,354	71,594	72,420	69,702	72,055	71,303	
115,598	119,593	125,222	126,271	120,705	131,885	125,051	
17,225	15,106	13,715	13,793	17,771	14,352	16,601	
1,988	1,654	1,537	1,510	1,602	1,500	4,299	
9,000	9,000	8,000	8,000	8,000	8,000	8,000	
164	191	185	190	210	160	177	
327	342	306	363	379	393	334	
1,304	1,701	1,313	1,113	1,187	1,351	1,290	
\$13,041,878	\$26,798,827	\$22,230,118	\$21,917,792	\$13,376,732	\$14,481,712	\$7,986,467	
527,621	529,581	538,844	518,791	518,299	516,068	454,223	
514,810	536,920	495,580	511,090	437,520	444,820	485,000	
28	39	27	29	39	26	25	
8,863	8,397	6,587	7,323	7,239	6,770	6,789	
1,863	1,721	1,522	1,318	1,036	1,699	1,605	
892	645	654	727	773	1,100	1,270	
N/A	N/A	N/A	N/A	N/A	N/A	N/A	
798,900	758,000	768,000	920,121	1,029,139	1,028,160	1,060,150	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Eleven Fiscal Years

Function/Program	Fiscal Year			
	2001	2002	2003	2004
General government:				
City hall square footage	28,530	28,530	28,530	28,530
Public safety:				
Police Stations	1	1	1	1
Fire Stations	1	1	1	1
Public Safety Bldg square footage	Note A	Note A	Note A	Note A
Public works:				
Office and shop square footage	31,075	31,075	31,075	31,075
Trunk highway miles	3	3	3	3
County road miles	6	6	6	6
City street miles	62	62	62	62
Alley miles	19	19	19	19
Culture and recreation:				
Libraries	1	1	1	1
Library square footage	7,896	7,896	7,896	7,896
Parks	13	13	13	13
Playgrounds	11	11	11	11
Gymnasiums square footage	-	-	-	-
Mtg & banquet rooms square footage	22,000	22,000	22,000	22,000
Community development:				
Senior high-rise apartments	145	145	145	145
Water:				
Watermain miles	66	66	66	66
Sewer:				
Sanitary sewer miles	59	59	59	59
Refuse:				
Recycling centers	1	1	1	1
Storm sewer:				
Storm sewer miles	34	34	34	34
Liquor:				
Retail stores owned	1	1	1	1
Retail stores leased	2	2	2	2

(A) For years prior to 2010, the police and fire stations are included in the City Hall square footage reported above. Beginning in 2010, the police and fire stations were in a separate public safety facility.

Sources: Various City departments.

**Table 18**

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
28,530	28,530	28,530	28,530	28,530	28,530	28,530
1	1	1	1	1	1	1
1	1	1	1	1	1	1
Note A	Note A	Note A	Note A	Note A	47,088	47,088
31,075	31,075	31,075	31,075	31,075	31,075	31,075
3	3	3	3	3	3	3
6	6	6	6	6	6	6
62	62	62	62	62	62	62
19	19	19	19	19	19	19
1	1	1	1	1	1	1
7,896	7,896	7,896	7,896	7,896	7,896	7,896
13	13	13	13	13	13	13
11	11	11	11	11	11	11
-	-	-	-	12,726	12,726	12,726
22,000	22,000	22,000	22,000	22,000	22,000	22,000
145	145	145	145	145	145	145
66	66	66	66	66	66	66
59	59	59	59	59	59	59
1	1	1	1	1	1	1
34	34	34	34	34	34	34
1	1	1	3	3	3	3
2	2	2	-	-	-	-

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#### **IV. OTHER REQUIRED REPORTS SECTION**

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REPORT ON COMPLIANCE WITH MINNESOTA LEGAL COMPLIANCE  
AUDIT GUIDE FOR POLITICAL SUBDIVISIONS

To The Honorable Mayor and  
Members of the City Council  
City of Columbia Heights, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of and for the year ended December 31, 2011, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements and have issued our report thereon dated June 28, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our study included all of the above listed categories.

The results of our tests indicate that for the items tested, the City of Columbia Heights, Minnesota complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management, the City of Columbia Heights, Minnesota's City Council, and is not intended to be, and should not be, used by anyone other than these specified parties.

*HLB Tautges Redpath, Ltd.*

HLB TAUTGES REDPATH, LTD.

June 28, 2012

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To The Honorable Mayor and  
Members of the City Council  
City of Columbia Heights, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of and for the year ended December 31, 2011, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements and have issued our report thereon dated June 28, 2012. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Columbia Heights, Minnesota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a significant deficiency. A

*significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough merit attention by those charged with governance.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Columbia Heights, Minnesota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Columbia Heights, Minnesota in a separate letter dated June 28, 2012.

