

**CITY OF COLUMBIA HEIGHTS**

**STATE OF MINNESOTA**

**PREPARED BY:**

**FINANCE DEPARTMENT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2014**

**- This page intentionally left blank -**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TABLE OF CONTENTS**

---

	<b>Reference</b>	<b>Page No.</b>
<b>I. INTRODUCTORY SECTION</b>		
Principal City Officials		3
Organizational Chart		4
Letter of Transmittal		5
Certificate of Achievement for Excellence in Financial Reporting		9
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		13
Management's Discussion and Analysis		17
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	Statement 1	34
Statement of Activities	Statement 2	36
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	38
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	Statement 4	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	43
Statement of Net Position - Proprietary Funds	Statement 6	44
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	Statement 7	46
Statement of Cash Flows - Proprietary Funds	Statement 8	48
Statement of Fiduciary Net Position - Fiduciary Funds	Statement 9	52
Notes to Financial Statements		53
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 10	86
Schedule of Funding Progress for the Retiree Health Plan	Statement 11	88
Budgetary Comparison Schedule - Note to RSI		89

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TABLE OF CONTENTS**

---

	<b>Reference</b>	<b>Page No.</b>
<b>Combining and Individual Fund Statements and Schedules:</b>		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 12	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	Statement 13	95
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 14	100
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	Statement 15	102
<b>Special Revenue Funds:</b>		
Schedules of Revenues, Expenditures and Changes in Fund Balance:		
Budget and Actual - Cable Television Fund	Statement 16	104
Actual - Police Forfeiture Fund	Statement 17	105
Actual - Police Grants Fund	Statement 18	106
Budget and Actual - Library Fund	Statement 19	107
Actual - After School Programs Fund	Statement 20	108
Actual - Recreation Contributed Projects Fund	Statement 21	109
Actual - Contributed Projects - Other Fund	Statement 22	110
Actual - Special Projects Fund	Statement 23	111
Budget and Actual - Community Development Fund	Statement 24	112
Actual - Anoka County Comm Dev Programs Fund	Statement 25	113
<b>Economic Development Authority (Component Unit):</b>		
Budgetary Comparison Schedule - Administration Fund	Statement 26	114
<b>Housing and Redevelopment Authority (Component Unit):</b>		
Combining Balance Sheet	Statement 27	115
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 28	116
Schedules of Revenues, Expenditures and Changes in Fund Balance:		
Budget and Actual - Parkview Villa North Fund	Statement 29	117
Budget and Actual - Parkview Villa South Fund	Statement 30	118

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page No.</u>
Subcombining Balance Sheet - Nonmajor Debt Service Funds	Statement 31	120
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Debt Service Funds	Statement 32	122
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 33	127
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds	Statement 34	128
Enterprise Funds:		
Water Utility Fund:		
Subcombining Schedule of Net Position	Statement 35	130
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 36	131
Subcombining Schedule of Cash Flows	Statement 37	132
Sewer Utility Fund:		
Subcombining Schedule of Net Position	Statement 38	133
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 39	134
Subcombining Schedule of Cash Flows	Statement 40	135
Refuse Utility Fund:		
Subcombining Schedule of Net Position	Statement 41	136
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 42	137
Subcombining Schedule of Cash Flows	Statement 43	138
Storm Sewer Utility Fund:		
Subcombining Schedule of Net Position	Statement 44	139
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 45	140
Subcombining Schedule of Cash Flows	Statement 46	141
Liquor Fund:		
Subcombining Schedule of Net Position	Statement 47	143
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 48	144
Subcombining Schedule of Cash Flows	Statement 49	146
Internal Service Funds:		
Combining Statement of Net Position	Statement 50	150
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	Statement 51	151
Combining Statement of Cash Flows	Statement 52	152

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page No.</u>
Central Garage Fund:		
Subcombining Schedule of Net Position	Statement 53	153
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 54	154
Subcombining Schedule of Cash Flows	Statement 55	155
Information Systems Fund:		
Subcombining Schedule of Net Position	Statement 56	156
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 57	157
Subcombining Schedule of Cash Flows	Statement 58	158
Insurance Fund:		
Subcombining Schedule of Net Position	Statement 59	159
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 60	160
Subcombining Schedule of Cash Flows	Statement 61	161
Compensated Absences Fund:		
Subcombining Schedule of Net Position	Statement 62	162
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 63	163
Subcombining Schedule of Cash Flows	Statement 64	164
Combining Statement of Changes in Assets and Liabilities - Agency Funds	Statement 65	166

**III. STATISTICAL SECTION (UNAUDITED)**

Financial Trends:		
Net Positions by Component	Table 1	170
Changes in Net Position	Table 2	172
Fund Balances - Governmental Funds	Table 3	176
Changes in Fund Balances - Governmental Funds	Table 4	178
Revenue Capacity:		
Tax Capacity Value and Estimated Market Value of All Taxable Property	Table 5	182
Direct and Overlapping Property Tax Rates	Table 6	183
Principal Property Taxpayers	Table 7	185
Property Tax Levies and Collections	Table 8	186

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**TABLE OF CONTENTS**

---

	<b>Reference</b>	<b>Page No.</b>
Debt Capacity:		
Ratios of Outstanding Debt by Type	Table 9	188
Ratios of Outstanding Net General Bonded Debt by Type	Table 10	190
Direct and Overlapping Governmental Activities Debt	Table 11	192
Legal Debt Margin Information	Table 12	193
Pledged Revenue Coverage Non-Obligation Debt	Table 13	194
Demographic and Economic:		
Demographic and Economic Statistics	Table 14	195
Principal Employers	Table 15	197
Operating Information:		
City Government Employees by Function/Program	Table 16	198
Operating Indicators by Function/Program	Table 17	200
Capital Asset Statistics by Function/Program	Table 18	202
<b>IV. OTHER REQUIRED REPORTS SECTION</b>		
Minnesota Legal Compliance Report		207
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		209
Report on Supplementary Information - Financial Data Schedule		211
U.S. Department of Housing and Urban Development:		
Financial Data Schedule		212
Financial Data Schedule - Statement and Certification of Actual Modernization Costs		214

**- This page intentionally left blank -**

## I. INTRODUCTORY SECTION

**- This page intentionally left blank -**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

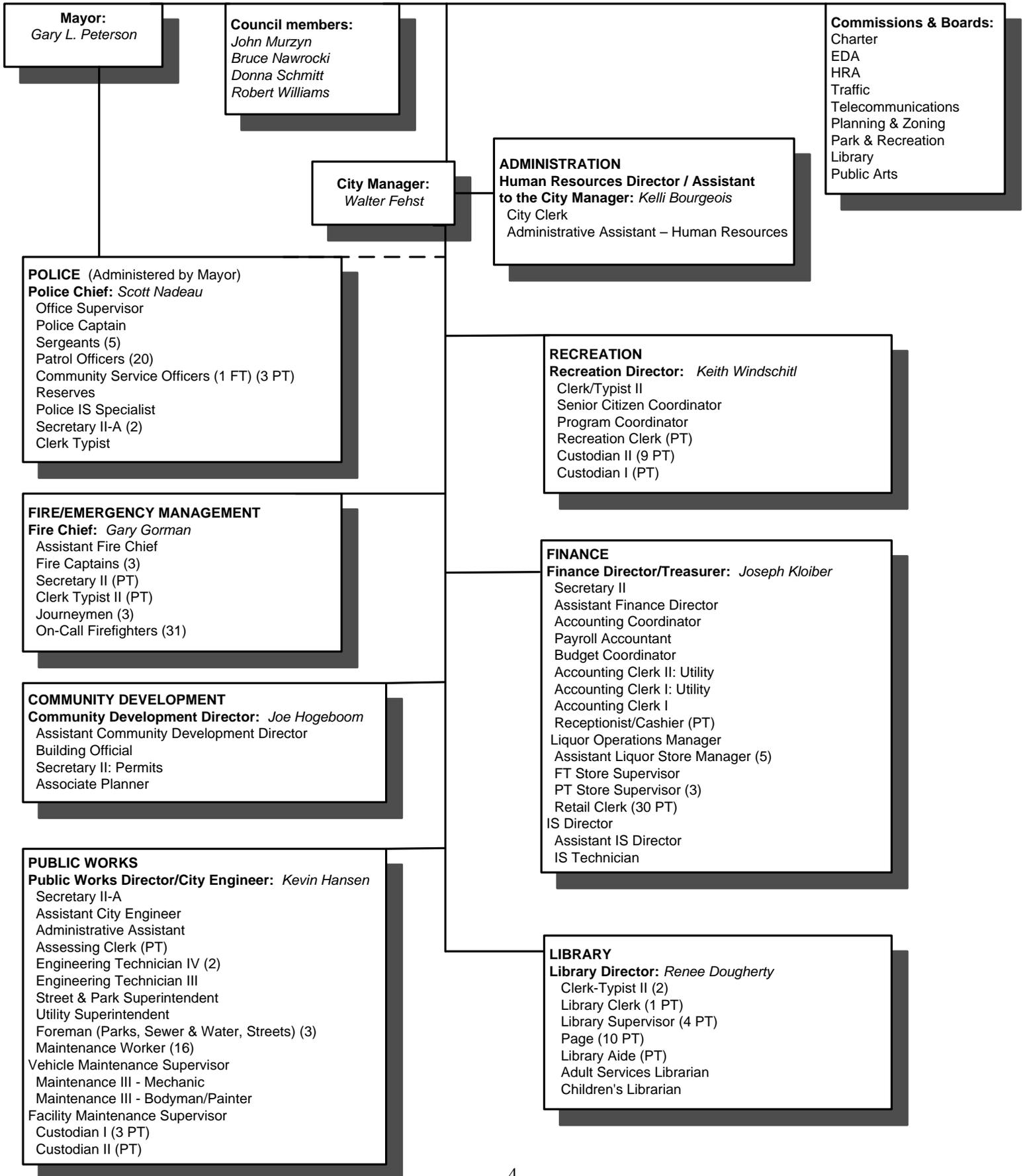
**PRINCIPAL CITY OFFICIALS**

December 31, 2014

---

Name	Official Title
<b>Mayor and Council:</b>	
Gary L. Peterson	Mayor
John Murzyn, Jr.	Councilmember
Donna Schmitt	Councilmember
Bruce Nawrocki	Councilmember
Robert A. Williams	Councilmember
<b>Administration:</b>	
Walter Fehst	City Manager
Kelli Bourgeois	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
Renee Dougherty	Librarian
Joe Hogeboom	Community Development Director
Keith Windschitl	Recreation Services Director
Larry Scott	Liquor Operations Manager

# City of Columbia Heights Organizational Chart 2014





June 5, 2015

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, 2014, 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.

Redpath and Company, Ltd., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Columbia Heights financial statements for the year ended December 31, 2014. 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.

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 19,674. 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 2014, 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 challenges of an aging infrastructure and dependency on state aid to supplement local revenues. 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, roadways, alleys, 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. Utility system improvements are funded by the utility rate structure. In some cases, the City issues bonds to initially finance the project, repaying the bonds with special assessments and/or utility revenues collected over a number of years.

Historically, state aid revenue has been a key component of the City's operating budget; however, the amount provided by the state has been unpredictable, significantly reduced from historical levels, and sometimes reduced retroactively. To provide for more stable operations, the City's management has developed a multi-year financial plan that gradually phases out the use of state aid in the City's operating budget with moderate increases in property taxes.

Under the plan, available state aid is essentially treated as a one-time revenue source and is used for capital projects and equipment that would otherwise be purchased with property taxes. The current City Council has reached consensus of opinion in support of the plan. Implementation of this plan is, of course, dependent on the tax levy and operating budget actually adopted by the City Council each year.