The City of Columbia Heights, Minnesota's response to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City of Columbia Heights, Minnesota's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City of Columbia Heights, Minnesota's City Council, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*HLB Tautges Redpath, LP*

HLB TAUTGES REDPATH, LTD.

June 28, 2012



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133

To The Honorable Mayor and  
Members of the City Council  
City of Columbia Heights, Minnesota

**Compliance**

We have audited the City of Columbia Heights, Minnesota's compliance with the type of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Columbia Heights, Minnesota's major federal program for the year ended December 31, 2011. The City of Columbia Heights, Minnesota's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Columbia Heights, Minnesota's management. Our responsibility is to express an opinion on the City of Columbia Heights, Minnesota's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Columbia Heights, Minnesota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Columbia Heights, Minnesota's compliance with those requirements.

In our opinion, the City of Columbia Heights, Minnesota complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

### **Internal Control Over Compliance**

Management of the City of Columbia Heights, Minnesota is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Columbia Heights, Minnesota's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Columbia Heights, Minnesota as of and for the year ended December 31, 2011, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements, and have issued our report thereon dated June 28, 2012, which contained unqualified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbia Heights, Minnesota's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the City of Columbia Heights, Minnesota's City Council, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*HLB Tautges Redpath, LTD*

HLB TAUTGES REDPATH, LTD.

June 28, 2012

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>		
Direct:		
Low Rent Public Housing (operating fund subsidy)	14.850	166,895
Public Housing Capital Fund Program	14.782	7,829
ARRA - Public Housing Capital Fund Stimulus Program	14.885	2,026
Agency total		<u>176,750</u>
<b>U.S. Department of Justice:</b>		
Direct:		
Bulletproof Vest Partnership Program	16.607	1,289
ARRA - Community Oriented Policing Services - Hiring Recovery Program	16.710	72,604
Edward Byrne Memorial Justice Assistance Grants	16.804	30,615
Passed through the City of Hilltop:		
Edward Byrne Memorial Justice Assistance Grants	16.804	3,144
Agency total		<u>107,652</u>
<b>U.S. Department of the Transportation:</b>		
Passed through the State of Minnesota Department of Transportation:		
Transportation, Community and System Preservation Program - MN agreement no. 96460	20.205	21,227
ARRA - Federal-Aid Highway Program Project Grant - MN agreement no. 94788	20.205	113,568
Passed through the State of Minnesota Department of Public Safety:		
Operation Night Cap	20.601	2,000
Passed through the City of Blaine		
DWI Enforcement	20.601	3,545
Passed through the City of Coon Rapids:		
Safe and Sober Program	20.601	7,277
Agency total		<u>147,617</u>
<b>U.S. Department of Energy:</b>		
Passed through the State of Minnesota Department of Commerce:		
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	38,399
<b>U.S. Department of Education:</b>		
Passed through Columbia Heights Public Schools (ISD #13):		
Twenty-First Century Community Learning Centers	84.287	46,046
<b>U.S. Department of Homeland Security:</b>		
Passed through Anoka County:		
Emergency Management Performance Grant	97.042	2,624
<b>Total Expenditures of Federal Awards</b>		<u><u>\$519,088</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Year Ended December 31, 2011

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Notes to the schedule of expenditures of federal awards

*Note 1. Basis of Presentation*

*The financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the City of Columbia Heights, Minnesota, including its component units, follow generally accepted accounting principles. The government-wide and the proprietary financial statements are reported using the accrual basis of accounting. The governmental fund financial statements are reported using the modified accrual basis of accounting as disclosed in the notes to the financial statements. The above schedule of expenditures of federal awards includes only the federal grant activity of the City and its component units and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. "ARRA" is an acronym for the American Recovery & Reinvestment Act of 2009.*

*Note 2. Subrecipients*

*During 2011, the City of Columbia Heights did not pass federal awards through to any subrecipients.*

*Note 3. Reporting Entity*

*For the purposes of this schedule, the reporting entity includes all funds of the City of Columbia Heights, Minnesota. Also included in the reporting entity, as blended component units, are the Columbia Heights Economic Development Authority and the Columbia Heights Housing and Redevelopment Authority, as the governing boards are substantively the same as the City Council, and the City is in a relationship of benefit/burden with the Authorities.*

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2011

**SECTION I - SUMMARY OF AUDIT RESULTS**

*Financial Statements*

- |                                                                                          |                      |     |                      |               |
|------------------------------------------------------------------------------------------|----------------------|-----|----------------------|---------------|
| A. Type of auditors' report issued:                                                      | Unqualified          |     |                      |               |
| B. Internal control over financial reporting:                                            |                      |     |                      |               |
| • Material weakness(es) identified?                                                      | _____                | Yes | _____ <u>X</u> _____ | No            |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ <u>X</u> _____ | Yes | _____                | None reported |
| C. Noncompliance material to financial statements noted?                                 | _____                | Yes | _____ <u>X</u> _____ | No            |