#### RELEVANT FINANCIAL POLICIES

By Council resolution, a formal policy has been adopted regarding the minimum unassigned fund balance for the general fund. The goal of the policy is to begin each year with sufficient working capital to fund operations. The policy establishes a year-end targeted unassigned fund balance of 45% of the general fund budgeted expenditures for the subsequent year. At December 31, 2014, the unassigned fund balance in the general fund was sufficient to meet 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, with some recent recovery. 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. These properties are currently being marketed and new homes being built.

In 2014, a significant majority of the City's voters approved by referendum the issuance of up to \$7 million in general obligation bonds for the construction of a new municipal library building on a redevelopment site previously purchased by the Economic Development Authority. The bonds were issued in February 2015 with construction expected to begin in 2015.

#### AWARD AND ACKNOWLEDGEMENTS

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, 2013. 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 program for review.

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



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

**- This page intentionally left blank -**

## II. FINANCIAL SECTION

**- This page intentionally left blank -**



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Summarized Comparative Information***

We have previously audited the City of Columbia Heights, Minnesota's 2013 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information in our report dated June 12, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which they were derived.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress 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.

### *Other Information*

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 introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015, on our consideration of the City of Columbia Heights, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Columbia Heights, Minnesota's internal control over financial reporting and compliance.



REDPATH AND COMPANY, LTD.  
Saint Paul, Minnesota

June 5, 2015

**- This page intentionally left blank -**

## 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, 2014. 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, 2014, by \$71,502,280 (net position). Of this amount, \$30,427,108 or 43% is unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors.

During 2014, the City's total net position increased by \$2,196,772 or approximately 3% from the prior year. \$1,352,384 of this increase was from governmental activities, and \$844,338 of this increase was from the City's business-type activities.

As of December 31, 2014, the combined fund balances of the City's governmental funds were \$26,783,428. This is an increase of \$2,566,192 or 11% from the prior year. Also, as of December 31, 2014, approximately 86% of the combined fund balances of the City's governmental funds were available for use within the City's constraints and policies.

As of December 31, 2014, unassigned fund balance in the General fund was \$7,248,380 or 98% of the total fund balance in the General fund. The City's minimum fund balance policy for the General fund, detailed both in the notes to the financial statements and the letter of transmittal, was met at December 31, 2014.

During 2014, the City's total bonded debt decreased by \$867,000 to an end of year total of \$23,622,000, due to principal payments on existing bonded debt. No bonds were issued in 2014.

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

## Management's Discussion and Analysis

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental 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 2014 are as follows:

- General fund
- 2008A taxable G.O. housing improvement area bonds 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 each 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 for the General fund, and on funding progress for retiree health benefits, is presented as Statement 10 and Statement 11 respectively, of this report. 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 65 of this report.

### Government-wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a government's financial position. At December 31, 2014, the City's assets exceeded its liabilities by \$71,502,280.

\$36,778,514 or 51% of the City's net position 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 position 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 position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$30,427,105 or 43% may be used to meet the City's ongoing obligations to citizens and creditors.

At December 31, 2014, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>						
Current and other assets	\$33,274,009	\$30,662,634	\$11,125,437	\$11,108,045	\$44,399,446	\$41,770,679
Capital assets	39,187,078	40,986,511	15,342,186	15,148,132	54,529,264	56,134,643
Total assets	<u>\$72,461,087</u>	<u>\$71,649,145</u>	<u>\$26,467,623</u>	<u>\$26,256,177</u>	<u>\$98,928,710</u>	<u>\$97,905,322</u>
<b>Liabilities:</b>						
Current liabilities	\$2,185,473	\$2,012,675	\$1,609,947	\$1,719,533	\$3,795,420	\$3,732,208
Noncurrent liabilities	17,316,510	18,029,750	6,314,500	6,837,806	23,631,010	24,867,556
Total liabilities	<u>\$19,501,983</u>	<u>\$20,042,425</u>	<u>\$7,924,447</u>	<u>\$8,557,339</u>	<u>\$27,426,430</u>	<u>\$28,599,764</u>
<b>Net position:</b>						
Net invested in capital assets	\$26,049,057	\$27,358,490	\$10,729,457	\$10,365,407	\$36,778,514	\$37,723,897
Restricted	3,752,837	3,947,367	543,822	643,320	4,296,659	4,590,687
Unrestricted	23,157,210	20,300,863	7,269,897	6,690,111	30,427,107	26,990,974
Total net position	<u>\$52,959,104</u>	<u>\$51,606,720</u>	<u>\$18,543,176</u>	<u>\$17,698,838</u>	<u>\$71,502,280</u>	<u>\$69,305,558</u>

## Management's Discussion and Analysis

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

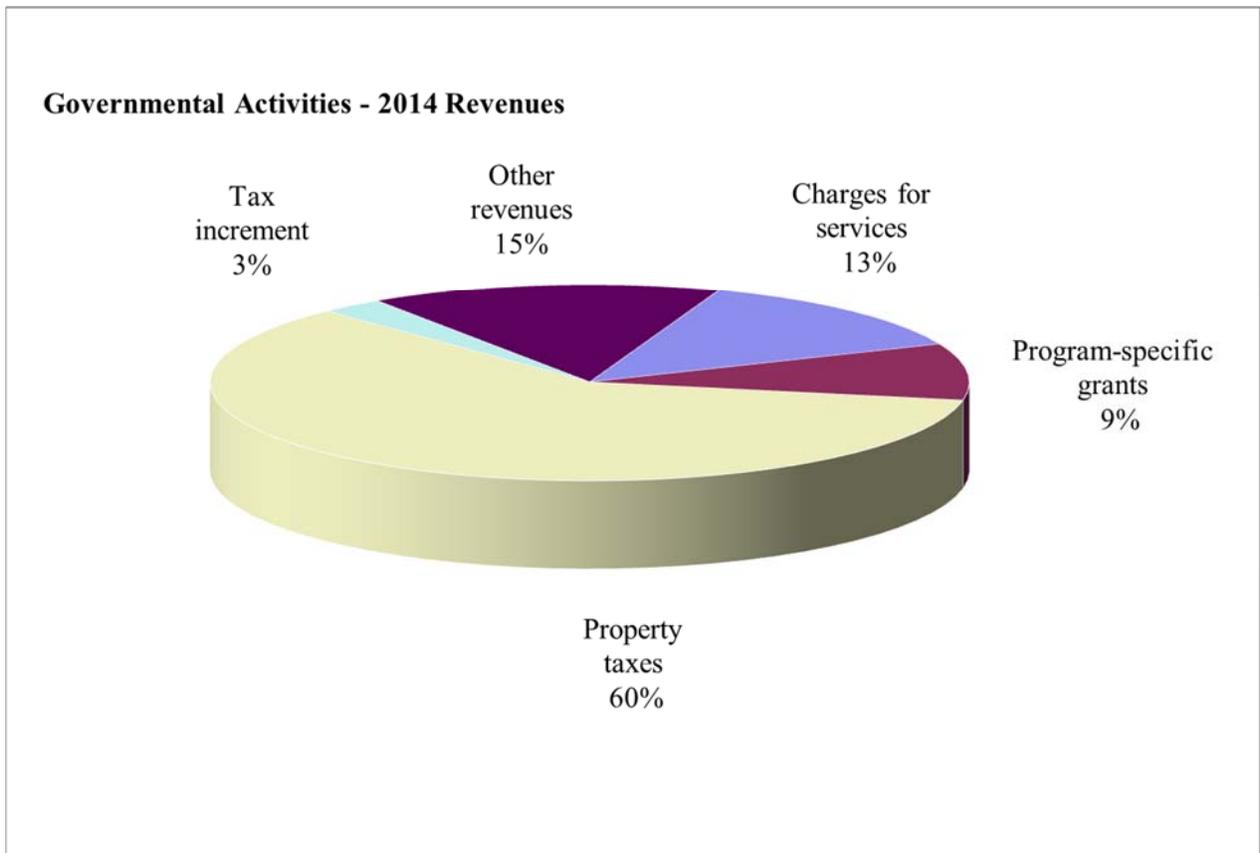
	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$2,258,503	\$2,270,998	\$15,100,943	\$15,581,195	\$17,359,446	\$17,852,193
Operating grants and contributions	993,119	801,344	91,421	84,871	1,084,540	886,215
Capital grants and contributions	606,479	1,881,933	47,369	-	653,848	1,881,933
General revenues:						
Property taxes	10,310,867	9,827,378	-	-	10,310,867	9,827,378
Tax increment collections	463,837	532,524	-	-	463,837	532,524
Grants and contributions not restricted to specific programs	1,496,804	1,000,513	-	-	1,496,804	1,000,513
Unrestricted investment earnings	1,091,263	(664,694)	252,360	(152,300)	1,343,623	(816,994)
Gain on sale of capital assets used in governmental activities	-	11,842	-	-	-	11,842
Total revenues	<u>17,220,872</u>	<u>15,661,838</u>	<u>15,492,093</u>	<u>15,513,766</u>	<u>32,712,965</u>	<u>31,175,604</u>
Expenses:						
General government	2,104,025	1,976,207	-	-	2,104,025	1,976,207
Public safety	5,801,747	5,683,769	-	-	5,801,747	5,683,769
Public works	3,052,844	2,843,102	-	-	3,052,844	2,843,102
Culture and recreation	2,565,755	2,553,760	-	-	2,565,755	2,553,760
Community development	1,943,576	2,010,040	-	-	1,943,576	2,010,040
Interest on long-term debt	761,967	808,933	-	-	761,967	808,933
Water	-	-	2,336,475	2,371,414	2,336,475	2,371,414
Sewer	-	-	1,789,260	1,538,970	1,789,260	1,538,970
Refuse	-	-	1,695,997	1,628,966	1,695,997	1,628,966
Storm sewer	-	-	315,809	307,876	315,809	307,876
Liquor	-	-	8,148,788	8,341,309	8,148,788	8,341,309
Total expenses	<u>16,229,914</u>	<u>15,875,811</u>	<u>14,286,329</u>	<u>14,188,535</u>	<u>30,516,243</u>	<u>30,064,346</u>
Increase (decrease) in net position before transfers	990,958	(213,973)	1,205,764	1,325,231	2,196,722	1,111,258
Transfers	<u>361,426</u>	<u>288,171</u>	<u>(361,426)</u>	<u>(288,171)</u>	<u>-</u>	<u>-</u>
Increase in net position	1,352,384	74,198	844,338	1,037,060	2,196,722	1,111,258
Net position - January 1	<u>51,606,720</u>	<u>51,532,522</u>	<u>17,698,838</u>	<u>16,661,778</u>	<u>69,305,558</u>	<u>68,194,300</u>
Net position - December 31	<u>\$52,959,104</u>	<u>\$51,606,720</u>	<u>\$18,543,176</u>	<u>\$17,698,838</u>	<u>\$71,502,280</u>	<u>\$69,305,558</u>

**Changes in net position - governmental activities.** During the current year, governmental activities increased the City's net position by \$1,352,384 or 2%. Expenses of the governmental activities increased \$354,103 or 2% over the prior year, which reflects the City's planned long-term rate of growth, which approximates inflation. Revenues and net transfers to the governmental activities increased \$1,632,289 or 10% over the prior year. Significant elements of this increase in revenues include:

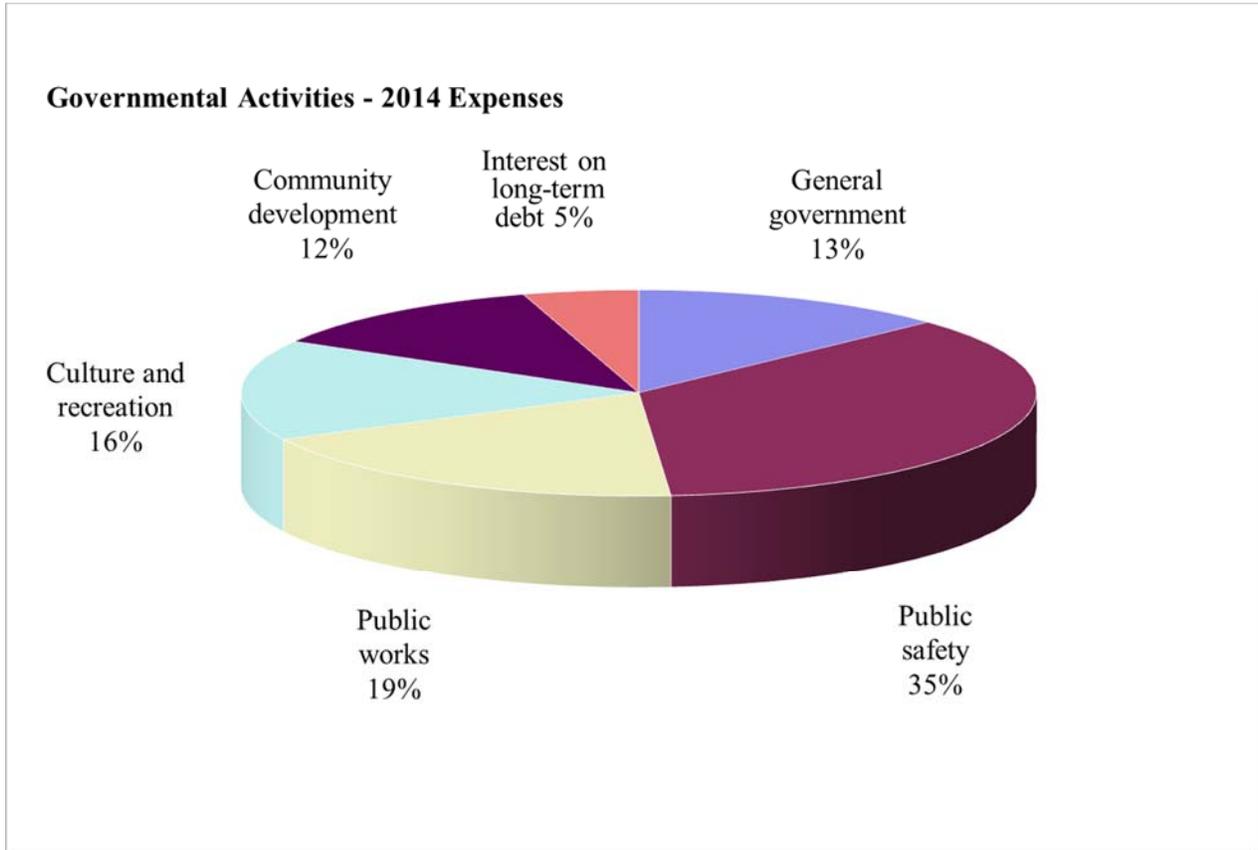
- 2014 market changes in interest rates reversed a 2013 temporary decline in the fair value of interest-bearing investments. This element of 2014 investment income was a gain of \$798,724; whereas the prior year decline was \$934,338. We note that under the City's investment policy, interest-bearing investments are held to maturity to address such temporary fluctuations in fair value.
- Unrestricted grants increased by \$496,291 or 50% over the prior year. This primarily reflects an increase in State of Minnesota aid to local governments, which is the only significant unrestricted grant the City receives.

## Management's Discussion and Analysis

- Property taxes from all sources increased by \$483,489 or 5% over the prior year. However, this consisted of:
  - An increase in the Area-Wide Fiscal Disparities subsidy of \$826,340. These taxes are collected from properties in the greater metropolitan area, but outside of the City of Columbia Heights, under a revenue-sharing agreement in state law.
  - An increase of \$81,348 in excess tax increment refunded to the City from tax increment financing districts.
  - A *decrease* in property taxes paid by local taxpayers of \$424,199.
- Program revenue for capital purposes of the governmental activities decreased by \$1,275,454 as compared to the prior year. 2013 revenue included an \$877,628 capital grant from Anoka County to acquire redevelopment property, and \$559,118 of special assessments primarily for street reconstruction. These 2013 items were one-time revenues with no equivalent capital program revenue in 2014.



## Management's Discussion and Analysis

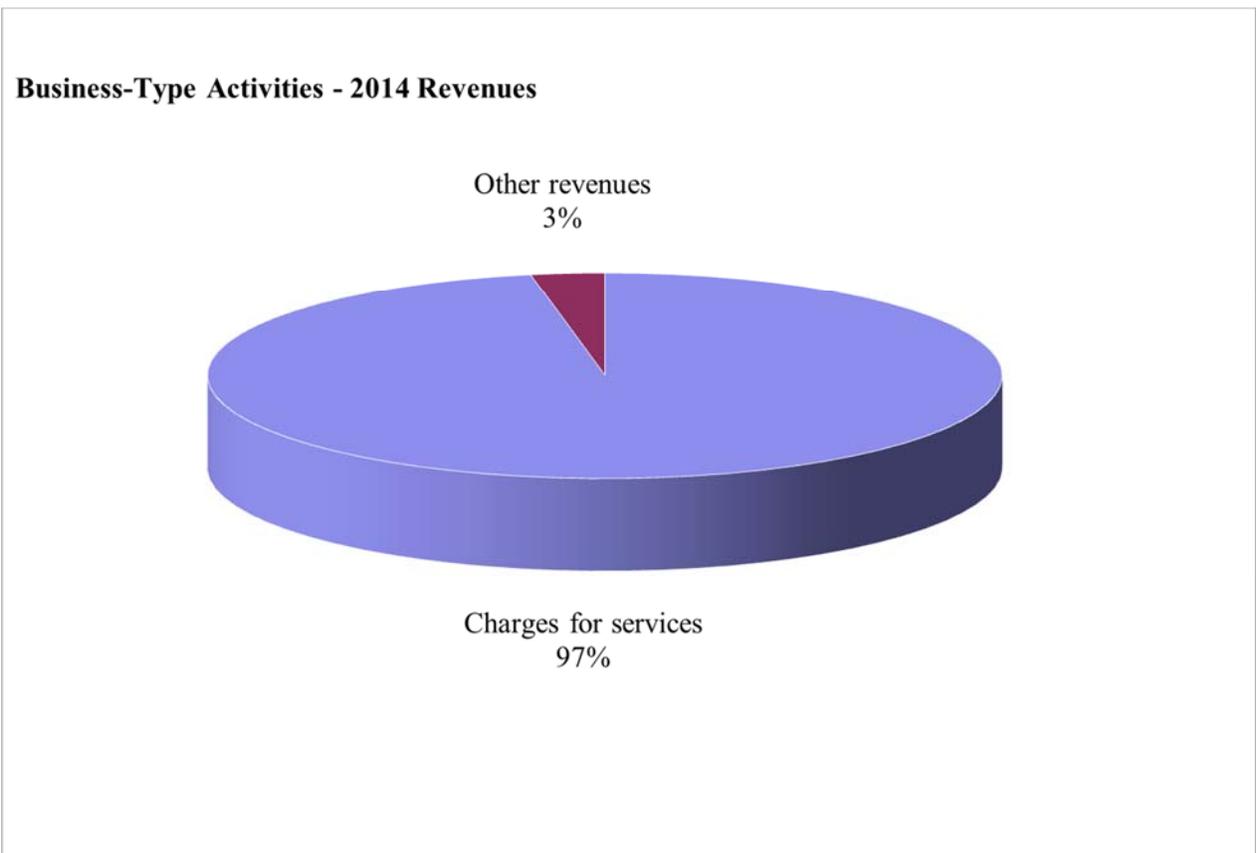


**Changes in net position - Business-type activities.** In 2014, business-type activities increased the City's total net position by \$844,338 or 1%. Total revenues and total expenses of the business-type activities were substantially the same for 2014 as for 2013. The significant changes in the elements that comprise the 2014 totals include:

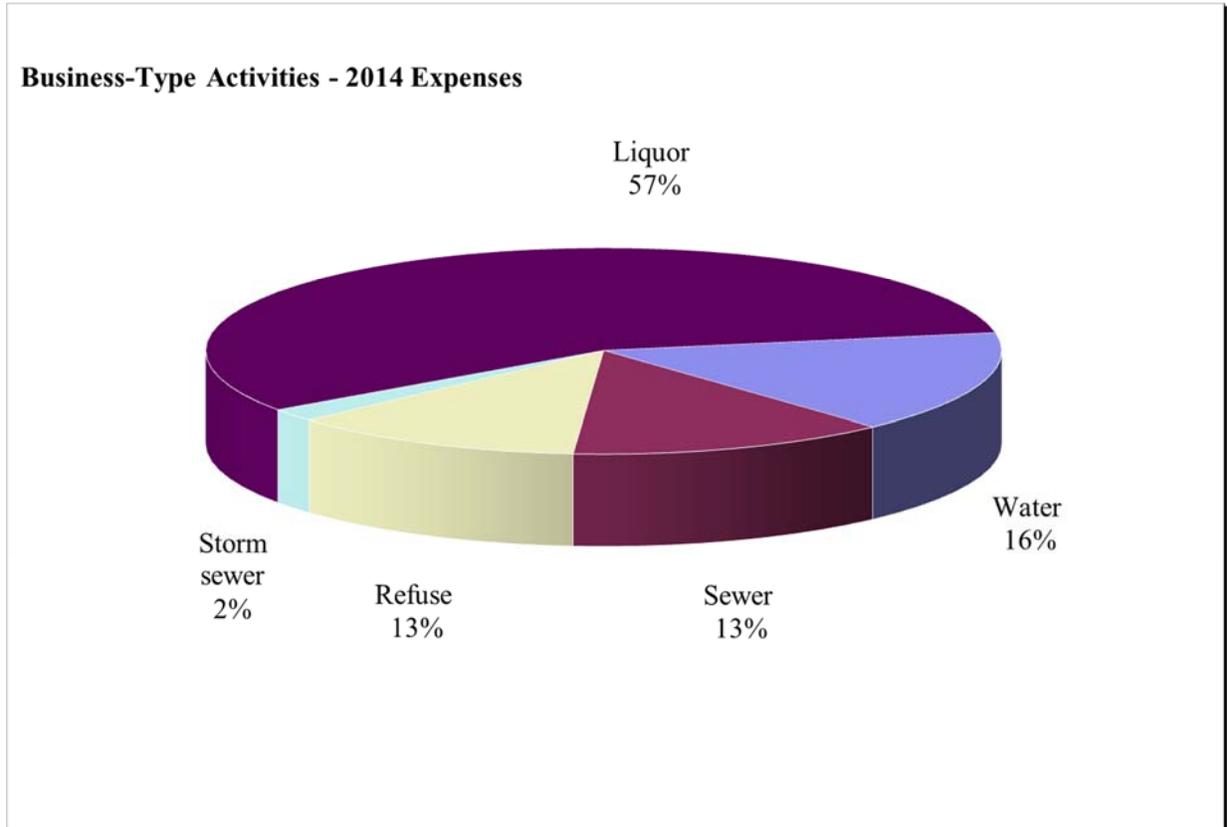
- 2014 market changes in interest rates reversed a 2013 temporary decline in the fair value of interest-bearing investments. This element of 2014 investment income was gain of \$188,900; whereas the prior year decline was \$208,300. We note that under the City's investment policy, interest-bearing investments are held to maturity to address such temporary fluctuations in fair value.
- Revenue of the water utility decreased by \$215,102 or 7% compared to the prior year, primarily due to a reduction in the number of customer meters and curb shut-off valves replaced, as compared to the prior year. A city-wide meter replacement program for commercial and multi-family properties concluded in 2013. Apart from this change, total revenues for water, sewer and storm sewer were relatively the same for 2014 and 2013. This reflects utility rate increases of approximately 3%, offset by reduced billable volume due to redevelopment, vacancy and conservation.
- Refuse revenue increased by \$67,031 or 4% over the prior year, which primarily reflects a 3% rate increase.