*Federal Awards*

- |                                                                                                                       |             |     |                      |               |
|-----------------------------------------------------------------------------------------------------------------------|-------------|-----|----------------------|---------------|
| D. Internal control over major programs:                                                                              |             |     |                      |               |
| • Material weakness(es) identified?                                                                                   | _____       | Yes | _____ <u>X</u> _____ | No            |
| • Significant deficiencies identified that are not considered to be material weaknesses?                              | _____       | Yes | _____ <u>X</u> _____ | None reported |
| E. Type of auditors' report issued on compliance for major programs:                                                  | Unqualified |     |                      |               |
| F. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | _____       | Yes | _____ <u>X</u> _____ | None reported |
| G. Identification of major programs:                                                                                  |             |     |                      |               |

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Transportation, Community and System Preservation Program - ARRA	20.205
Federal-Aid Highway Program Project Grant – ARRA	20.205
Low Rent Public Housing (operating fund subsidy)	14.850

- |                                                                             |           |     |                      |    |
|-----------------------------------------------------------------------------|-----------|-----|----------------------|----|
| H. Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |     |                      |    |
| I. Auditee qualified as a low-risk auditee:                                 | _____     | Yes | _____ <u>X</u> _____ | No |

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2011

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<b>SECTION II – FINANCIAL STATEMENT FINDINGS</b>
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**2011-1 Recreational Revenue Documentation**

*Criteria:* A properly developed accounting system would allow for the reconciliation of purchases to the related deposit in order to substantiate the completeness of recreation revenues.

*Condition:* In order to allow for reconciliation of the deposits to registrations the registrations must be processed the same day that the deposit is made.

*Cause:* A combination of the limitations of the Recreation revenue software and the staff time allocated to work within those limitations.

*Effect:* When registrations are not processed on the same day as the related receipts are deposited a reconciliation of revenue is not possible and there is a higher risk that a misstatement of recreation revenue may occur and not be detected in a timely manner.

*Recommendation:* The city's management should continue to monitor the cost benefit of allocating additional staff time to the recreation department so that all registrations can be processed on the day they are received.

*Views of Responsible Officials and Corrective Action Plan:* Three corrective action steps are planned by the City for mid-2012:

- 1) Allocate and/or flex more staff time to peak registration periods, to be able to process all registrations on the day payment is received.
- 2) Begin accepting Recreation customer registrations over the internet. This is expected to reduce some data entry time required by staff during peak registration periods. To this end, the Recreation department has already purchased a web-based version of its existing registration software and is currently populating its database.
- 3) Establish accounts within the web-based registration software for all items for which Recreation payments are received, in order to minimize the number of reconciling items to review between total registrations and total deposits. Previously, certain Recreation sales and services were not included in the registration program.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For The Year Ended December 31, 2011

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**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No current year findings.

**SECTION IV – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No prior year findings.



REPORT ON SUPPLEMENTARY INFORMATION –  
FINANCIAL DATA SCHEDULE

To The Honorable Mayor and  
Members of the City Council  
City of Columbia Heights, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Columbia Heights, Minnesota's basic financial statements.

The accompanying Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing procedures generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the City of Columbia Heights, Minnesota's City Council, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*HLB Tautges Redpath, Ltd.*

HLB TAUTGES REDPATH, LTD.

June 28, 2012

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**FINANCIAL DATA SCHEDULE**  
As of And For The Year Ended December 31, 2011

Line Item	Account Description	Total Projects
Assets:		
Current assets:		
111	Cash - unrestricted	\$982,609
114	Cash - tenant security deposits	17,556
100	Total cash	<u>1,000,165</u>
Accounts and notes receivable:		
122	Accounts receivable - HUD other projects	86,189
126	Accounts receivable - tenants	2,593
120	Total receivables, net of allowance	<u>88,782</u>
150	Total current assets	<u>1,088,947</u>
Noncurrent assets:		
Capital assets:		
161	Land	177,375
162	Buildings	3,208,785
163	Furniture, equipment and machinery - dwellings	293,767
164	Furniture, equipment and machinery - administration	8,842
166	Less: accumulated depreciation	(2,490,313)
167	Construction in progress	7,828
160	Total capital assets, net of accumulated depreciation	<u>1,206,284</u>
180	Total noncurrent assets	<u>1,206,284</u>
190	Total assets	<u>2,295,231</u>
Liabilities:		
Current liabilities:		
312	Accounts payable <= 90 days	\$35,970
333	Accounts payable - other governments	22,204
341	Tenant security deposits	17,556
342	Deferred revenue	1,229
345	Other current liabilities	13,638
310	Total current liabilities	<u>90,597</u>
350	Total noncurrent liabilities	<u>0</u>
300	Total liabilities	<u>90,597</u>
Net Assets:		
508.1	Investment in capital assets, net of related debt	1,206,284
512.1	Unrestricted	998,350
513	Total net assets	<u>\$2,204,634</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FINANCIAL DATA SCHEDULE  
As of And For The Year Ended December 31, 2011