## Management's Discussion and Analysis

- Liquor sales decreased by \$331,713 or 4% from the prior year. This reflects reduced sales at one of the City's three municipal liquor stores, due to reduced traffic and increased competition in that area. The offsetting reduction in cost of goods sold was \$233,968.
- Sewer expenses increased by \$250,290 or 16% over the prior year. This primarily reflects \$221,000 to line various sections of sewer main in 2014. The City's policy threshold for capitalizing infrastructure improvements is \$250,000. The 2014 lining activity was therefore reported as current period expenses. There was no comparable lining of sewer mains performed in 2013.



## 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, 2014, the City's governmental funds reported combined fund balances of \$26,783,428. Committed, assigned and unassigned fund balance, which is available for spending at the City's discretion, has a combined balance of \$20,797,148. 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 for prepaid items (\$97,753), land held for resale (\$1,519,676), debt service (\$1,134,227), tax increment purposes (\$1,304,831), public housing (\$918,360) and various other restricted purposes detailed in the notes to the financial statements.

The general fund is the chief operating fund of the City. During the current year, fund balance in the general fund increased by \$976,543 or 15%. General fund expenditures increased by \$244,406 or 2.5% over the prior year, which reflects the fund's planned long-term rate of growth, which approximates inflation. General fund revenues increased by \$1,121,588 or 11% over the prior year.

## Management's Discussion and Analysis

Significant elements of this increase in revenues include:

- 2014 market changes in interest rates reversed a 2013 temporary decline in the fair value of interest-bearing investments. Within the general fund, this element of 2014 investment income was a gain of \$238,924; whereas the prior year decline was \$262,438. We note that under the City's investment policy, interest-bearing investments are generally held to maturity to address such temporary fluctuations in fair value.
- Property taxes received by the general fund from all sources increased by \$408,662 or 5% over the prior year. However, this consisted of:
  - An increase in the Area-Wide Fiscal Disparities subsidy of \$762,652. These taxes are collected from properties in the greater metropolitan area, but outside of the City of Columbia Heights, under a revenue-sharing agreement in state law.
  - An increase of \$81,348 in excess tax increment refunded to the City from tax increment financing districts.
  - A *decrease* in property taxes paid by local taxpayers of \$435,338.

Transfers from the general fund to other funds increased by \$267,158 or 59% over the prior year. This primarily reflects \$300,000 transferred in 2014 to the nonmajor funds for 2015 capital improvements. Other changes in general fund transfers between the current and prior year were largely offsetting.

The changes in fund balance of the other major governmental funds in 2014, and significant elements of those changes, were as follows:

- 2008A Taxable GO Housing Improvement Area Bonds Fund increased \$5,225. This is the net result of routine collection of special assessments pledged for debt service and payment of related debt service.
- The Municipal State Aid Street Fund increased by \$154,190. This primarily reflects the amount by which current year intergovernmental revenue for maintenance of state roads within the City exceeded the related current year expenditures. The resulting fund balance from this source is restricted for such street expenditures in future years.
- The Capital Improvements General Government Buildings Fund increased by \$78,500; primarily from a \$41,600 increase in the fair value of investments. Due to weather and various planning matters, building improvement projects were deferred from 2014 to future years, resulting in no expenditures from this fund in 2014.
- The Capital Equipment Replacement General Government Fund increased by \$82,281. This reflects a \$150,800 increase in the fair value of investments, offset by the net amount by which 2014 equipment purchases exceeded interest income and transfers-in for equipment purchases.

## Management's Discussion and Analysis

- The Capital Improvements PIR Fund increased by \$99,574. This reflects a \$32,400 increase in the fair value of investments, plus the amount by which special assessments collected in the current year, from multiple years of improvement projects, exceeded current year project expenditures and related transfers. PIR is the acronym for public improvement revolving fund.
- The Capital Improvements Development Fund decreased by \$87,741. This primarily reflects a \$95,696 reduction in carrying value of real estate held for resale. All other changes within this fund largely offset each other.

The combined total fund balances of the nonmajor governmental funds increased by \$1,257,620 or 14% in 2014. The most significant elements of this change included:

- Transfers of \$600,000 from the General fund towards capital projects, including street improvements, construction of a new library building, and construction of a splash pad (a recreational water feature.)
- A \$216,200 increase in the fair value of investments.
- Revenues (other than the above) committed by the City Council for certain purposes exceeded the related current period expenditures by \$261,998. These purposes included cable television franchise management, library operations, a youth recreation program, redevelopment, and senior housing, and other various purposes detailed in the notes to the financial statements.

**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, 2014, net position of the major proprietary funds included the following amounts of unrestricted net position:

- Water Fund \$353,856
- Sewer Fund \$1,112,520
- Refuse Fund \$1,592,374
- Storm Sewer Fund \$476,749
- Liquor Fund \$2,661,131

The 2014 changes in net position of the major proprietary funds included the following:

- Water Fund \$431,397
- Sewer Fund (\$193,014)
- Refuse Fund \$267,146
- Storm Sewer Fund \$151,651
- Liquor Fund \$114,644

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

## Management's Discussion and Analysis

### **Budgetary Highlights**

**General fund.** The change between the original and final 2014 general fund budget consisted of small budget amendments to increase intergovernmental revenue, charges for services, and miscellaneous other revenues, by a total of \$48,206. These changes were paired with related increases to budgeted police and fire expenditures of \$48,206. This reflects additional public safety services and training funded by external entities after the adoption of the original budget.

Actual general fund revenues in 2014 were more than budgeted by \$524,682 or 5%. This variance was primarily the result of:

- An increase in the fair value of investments of \$238,924. The City does not budget for changes in fair value, because under its investment policy, interest-bearing investments are generally held to maturity to address temporary fluctuations in fair value.
- \$254,077 in excess tax increment was refunded to the City from tax increment financing districts. The City's practice is not to budget for such refunds. This item is reported within the line item for tax revenues.

Actual general fund expenditures in 2014 were less than budgeted by \$427,801 or 4%, as follows:

- Approximately \$230,000 of this variance was in personnel expenditures. Staff turnover across multiple departments of the general fund resulted in several vacant positions and when the positions were filled, they were paid at entry-level rates. Whereas, these positions were budgeted at the incumbents' rates. Additionally, some recreation staffing budgeted in the general fund was later eligible for more restricted resources available in the nonmajor funds.
- Approximately \$60,000 of this variance reflects amounts budgeted for contingent matters within various components of the general government function. These contingencies either did not occur in 2014, or did not incur the budgeted level of costs in 2014.
- Approximately \$50,000 of this variance reflects amounts budgeted for 2014 facility improvements which were deferred to subsequent years due to wet weather shortening the 2014 construction season and mid-year re-prioritization of projects.
- Approximately \$20,000 of this variance reflects amounts budgeted for 2014 senior recreation trips which were subsequently replaced with lower cost trips or cancelled.

Management's Discussion and Analysis

**Capital Asset and Debt Administration**

**Capital assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2014, amount to \$54,529,264 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.

City of Columbia Heights' Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not depreciated:				
Land	\$5,325,624	\$ -	\$ -	\$5,325,624
Construction in progress	890,391	272,932	(143,424)	1,019,899
Total capital assets not being depreciated	6,216,015	272,932	(143,424)	6,345,523
Capital assets - being depreciated:				
Buildings	28,486,069	81,520	-	28,567,589
Equipment	8,322,753	225,604	(102,926)	8,445,431
Infrastructure	30,191,383	-	(19,593)	30,171,790
Total capital assets being depreciated	67,000,205	307,124	(122,519)	67,184,810
Less accumulated depreciation for:				
Buildings	12,092,985	698,643	-	12,791,628
Equipment	5,928,514	486,576	(101,057)	6,314,033
Infrastructure	14,208,210	1,029,384	-	15,237,594
Total accumulated depreciation	32,229,709	2,214,603	(101,057)	34,343,255
Capital assets being depreciated - net	34,770,496	(1,907,479)	(21,462)	32,841,555
Governmental activities capital assets - net	40,986,511	(1,634,547)	(164,886)	39,187,078
<b>Business-type activities:</b>				
Capital assets - not depreciated:				
Land	2,349,213	-	-	2,349,213
Construction in progress	490,908	525,558	(424,903)	591,563
Total capital assets not being depreciated	2,840,121	525,558	(424,903)	2,940,776
Capital assets - being depreciated:				
Buildings	4,934,546	190,447	-	5,124,993
Equipment	2,203,287	321,664	(15,011)	2,509,940
Infrastructure	16,019,696	234,457	-	16,254,153
Total capital assets being depreciated	23,157,529	746,568	(15,011)	23,889,086
Less accumulated depreciation for:				
Buildings	1,371,021	145,758	-	1,516,779
Equipment	1,614,319	142,480	(15,011)	1,741,788
Infrastructure	7,864,178	364,931	-	8,229,109
Total accumulated depreciation	10,849,518	653,169	(15,011)	11,487,676
Capital assets being depreciated - net	12,308,011	93,399	-	12,401,410
Business-type activities capital assets - net	15,148,132	618,957	(424,903)	15,342,186
 Total capital assets - net	 \$56,134,643	 (\$1,015,590)	 (\$589,789)	 \$54,529,264

## Management's Discussion and Analysis

Significant capital asset activity during 2014 included the following:

Project	Year Started	As of December 31, 2014	
		Cost to Date	Status
Watermain Lining	2012	234,457	in-service
Watermain Lining	2013	392,430	in-progress
Pump Station 2 - Valves	2013	190,446	in-service
Pump Station 2 - Motors	2014	115,846	in-progress
Street Reconstruction - Zone 3	2013	882,821	in-progress
Jackson Pond Reconstruction	2013	64,456	in-progress
Library Building Replacement	2014	72,138	in-progress

At December 31, 2014, the City had \$278,800 of non-cancellable contractual commitments for construction in 2015. Additional information on the City's capital assets can be found in Note 5 to the financial statements.

**Long-term debt.** During 2014, the City's total bonded debt decreased by \$867,000 to an end of year total of \$23,622,000, due to principal payments on existing bonded debt. No bonds were issued in 2014. Bonded debt outstanding at year end included general obligation bonds, 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 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 estimated market value of property within a city's taxing jurisdiction. At December 31, 2014, the City's debt limit under this statute was \$28,634,250 and \$12,260,000 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds:						
Repaid only with general taxes	\$12,260,000	\$12,685,000	\$ -	\$ -	\$12,260,000	\$12,685,000
With other pledged revenues	2,083,021	2,258,021	2,401,979	2,436,979	\$4,485,000	\$4,695,000
Revenue bonds	2,617,000	2,679,000	4,260,000	4,430,000	\$6,877,000	\$7,109,000
Compensated absences	1,007,424	976,143	156,637	187,050	\$1,164,061	\$1,163,193
Postemployment benefits other than pensions	191,151	152,154	-	-	191,151	152,154
	<u>\$18,158,596</u>	<u>\$18,750,318</u>	<u>\$6,818,616</u>	<u>\$7,054,029</u>	<u>\$24,977,212</u>	<u>\$25,804,347</u>

At December 31, 2014, 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, 2014, 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, 2014, are repaid only with tax increment and are unrated.