Line Item	Account Description	Public Housing Operating Subsidy 14.850	Public Housing Capital Fund Program 14.872	Total Projects
Revenue:				
703	Net tenant rental revenue	\$347,318	\$ -	\$347,318
704	Tenant revenue - other	13,626	-	13,626
706	HUD PHA grants	166,895	9,855	176,750
711	Investment income - unrestricted	2,789	-	2,789
700	Total revenue	<u>530,628</u>	<u>9,855</u>	<u>540,483</u>
Expenses:				
911	Administrative salaries	25,500	-	25,500
912	Auditing fees	1,607	-	1,607
913	Outside management fees	154,824	-	154,824
914	Advertising and marketing	517	-	517
916	Other operating - administrative	6,753	-	6,753
917	Legal expense	4,385	-	4,385
919	Other expense	2,052	-	2,052
931	Water	12,458	-	12,458
932	Electricity	52,684	-	52,684
933	Gas	45,217	-	45,217
936	Sewer	6,773	-	6,773
938	Other utilities expense	12,070	-	12,070
942	Ordinary maintenance and operations - materials and other	14,833	-	14,833
943	Ordinary maint. and operations contracts - HVAC	14,373	-	14,373
943	Ordinary maint. and operations contracts - snow removal	2,449	-	2,449
943	Ordinary maint. and operations contracts - elevator	28,549	-	28,549
943	Ordinary maint. and operations contracts - grounds	4,635	-	4,635
943	Ordinary maint. and operations contracts - unit turnaround	17,687	-	17,687
943	Ordinary maint. and operations contracts - plumbing	-	-	-
943	Ordinary maint. and operations contracts - extermination	2,639	-	2,639
943	Ordinary maint. and operations contracts - janitorial	4,275	-	4,275
943	Ordinary maint. and operations contracts - routine maintenance	24,775	-	24,775
943	Ordinary maint. and operations contracts - miscellaneous	1,120	-	1,120
952	Protective services	6,724	-	6,724
961	Insurance premiums	20,950	-	20,950
962	Other general expenses	2,072	-	2,072
963	Payments in lieu of taxes	22,769	-	22,769
969	Total operating expenses	<u>492,690</u>	<u>0</u>	<u>492,690</u>
974	Depreciation	<u>105,725</u>	<u>-</u>	<u>105,725</u>
900	Total expenses	<u>598,415</u>	<u>0</u>	<u>598,415</u>
1001	Operating transfers in	-	-	-
1002	Operating transfers out	-	-	0
1010	Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
1000	Excess (deficiency) of revenue over expenses and other financing uses (sources)	<u>(\$67,787)</u>	<u>\$9,855</u>	<u>(\$57,932)</u>
Memo account information:				
1103	Beginning equity	\$2,262,566	\$ -	\$2,262,566
1120	Unit months available	1,212	-	1,212
1121	Number of unit months leased	1,209	-	1,210

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FINANCIAL DATA SCHEDULE - STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS

As of And For The Year Ended December 31, 2011

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**

	FY 2008 <u>MN 46P10550108</u>	FY 2009 <u>MN 46P10550109</u>	FY 2009 <u>MN 46S10550109</u>	FY 2010 <u>MN 46P105501-10</u>
A. The actual modernization costs are as follows:				
Funds approved	\$104,250	\$112,026	\$131,959	\$110,976
Funds (expended)	<u>(104,250)</u>	<u>(112,026)</u>	<u>(129,933)</u>	-
Excess of funds approved (expended)	<u>\$0</u>	<u>\$0</u>	<u>\$2,026</u>	<u>\$110,976</u>
Funds advanced - HUD CFP Grants	\$104,250	\$91,359	\$129,933	\$ -
Funds (expended):				
In prior years	(74,082)	(2,118)	(7,631)	-
In current year	<u>(30,168)</u>	<u>(109,908)</u>	<u>(122,302)</u>	<u>(18,352)</u>
Excess of funds advanced (expended)	<u>\$0</u>	<u>(\$20,667)</u>	<u>\$0</u>	<u>(\$18,352)</u>

B. The distribution of costs by project as shown on the Final Statement of Development Cost budget, accompanying the Actual Development cost Certificate submitted to HUD for approval, is in agreement with the City's records.

C. All modernization costs have been paid and all related liabilities have been discharged through payment.