## Management's Discussion and Analysis

In addition to bonded debt, at year end there was long-term debt in the amount of \$1,164,061 and \$191,151 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 2014, the average annual unemployment rate for Anoka County, which includes the City, was 4.1%. This is a decrease from a rate of 4.8% from the prior year. This compares to the average annual 2014 state and national rates of 4.1% and 6.2% respectively. The Consumer Price Index in the region compares favorably to national trends.

In 2014, a significant majority of the City's voters approved by referendum the issuance of up to \$7 million in general obligation bonds for the construction of a new municipal library building on a redevelopment site previously purchased by the Economic Development Authority. In February 2015, these bonds were issued in the amount of \$6,875,000. They will be repaid with general property taxes over the next twenty years.

These factors were considered when preparing the City of Columbia Heights' 2015 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.

**- This page intentionally left blank -**

## **BASIC FINANCIAL STATEMENTS**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2014  
With Comparative Totals For December 31, 2013

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

Assets	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2014	2013
Current assets:				
Cash and investments	\$27,499,587	\$5,857,161	\$33,356,748	\$30,389,298
Cash and investments with fiscal agent	-	399,250	399,250	399,254
Receivables:				
Accounts (net of allowance for uncollectibles)	87,167	1,613,578	1,700,745	1,952,441
Special assessments - current	479,884	-	479,884	458,884
Taxes	497,701	-	497,701	377,839
Interest	38,930	7,200	46,130	61,925
Due from other governmental units - current	672,059	116,145	788,204	893,409
Internal balances	(166,673)	166,673	-	-
Prepayments	159,530	81,233	240,763	230,989
Inventory - at cost	68,562	2,884,197	2,952,759	2,856,999
Real estate held for resale	1,914,474	-	1,914,474	1,919,419
Total current assets	<u>31,251,221</u>	<u>11,125,437</u>	<u>42,376,658</u>	<u>39,540,457</u>
Noncurrent assets:				
Special assessments receivable - noncurrent	2,022,788	-	2,022,788	2,230,222
Capital assets (net of accumulated depreciation):				
Land	5,325,624	2,349,213	7,674,837	7,674,837
Buildings	15,775,961	3,608,214	19,384,175	19,956,609
Equipment	2,131,398	768,152	2,899,550	2,983,207
Infrastructure	14,934,196	8,025,044	22,959,240	24,138,690
Construction in process	1,019,899	591,563	1,611,462	1,381,300
Total noncurrent assets	<u>41,209,866</u>	<u>15,342,186</u>	<u>56,552,052</u>	<u>58,364,865</u>
Total assets	<u>72,461,087</u>	<u>26,467,623</u>	<u>98,928,710</u>	<u>97,905,322</u>

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2014  
With Comparative Totals For December 31, 2013

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

Liabilities	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2014	2013
Current liabilities:				
Accounts payable	\$283,780	\$457,227	\$741,007	\$1,102,669
Accrued salaries and withholdings payable	259,795	71,417	331,212	287,908
Contracts payable - retained percentage	67,004	41,854	108,858	151,844
Due to other governmental units	165,067	427,770	592,837	599,784
Unearned revenue	228,078	-	228,078	206,518
Accrued interest payable	299,885	107,564	407,449	408,416
Deposits	39,777	-	39,777	38,278
Compensated absences payable - current	50,371	7,831	58,202	69,791
Bonds payable - current	791,716	496,284	1,288,000	867,000
Total current liabilities	<u>2,185,473</u>	<u>1,609,947</u>	<u>3,795,420</u>	<u>3,732,208</u>
Noncurrent liabilities:				
Compensated absences payable - noncurrent	957,054	148,805	1,105,859	1,093,402
Other postemployment benefits payable - noncurrent	191,151	-	191,151	152,154
Bonds payable - noncurrent	16,168,305	6,165,695	22,334,000	23,622,000
Total noncurrent liabilities	<u>17,316,510</u>	<u>6,314,500</u>	<u>23,631,010</u>	<u>24,867,556</u>
Total liabilities	<u>19,501,983</u>	<u>7,924,447</u>	<u>27,426,430</u>	<u>28,599,764</u>
Net position				
Net investments in capital assets	26,049,057	10,729,457	36,778,514	37,723,897
Restricted for:				
Debt service	872,839	543,822	1,416,661	1,227,898
Tax increment purposes	950,206	-	950,206	1,069,796
Public housing	918,360	-	918,360	862,433
Other purposes	1,011,432	-	1,011,432	830,562
Unrestricted	23,157,210	7,269,897	30,427,107	27,590,972
Total net position	<u>\$52,959,104</u>	<u>\$18,543,176</u>	<u>\$71,502,280</u>	<u>\$69,305,558</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, 2014

With Comparative Totals For The Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,104,025	\$194,201
Public safety	5,801,747	752,694
Public works	3,052,844	89,392
Culture and recreation	2,565,755	234,494
Community development	1,943,576	987,722
Interest on long-term debt	761,967	-
Total governmental activities	<u>16,229,914</u>	<u>2,258,503</u>
Business-type activities:		
Water	2,336,475	2,805,072
Sewer	1,789,260	1,627,078
Refuse	1,695,997	1,887,038
Storm sewer	315,809	366,384
Liquor	8,148,788	8,415,371
	<u>14,286,329</u>	<u>15,100,943</u>
Total primary government	<u>\$30,516,243</u>	<u>\$17,359,446</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position			
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
		Governmental	Business-Type Activities	2014	2013
\$ -	\$ -	(\$1,909,824)	\$ -	(\$1,909,824)	(\$1,590,479)
404,486	-	(4,644,567)	-	(4,644,567)	(4,466,074)
557,112	183,706	(2,222,634)	-	(2,222,634)	(1,714,986)
31,521	-	(2,299,740)	-	(2,299,740)	(2,333,760)
-	422,773	(533,081)	-	(533,081)	(7,304)
-	-	(761,967)	-	(761,967)	(808,933)
<u>993,119</u>	<u>606,479</u>	<u>(12,371,813)</u>	<u>0</u>	<u>(12,371,813)</u>	<u>(10,921,536)</u>
-	-	-	468,597	468,597	650,731
-	-	-	(162,182)	(162,182)	79,816
91,421	-	-	282,462	282,462	265,825
-	47,369	-	97,944	97,944	75,384
-	-	-	266,583	266,583	405,775
<u>91,421</u>	<u>47,369</u>	<u>0</u>	<u>953,404</u>	<u>953,404</u>	<u>1,477,531</u>
<u>\$1,084,540</u>	<u>\$653,848</u>	<u>(12,371,813)</u>	<u>953,404</u>	<u>(11,418,409)</u>	<u>(9,444,005)</u>
General revenues:					
Property taxes		10,310,867	-	10,310,867	9,827,378
Tax increment collections		463,837	-	463,837	532,524
Grants and contributions not restricted to specific programs		1,496,804	-	1,496,804	1,000,513
Unrestricted investment earnings:		1,091,263	252,360	1,343,623	(816,994)
Gain on sale of capital assets used in governmental activities		-	-	-	11,842
Transfers		361,426	(361,426)	-	-
Total general revenues and transfers		<u>13,724,197</u>	<u>(109,066)</u>	<u>13,615,131</u>	<u>10,555,263</u>
Change in net position		1,352,384	844,338	2,196,722	1,111,258
Net position - January 1		<u>51,606,720</u>	<u>17,698,838</u>	<u>69,305,558</u>	<u>68,194,300</u>
Net position - December 31		<u>\$52,959,104</u>	<u>\$18,543,176</u>	<u>\$71,502,280</u>	<u>\$69,305,558</u>

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2014

	<u>General Fund</u>	<u>2008A Taxable GO Housing Improvement Area Bonds Fund</u>	<u>Municipal State Aid Street Fund</u>
<b>Assets</b>			
Cash and investments	\$7,511,878	\$193,888	\$415,313
Receivables:			
Accounts	29,221	-	-
Special assessments	-	711,509	-
Taxes	458,984	-	-
Interest	12,630	-	-
Due from other governmental units	114,371	-	39,581
Interfund receivable	33,655	-	-
Prepayments	94,893	-	-
Real estate held for resale	-	-	-
<b>Total assets</b>	<u><u>\$8,255,632</u></u>	<u><u>\$905,397</u></u>	<u><u>\$454,894</u></u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$103,354	\$ -	\$16,899
Accrued salaries and withholdings payable	224,078	-	1,496
Contracts payable - retained percentage	15,494	-	-
Due to other governmental units	129,838	-	-
Interfund payable	-	-	-
Unearned revenue	149,302	-	-
Deposits	-	-	-
<b>Total liabilities</b>	<u><u>622,066</u></u>	<u><u>0</u></u>	<u><u>18,395</u></u>
<b>Deferred inflows of resources:</b>			
Unavailable revenue	259,746	711,508	15,000
<b>Total deferred inflows of resources</b>	<u><u>259,746</u></u>	<u><u>711,508</u></u>	<u><u>15,000</u></u>
<b>Fund balance:</b>			
Nonspendable	94,892	-	-
Restricted	-	193,889	421,499
Committed	30,548	-	-
Unassigned	7,248,380	-	-
<b>Total fund balances</b>	<u><u>7,373,820</u></u>	<u><u>193,889</u></u>	<u><u>421,499</u></u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u><u>\$8,255,632</u></u>	<u><u>\$905,397</u></u>	<u><u>\$454,894</u></u>

Fund balance reported above

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

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue 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 position.

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

Net position 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 2014
\$1,150,593	\$4,130,328	\$892,551	\$1,447,272	\$9,113,156	\$ -	\$24,854,979
-	-	2,856	-	55,090	-	87,167
-	-	1,634,247	-	156,916	-	2,502,672
-	-	-	-	38,717	-	497,701
2,000	7,200	1,500	2,600	10,100	-	36,030
-	-	85,000	-	433,107	-	672,059
-	245,000	156,916	340,840	173,406	(704,817)	245,000
-	-	-	-	2,861	-	97,754
-	-	45,600	167,761	1,701,113	-	1,914,474
<u>\$1,152,593</u>	<u>\$4,382,528</u>	<u>\$2,818,670</u>	<u>\$1,958,473</u>	<u>\$11,684,466</u>	<u>(\$704,817)</u>	<u>\$30,907,836</u>
\$ -	\$28,110	\$497	\$38,357	\$89,114	\$ -	\$276,331
-	-	570	-	27,578	-	253,722
-	-	51,510	-	-	-	67,004
-	-	-	-	35,229	-	165,067
-	-	-	-	714,446	(704,817)	9,629
-	-	-	-	70,872	-	220,174
-	-	11,945	-	27,832	-	39,777
<u>0</u>	<u>28,110</u>	<u>64,522</u>	<u>38,357</u>	<u>965,071</u>	<u>(704,817)</u>	<u>1,031,704</u>
-	-	1,620,066	-	486,384	-	3,092,704
<u>0</u>	<u>0</u>	<u>1,620,066</u>	<u>0</u>	<u>486,384</u>	<u>0</u>	<u>3,092,704</u>
-	-	45,600	167,761	1,309,176	-	1,617,429
-	-	-	-	3,753,463	-	4,368,851
1,152,593	4,354,418	1,088,482	1,752,355	5,245,761	-	13,624,157
-	-	-	-	(75,389)	-	7,172,991
<u>1,152,593</u>	<u>4,354,418</u>	<u>1,134,082</u>	<u>1,920,116</u>	<u>10,233,011</u>	<u>0</u>	<u>26,783,428</u>
<u>\$1,152,593</u>	<u>\$4,382,528</u>	<u>\$2,818,670</u>	<u>\$1,958,473</u>	<u>\$11,684,466</u>	<u>(\$704,817)</u>	<u>\$30,907,836</u>
						\$26,783,428
						37,893,422
						3,092,706
						2,640,605
						(17,451,057)
						<u>\$52,959,104</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, 2014

	<u>General Fund</u>	<u>2008A Taxable GO Housing Improvement Area Bonds Fund</u>	<u>Municipal State Aid Street Fund</u>
<b>Revenues:</b>			
Taxes	\$8,551,642	\$ -	\$ -
Tax increment collections	-	-	-
Special assessments	-	100,815	-
Licenses and permits	199,108	-	-
Intergovernmental	1,558,816	-	453,213
Charges for services	629,632	-	-
Fines and forfeitures	123,633	-	-
Investment income:			
Interest and dividends	84,643	960	-
Change in fair value	238,924	3,200	-
Other revenues	13,617	-	-
Total revenues	<u>11,400,015</u>	<u>104,975</u>	<u>453,213</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,881,552	-	-
Public safety	5,243,299	-	-
Public works	1,474,710	-	282,694
Culture and recreation	1,463,093	-	-
Community development	-	-	-
<b>Capital outlay:</b>			
General government	-	-	-
Public safety	4,073	-	-
Public works	62,896	-	16,329
Culture and recreation	-	-	-
Community development	-	-	-
<b>Debt service:</b>			
Principal retirement	-	55,000	-
Interest and fiscal charges	-	44,750	-
Developer incentives	-	-	-
Total expenditures	<u>10,129,623</u>	<u>99,750</u>	<u>299,023</u>
Revenues over (under) expenditures	<u>1,270,392</u>	<u>5,225</u>	<u>154,190</u>
<b>Other financing sources (uses):</b>			
Transfers in	428,651	-	9,302
Transfers out	(722,500)	-	(9,302)
Sale of capital assets	-	-	-
Total other financing sources (uses)	<u>(293,849)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	976,543	5,225	154,190
Fund balance - January 1	<u>6,397,277</u>	<u>188,664</u>	<u>267,309</u>
Fund balance - December 31	<u><u>\$7,373,820</u></u>	<u><u>\$193,889</u></u>	<u><u>\$421,499</u></u>

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

Statement 4

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
						2014
\$ -	\$ -	\$ -	\$ -	\$1,761,166	\$ -	\$10,312,808
-	-	-	-	462,179	-	462,179
-	-	357,855	-	-	-	458,670
-	-	-	-	215,924	-	415,032
-	-	-	-	754,354	-	2,766,383
-	-	82,335	16,676	974,257	-	1,702,900
-	-	-	-	16,938	-	140,571
14,400	63,080	11,100	19,000	78,856	-	272,039
41,600	150,800	32,400	55,900	216,200	-	739,024
-	-	-	4,889	55,309	-	73,815
<u>56,000</u>	<u>213,880</u>	<u>483,690</u>	<u>96,465</u>	<u>4,535,183</u>	<u>0</u>	<u>17,343,421</u>
-	30,376	-	-	27,761	-	1,939,689
-	9,169	-	-	18,330	-	5,270,798
-	-	158,957	-	513	-	1,916,874
-	-	-	-	784,359	-	2,247,452
-	-	-	95,926	1,448,493	-	1,544,419
-	21,642	-	-	-	-	21,642
-	99,634	-	-	-	-	103,707
-	-	-	-	-	-	79,225
-	28,110	-	-	72,138	-	100,248
-	-	-	95,696	317,483	-	413,179
-	-	-	-	607,000	-	662,000
-	-	-	-	725,785	-	770,535
-	-	-	-	55,123	-	55,123
<u>0</u>	<u>188,931</u>	<u>158,957</u>	<u>191,622</u>	<u>4,056,985</u>	<u>0</u>	<u>15,124,891</u>
<u>56,000</u>	<u>24,949</u>	<u>324,733</u>	<u>(95,157)</u>	<u>478,198</u>	<u>0</u>	<u>2,218,530</u>
22,500	50,000	-	-	1,056,566	(1,161,291)	405,728
-	-	(225,159)	-	(328,632)	1,161,291	(124,302)
-	7,332	-	7,416	51,488	-	66,236
<u>22,500</u>	<u>57,332</u>	<u>(225,159)</u>	<u>7,416</u>	<u>779,422</u>	<u>0</u>	<u>347,662</u>
78,500	82,281	99,574	(87,741)	1,257,620	0	2,566,192
<u>1,074,093</u>	<u>4,272,137</u>	<u>1,034,508</u>	<u>2,007,857</u>	<u>8,975,391</u>	<u>-</u>	<u>24,217,236</u>
<u>\$1,152,593</u>	<u>\$4,354,418</u>	<u>\$1,134,082</u>	<u>\$1,920,116</u>	<u>\$10,233,011</u>	<u>\$0</u>	<u>\$26,783,428</u>

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

**- This page intentionally left blank -**

**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, 2014

**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)	\$2,566,192
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 depreciation exceeded outlays for capital assets.	(1,712,536)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and abandonments was a decrease in net position.	(7,476)
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 position however. This amount is the net effect of these differences in the treatment of long-term debt.	662,000
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 position however, and is not reported as an expense in the statement of activities.	8,569
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 position however, and are reported as an expense in the statement of activities.	(38,997)
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.	(191,828)
The net revenues (expenses) of certain activities of internal service funds are reported within the governmental activities in the statement of activities.	<u>66,460</u>
Change in net position of governmental activities (Statement 2)	<u><u>\$1,352,384</u></u>

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2014

	<u>Business-Type Activities - Enterprise Funds</u>	
	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$1,090,651	\$1,108,445
Cash and cash equivalents with fiscal agent	-	-
Receivables:		
Accounts (net of allowance for uncollectibles)	603,150	418,066
Interest	1,600	1,400
Due from other governmental units - current	-	-
Interfund receivable	9,629	-
Prepayments	-	81,233
Inventory - at cost	7,392	-
Total current assets	<u>1,712,422</u>	<u>1,609,144</u>
Noncurrent assets:		
Capital assets:		
Land	45,223	36,586
Construction in progress	516,524	10,583
Buildings	750,272	403,659
Equipment	515,901	932,135
Infrastructure	8,581,422	6,154,219
Total capital assets	<u>10,409,342</u>	<u>7,537,182</u>
Less: accumulated depreciation	<u>(4,717,796)</u>	<u>(4,440,318)</u>
Net capital assets	<u>5,691,546</u>	<u>3,096,864</u>
Total noncurrent assets	<u>5,691,546</u>	<u>3,096,864</u>
Total assets	<u>7,403,968</u>	<u>4,706,008</u>
Liabilities:		
Current liabilities:		
Accounts payable	38,318	16,290
Accrued salaries and withholdings payable	9,126	5,898
Due to other governmental units	335,576	-
Interfund payable	195,000	-
Contracts payable	5,683	36,171
Accrued interest payable	7,207	2,329
Unearned revenue	-	-
Compensated absences payable - current	924	1,785
Bonds payable - current	177,028	35,000
Total current liabilities	<u>768,862</u>	<u>97,473</u>
Noncurrent liabilities:		
Compensated absences payable - noncurrent	17,566	33,921
Bonds payable - noncurrent	1,000,796	330,000
Total noncurrent liabilities	<u>1,018,362</u>	<u>363,921</u>
Total liabilities	<u>1,787,224</u>	<u>461,394</u>
Net position:		
Net investments in capital assets	5,063,722	3,091,864
Restricted	199,166	40,230
Unrestricted	353,856	1,112,520
Total net position	<u>\$5,616,744</u>	<u>\$4,244,614</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds		
Net position 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	Liquor Fund	Total Enterprise Funds	Internal Service Funds
	Fund		2014	2014
\$1,163,446	\$1,254,519	\$537,566	\$5,154,627	\$3,347,145
-	-	399,250	399,250	-
498,042	94,299	21	1,613,578	-
2,100	900	-	6,000	4,100
64,334	48,104	3,707	116,145	-
-	-	-	9,629	-
-	-	-	81,233	61,776
-	-	2,876,805	2,884,197	68,562
<u>1,727,922</u>	<u>1,397,822</u>	<u>3,817,349</u>	<u>10,264,659</u>	<u>3,481,583</u>
-	260,690	2,006,714	2,349,213	15,779
-	64,456	-	591,563	-
56,000	-	3,915,062	5,124,993	1,978,957
112,893	298,614	413,202	2,272,745	471,457
-	1,518,512	-	16,254,153	-
<u>168,893</u>	<u>2,142,272</u>	<u>6,334,978</u>	<u>26,592,667</u>	<u>2,466,193</u>
<u>(122,257)</u>	<u>(888,980)</u>	<u>(1,127,402)</u>	<u>(11,296,753)</u>	<u>(1,126,268)</u>
<u>46,636</u>	<u>1,253,292</u>	<u>5,207,576</u>	<u>15,295,914</u>	<u>1,339,925</u>
<u>46,636</u>	<u>1,253,292</u>	<u>5,207,576</u>	<u>15,295,914</u>	<u>1,339,925</u>
<u>1,774,558</u>	<u>2,651,114</u>	<u>9,024,925</u>	<u>25,560,573</u>	<u>4,821,508</u>
128,877	3,788	268,668	455,941	8,735
2,265	3,240	42,922	63,451	14,039
-	-	92,194	427,770	-
-	50,000	-	245,000	-
-	-	-	41,854	-
-	4,347	93,681	107,564	-
-	-	-	-	7,904
220	97	3,642	6,668	51,534
-	104,256	180,000	496,284	-
<u>131,362</u>	<u>165,728</u>	<u>681,107</u>	<u>1,844,532</u>	<u>82,212</u>
4,186	1,846	69,190	126,709	979,150
-	754,899	4,080,000	6,165,695	-
4,186	756,745	4,149,190	6,292,404	979,150
<u>135,548</u>	<u>922,473</u>	<u>4,830,297</u>	<u>8,136,936</u>	<u>1,061,362</u>
46,636	1,134,137	1,346,830	10,683,189	1,339,925
-	117,755	186,667	543,818	-
1,592,374	476,749	2,661,131	6,196,630	2,420,221
<u>\$1,639,010</u>	<u>\$1,728,641</u>	<u>\$4,194,628</u>	<u>17,423,637</u>	<u>\$3,760,146</u>
			<u>1,119,539</u>	
			<u>\$18,543,176</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 POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Operating revenues:			
Charges for services	\$161,482	\$1,626,678	\$1,887,038
Charges for sales, net of discounts (Note 1C)	2,634,798	-	-
Total operating revenues	<u>2,796,280</u>	<u>1,626,678</u>	<u>1,887,038</u>
Operating expenses:			
Cost of sales, services and goods sold	1,200,008	975,068	1,493,372
Operating expense	830,486	606,438	153,019
Depreciation	232,807	157,517	3,641
Total operating expenses	<u>2,263,301</u>	<u>1,739,023</u>	<u>1,650,032</u>
Net income (loss) from operations	<u>532,979</u>	<u>(112,345)</u>	<u>237,006</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends	13,100	13,530	14,500
Change in fair value	37,000	41,700	41,300
Intergovernmental	-	-	91,421
Miscellaneous revenues	8,792	400	-
Miscellaneous expense	-	-	-
Interest and fiscal charges	(30,494)	(6,320)	-
Total nonoperating revenues (expenses)	<u>28,398</u>	<u>49,310</u>	<u>147,221</u>
Net income (loss) before transfers and capital contributions	<u>561,377</u>	<u>(63,035)</u>	<u>384,227</u>
Transfers in	714,857	189,087	-
Transfers out	(844,837)	(319,066)	(117,081)
Capital contributions - intergovernmental	-	-	-
Total transfers and capital contributions	<u>(129,980)</u>	<u>(129,979)</u>	<u>(117,081)</u>
Change in net position	431,397	(193,014)	267,146
Total net position - January 1	<u>5,185,347</u>	<u>4,437,628</u>	<u>1,371,864</u>
Total net position - December 31	<u><u>\$5,616,744</u></u>	<u><u>\$4,244,614</u></u>	<u><u>\$1,639,010</u></u>

Change in net position as reported above

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

Change in net position 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:

Capital contributions - intergovernmental reported as capital grants and contributions on the statement of activities

Adjustment to reflect consolidation of internal service fund 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 2014	Internal Service Funds 2014
\$365,485	\$ -	\$ -	\$4,040,683	\$1,050,217
-	8,415,371	-	11,050,169	165,468
<u>365,485</u>	<u>8,415,371</u>	<u>0</u>	<u>15,090,852</u>	<u>1,215,685</u>
-	6,343,663	-	10,012,111	1,397,506
212,514	1,385,082	-	3,187,539	-
88,646	151,900	-	634,511	88,202
<u>301,160</u>	<u>7,880,645</u>	<u>0</u>	<u>13,834,161</u>	<u>1,485,708</u>
<u>64,325</u>	<u>534,726</u>	<u>0</u>	<u>1,256,691</u>	<u>(270,023)</u>
12,900	730	-	54,760	29,200
41,300	2,500	-	163,800	84,800
-	-	-	91,421	-
899	-	-	10,091	-
-	(16,188)	-	(16,188)	-
<u>(15,142)</u>	<u>(207,738)</u>	<u>-</u>	<u>(259,694)</u>	<u>-</u>
<u>39,957</u>	<u>(220,696)</u>	<u>0</u>	<u>44,190</u>	<u>114,000</u>
<u>104,282</u>	<u>314,030</u>	<u>0</u>	<u>1,300,881</u>	<u>(156,023)</u>
146,000	384,000	(1,433,944)	-	330,000
(146,000)	(583,386)	1,433,944	(576,426)	(35,000)
47,369	-	-	47,369	-
<u>47,369</u>	<u>(199,386)</u>	<u>0</u>	<u>(529,057)</u>	<u>295,000</u>
151,651	114,644	0	771,824	138,977
<u>1,576,990</u>	<u>4,079,984</u>	<u>-</u>	<u>16,651,813</u>	<u>3,621,169</u>
<u>\$1,728,641</u>	<u>\$4,194,628</u>	<u>\$0</u>	<u>\$17,423,637</u>	<u>\$3,760,146</u>
			\$771,824	
			72,514	
			<u>\$844,338</u>	
			Transfers - Net	
			(\$529,057)	
			(47,369)	
			215,000	
			<u>(\$361,426)</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, 2014

	<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	\$2,988,471	\$1,628,060
Cash received from interfund goods and services provided	-	-
Cash paid to suppliers for goods and services	(1,681,703)	(1,487,127)
Cash payments to employees for services	(490,906)	(193,917)
Net cash flows provided by (used in) operating activities	<u>815,862</u>	<u>(52,984)</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	-	-
Transfers in	-	-
Transfers out	(129,980)	(129,979)
Intergovernmental	-	-
Interfund receivable repaid by (advanced to) other funds	(6,865)	-
Interfund payable (repaid to) advanced by other funds	(64,000)	-
Net cash flows provided by (used in) noncapital financing activities	<u>(200,845)</u>	<u>(129,979)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(513,106)	(136,883)
Principal payments - bonds	(35,000)	-
Interest and fiscal charges	(26,076)	(3,991)
Net cash flows provided by (used in) capital and related financing activities	<u>(574,182)</u>	<u>(140,874)</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	14,200	15,130
Change in fair value	37,000	41,700
Net cash flows provided by (used in) investing activities	<u>51,200</u>	<u>56,830</u>
Net increase (decrease) in cash and cash equivalents	92,035	(267,007)
Total cash and cash equivalents - January 1	<u>998,616</u>	<u>1,375,452</u>
Total cash and cash equivalents - December 31	1,090,651	1,108,445
(Less) cash and cash equivalents with fiscal agent - December 31	<u>-</u>	<u>-</u>
Cash and cash equivalents - December 31	<u><u>\$1,090,651</u></u>	<u><u>\$1,108,445</u></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 2014	Internal Service Funds 2014
\$1,847,957	\$373,602	\$8,413,412	\$15,251,502	\$ -
-	-	-	-	1,215,686
(1,668,933)	(116,356)	(6,895,305)	(11,849,424)	(956,816)
(84,915)	(109,825)	(996,188)	(1,875,751)	(468,084)
94,109	147,421	521,919	1,526,327	(209,214)
-	-	-	-	29,612
-	-	-	-	330,000
(117,081)	-	(199,386)	(576,426)	(35,000)
91,421	-	-	91,421	-
-	-	-	(6,865)	-
-	(16,000)	-	(80,000)	-
(25,660)	(16,000)	(199,386)	(571,870)	324,612
-	(155,330)	-	(805,319)	(32,018)
-	-	(170,000)	(205,000)	-
-	(10,795)	(211,235)	(252,097)	-
0	(166,125)	(381,235)	(1,262,416)	(32,018)
14,800	13,200	930	58,260	30,700
41,300	41,300	2,500	163,800	84,800
56,100	54,500	3,430	222,060	115,500
124,549	19,796	(55,272)	(85,899)	198,880
1,038,897	1,234,723	992,084	5,639,772	3,148,265
1,163,446	1,254,519	936,812	5,553,873	3,347,145
-	-	(399,250)	(399,250)	-
\$1,163,446	\$1,254,519	\$537,562	\$5,154,623	\$3,347,145

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, 2014

	<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>\$532,979</u>	<u>(\$112,345)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	232,807	157,517
Miscellaneous revenues	13,349	-
Miscellaneous expense	(4,557)	400
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	196,748	982
(Increase) decrease in due from other governmental units	-	-
(Increase) decrease in prepayments	-	21
(Increase) decrease in inventory, at cost	(75)	-
Increase (decrease) in accounts payable	(154,532)	(101,548)
Increase (decrease) in accrued salaries and withholdings payable	555	(239)
Increase (decrease) in contracts payable - retained percentage	(11,147)	5,071
Increase (decrease) in due to other governmental units	18,509	-
Increase (decrease) in compensated absences payable	(8,774)	(2,843)
Increase (decrease) in deferred revenue	-	-
Total adjustments	<u>282,883</u>	<u>59,361</u>
Net cash flows from operating activities	<u>\$815,862</u>	<u>(\$52,984)</u>
Noncash capital and related financing activities:		
Contributions - intergovernmental revenue	\$ -	\$ -

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 2014	Internal Service Funds 2014
\$237,006	\$64,325	\$534,726	\$1,256,691	(\$270,023)
3,641	88,646	151,900	634,511	88,202
-	-	-	13,349	-
-	899	(16,188)	(19,446)	-
(8,288)	7,218	67	196,727	-
(30,793)	-	(2,026)	-	-
-	-	-	21	(7,725)
-	-	(90,214)	(90,289)	(5,471)
(106,159)	(13,062)	(44,462)	(419,763)	(18,943)
443	617	11,288	12,664	2,535
-	(1,799)	-	(7,875)	-
-	-	(5,219)	13,290	-
(1,741)	577	(17,953)	(30,734)	1,980
-	-	-	-	231
(142,897)	83,096	(12,807)	302,455	60,809
\$94,109	\$147,421	\$521,919	\$1,559,146	(\$209,214)
\$ -	\$47,369	\$ -	\$47,369	\$ -

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
December 31, 2014

**Statement 9**

---

Assets:	
Cash and investments	\$11,218
Due from other governmental units	<u>1,734</u>
Total assets	<u><u>\$12,952</u></u>
Liabilities:	
Accounts payable	\$9,611
Due to other governmental units	<u>3,341</u>
Total liabilities	<u><u>\$12,952</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. It is this criterion that results in the HRA and EDA being reported as a blended component unit.

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 consist of Nonmajor Governmental Funds using the modified accrual basis of accounting, and as such are included in the other governmental 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 position and the statement of changes in net position) 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. Agency fund financial statements use the accrual basis of accounting.

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.

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

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.

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

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. For 2014, liquor sales discounts were \$224,829. 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, 2014, the City had no investments in 2a7-like external investment pools. Investment income is accrued at the balance sheet date.

#### **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 property taxes, special assessments and utility bills form liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for 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 inflow of resources.

**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.

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 inflow of resources.

**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:

Capitalization Threshold	
Land	\$1
Buildings	25,000
Equipment	5,000
Infrastructure	250,000

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:

Capital Assets	
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 position. Bond premiums and discounts are immaterial and are expensed in the year of bond issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

**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 and assets for resale.

*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. Once adopted, the limitation imposed requires a similar action be taken to remove or revise the limitation.

*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. Pursuant to City Council resolution 2010-138, the City Manager is authorized to establish assignment of fund balance.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted 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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from the following sources: property taxes, special assessments, due from other governmental units, and loans receivable.

**S. 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 POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 (\$17,451,057) difference are as follows:

Accrued interest payable	(\$299,885)
Other postemployment benefits payable	(191,151)
Bonds payable	<u>(16,960,021)</u>
Adjustment to fund balance - total governmental funds - to arrive at net position of governmental activities	<u><u>(\$17,451,057)</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 position 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 depreciation exceeded capital outlay in the current year.” The details of this (\$1,712,540) difference are as follows:

Total capital outlay in government fund financial statements	\$718,001
Adjustments for items not capitalized	(8,903)
Adjustments to the carrying value of real estate held for resale	(291,595)
Depreciation expense	<u>(2,130,043)</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>(\$1,712,540)</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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 position however. This amount is the net effect of these differences in the treatment of long-term debt.” The details of this \$662,000 difference are as follows:

Debt issued:	
None	\$0
Principal repayments:	
General obligation bonds	600,000
Revenue bonds	<u>62,000</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>\$662,000</u></u>

Another element of that reconciliation states, “Revenue earned in the current year, that is unavailable in the current year is not reported in the governmental funds. Whereas, this amount is reported in the statement of activities in the year in which it was earned”. The details of this (\$191,828) difference are as follows:

Unavailable revenue - General property taxes:	
At December 31, 2013	(\$269,628)
At December 31, 2014	267,687
Unavailable revenue - Tax increment taxes:	
At December 31, 2013	(15,625)
At December 31, 2014	17,283
Unavailable revenue - Special assessments:	
At December 31, 2013	(2,680,036)
At December 31, 2014	2,488,491
Unavailable revenue - Due from other government:	
At December 31, 2013	(319,244)
At December 31, 2014	<u>319,244</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>(\$191,828)</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**T. 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.

**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, 2014, 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, 2014 are as follows:

	<u>Carrying Amount At Fair Value</u>
Investments	\$16,326,350
Deposits	17,432,294
Cash on hand	8,572
(Less) fiduciary fund cash	<u>(11,218)</u>
	<u>\$33,755,998</u>
Cash and investments	\$33,356,748
Cash and investments with fiscal agent	<u>399,250</u>
	<u>\$33,755,998</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;

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

- (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.

Deposits as of December 31, 2014 are as follows:

	<u>Bank Balances</u>	<u>Carrying Amount At Fair Value</u>
Demand deposits	\$1,217,786	\$856,675
Time deposits	<u>16,569,916</u>	<u>16,575,619</u>
Total	<u>\$17,787,702</u>	<u>\$17,432,294</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.
  - (4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and rated in the highest category by a national bond rating service, or enrolled in the credit enhancement program pursuant to Section 126C.55.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) 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.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

- g) Funds held in a debt service fund may be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms.

Investments as of December 31, 2014 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	4.6	\$5,871,208	36.0%
Federal National Mortgage Association	12.6	3,722,684	22.8%
Federal Home Loan Mortgage Corporation	10.4	138,896	0.9%
Federal Farm Credit Bank	10.6	314,672	1.9%
Money market mutual funds:			
Evergreen U.S. Government Fund	Less than 1yr	3,974,336	24.2%
Western Asset Government Fund	Less than 1yr	1,363,854	8.4%
Other issuers	Less than 1yr	940,700	5.8%
Total investments		<u>\$ 16,326,350</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. To address this risk, the City's policy is to generally hold investments to maturity.
- b) Credit risk - investments - 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, 2014, the City's investments in the Notes issued by U.S. government agencies were all rated AA+ by Standard & Poor's, and Aaa by Moody's Investors Service. The money market funds in which the City held shares at December 31, 2014, 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 AA+ by Standard and Poors and Aaa by Moody's Investor Service.
- 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, 2014.
- 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 December 31, 2014, investments in securities are held by the City's three broker-

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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.

**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2014 are as follows:

	Major Funds		Nonmajor Funds	Total
	2008A Taxable GO Housing Imp Area Bonds Fund	Capital Improvement PIR Fund	G.O. Imp Rev Bonds 2013A	
Special assessments receivable	\$650,749	\$1,215,122	\$156,916	\$2,022,787
Total	\$650,749	\$1,215,122	\$156,916	\$2,022,787

**Note 4 UNAVAILABLE REVENUES**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Tax Increment	Special Assessments	Due from Other Gov't's	Total
Major Funds:					
General Fund	\$259,746	\$ -	\$ -	\$ -	\$259,746
2008A Taxable GO Housing Imp Area Bonds Fund	-	-	711,508	-	711,508
Municipal State Aid Street Fund	-	-	-	15,000	15,000
Capital Improvements - PIR Funds	-	-	1,620,066	-	1,620,066
Nonmajor Governmental Funds:	7,941	17,283	156,916	304,244	486,384
Total unavailable revenue	267,687	17,283	2,488,490	319,244	3,092,704

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not depreciated:				
Land	\$5,325,624	\$ -	\$ -	\$5,325,624
Construction in progress	890,391	272,932	(143,424)	1,019,899
Total capital assets not being depreciated	6,216,015	272,932	(143,424)	6,345,523
Capital assets - being depreciated:				
Buildings	28,486,069	81,520	-	28,567,589
Equipment	8,322,753	225,604	(102,926)	8,445,431
Infrastructure	30,191,383	-	(19,593)	30,171,790
Total capital assets being depreciated	67,000,205	307,124	(122,519)	67,184,810
Less accumulated depreciation for:				
Buildings	12,092,985	698,643	-	12,791,628
Equipment	5,928,514	486,576	(101,057)	6,314,033
Infrastructure	14,208,210	1,029,384	-	15,237,594
Total accumulated depreciation	32,229,709	2,214,603	(101,057)	34,343,255
Capital assets being depreciated - net	34,770,496	(1,907,479)	(21,462)	32,841,555
Governmental activities capital assets - net	40,986,511	(1,634,547)	(164,886)	39,187,078
<b>Business-type activities:</b>				
Capital assets - not depreciated:				
Land	2,349,213	-	-	2,349,213
Construction in progress	490,908	525,558	(424,903)	591,563
Total capital assets not being depreciated	2,840,121	525,558	(424,903)	2,940,776
Capital assets - being depreciated:				
Buildings	4,934,546	190,447	-	5,124,993
Equipment	2,203,287	321,664	(15,011)	2,509,940
Infrastructure	16,019,696	234,457	-	16,254,153
Total capital assets being depreciated	23,157,529	746,568	(15,011)	23,889,086
Less accumulated depreciation for:				
Buildings	1,371,021	145,758	-	1,516,779
Equipment	1,614,319	142,480	(15,011)	1,741,788
Infrastructure	7,864,178	364,931	-	8,229,109
Total accumulated depreciation	10,849,518	653,169	(15,011)	11,487,676
Capital assets being depreciated - net	12,308,011	93,399	-	12,401,410
Business-type activities capital assets - net	15,148,132	618,957	(424,903)	15,342,186
Total capital assets - net	\$56,134,643	(\$1,015,590)	(\$589,789)	\$54,529,264

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

---

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

Governmental activities:	
General government	\$85,444
Public safety	514,784
Public works	1,127,070
Culture and recreation	292,226
Community development	110,519
Depreciation on capital assets held by governmental internal service activities is charged to each function based on use:	
Central garage	<u>69,547</u>
 Total depreciation expense - capital assets held by governmental activities	 <u><u>\$2,199,590</u></u>

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

Business-type activities:	
Water	\$232,678
Sewer	157,516
Refuse	3,641
Storm sewer	88,196
Liquor	151,900
Depreciation on capital assets held by business-type internal service activities is charged to each function based on use:	
Information systems	<u>18,655</u>
 Total depreciation expense - capital assets held by business-type activities	 <u><u>\$652,586</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

---

**Note 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2014 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Fund	\$33,655	\$ -
Capital Equipment Replacement General Gov't	245,000	-
Capital Improvement PIR Fund	156,916	-
Capital Improvement Development	340,840	-
Water	9,629	195,000
Storm Sewer	-	50,000
Nonmajor funds	<u>119,406</u>	<u>660,446</u>
Total	<u>\$905,446</u>	<u>\$905,446</u>

\$80,283 of these interfund balances are for services provided in 2014 and reimbursed in 2015. Also included in these balances is an interfund loan from the Capital Equipment Replacement – General Government Fund to the Water Fund for \$195,000, and to the Storm Sewer Fund for \$50,000; to finance utility infrastructure improvements. All other interfund balances at December 31, 2014, reflect lending arrangements to cover deficit cash balances at yearend. Substantially all such other amounts are expected to be repaid within one year.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2014 are as follows:

	Transfers In					Total
	Major Funds			Nonmajor Funds		
	Governmental			Governmental		
	General Fund	Capital Imprvmts Gen Govt Bldg	Capital Eqp Replacement Gen Govt	Other Govtl Funds	Internal Service	
Transfers out:						
Major funds:						
Governmental:						
General	\$ -	\$22,500	\$50,000	\$600,000	\$50,000	\$722,500
Capital Imprvmts PIR	19,593	-	-	205,566	-	225,159
Enterprise:						
Water	84,980	-	-	-	45,000	129,980
Sewer	84,979	-	-	-	45,000	129,979
Refuse	72,081	-	-	-	45,000	117,081
Liquor	104,386	-	-	50,000	45,000	199,386
Nonmajor funds:						
Other governmental funds	62,632	-	-	201,000	65,000	328,632
Internal service funds	-	-	-	-	35,000	35,000
Total	\$428,651	\$22,500	\$50,000	\$1,056,566	\$330,000	\$1,887,717

2014 interfund transfers were primarily for the following purposes:

- a) To fund debt service funds with pledged resources from the funds authorized to collect those resources.
- b) To fund capital projects, equipment replacement, and information systems with certain resources from operating budgets.
- c) To fund general government functions of the General Fund which are broadly applicable to all activities of the primary government.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**Note 7 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, 2014, 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	\$460,000
GO Public safety center series 2008B	None	10,000,000	4.30-4.55%	8/6/2008	2/1/2038	9,190,000
GO Public facilities series 2009A	None	3,005,000	2.00-4.75%	7/1/2009	2/1/2038	2,610,000
Taxable GO tax increment bonds series 2009B	Tax increment	580,000	3.40-5.10%	7/1/2009	2/1/2021	470,000
Taxable GO housing imprvmt area series 2008A	Special assessments	975,000	5.00-6.05%	7/16/2008	2/1/2024	735,000
GO Public Facilities series 2009A	Special assessments	605,000	2.00-4.75%	7/1/2009	2/1/2019	315,000
GO Improvement series 2013A	Special assessments	235,000	0.40-2.50%	11/21/2013	2/1/2024	235,000
GO Improvement series 2013A - Refunding	Special assessments	328,021	0.40-2.50%	11/21/2013	2/1/2020	328,021
Business-type activities:						
GO Public Facilities series 2009A	Utility revenues	325,000	2.00-4.75%	7/1/2009	2/1/2019	190,000
GO Utility revenue series 2013A	Utility revenues	1,685,000	0.40-2.50%	11/21/2013	2/1/2024	1,685,000
GO Improvement series 2013A - Refunding	Utility revenues	291,979	0.40-2.50%	11/21/2013	2/1/2024	291,979
GO Utility revenue series 2013A - Refunding	Utility revenues	235,000	0.40-2.50%	11/21/2013	2/1/2024	235,000
Total general obligation bonds outstanding						<u>\$16,745,000</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

As of December 31, 2014, 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
2015	723,716	604,928	316,284	37,082
2016	761,670	578,871	308,330	34,799
2017	787,635	550,816	332,365	31,388
2018	745,000	520,658	225,000	27,450
2019	605,000	492,119	230,000	23,502
2020	595,000	466,266	190,000	19,758
2021	605,000	439,826	190,000	16,242
2022	540,000	414,403	200,000	12,143
2023	565,000	389,923	205,000	7,534
2024	590,000	364,115	205,000	2,562
2025	400,000	342,186	-	-
2026-2030	2,320,000	1,424,506	-	-
2031-2035	2,955,000	840,506	-	-
2036-2038	2,150,000	151,274	-	-
<b>Total</b>	<b>\$14,343,021</b>	<b>\$7,580,397</b>	<b>\$2,401,979</b>	<b>\$212,460</b>

**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, 2014 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	\$2,617,000
Business-type activities:						
Public facility lease revenue series 2007B	Liquor revenues	5,040,000	4.50-5.00%	9/19/2007	2/1/2030	4,260,000
<b>Total revenue bonds outstanding</b>						<b>\$6,877,000</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

As of December 31, 2014, 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
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	109,000	110,288	240,000	144,020
2022	118,000	104,386	250,000	132,260
2023	127,000	97,905	265,000	119,900
2024	136,000	90,837	280,000	106,680
2025	146,000	83,259	295,000	92,592
2026-2030	900,000	282,294	1,720,000	223,105
2031-2032	576,000	34,722	-	-
Total	<u>\$2,617,000</u>	<u>\$1,566,675</u>	<u>\$4,260,000</u>	<u>\$1,892,888</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, 2014, 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	\$1,018,272	95%	\$1,045,368	\$225,481
Project-specific special assessments	Private redevelopment	974,356	95%	99,301	104,975
Project-specific tax increment	Public/Private redevelopment	4,738,755	83%	280,668	227,213
Water and storm- sewer net revenues	Utility system improvements	2,614,440	7%	64,457	876,542
Annual appropriation of liquor net revenues	Municipal store construction	6,152,890	100%	379,030	383,030

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2014 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	\$12,685,000	\$ -	(\$425,000)	\$12,260,000	\$430,000
General obligation bonds with other pledged revenues	2,258,021	-	(175,000)	2,083,021	293,716
Revenue bonds	2,679,000	-	(62,000)	2,617,000	68,000
Total bonds payable	17,622,021	-	(662,000)	16,960,021	791,716
Compensated absences	976,143	581,117	(549,836)	1,007,424	50,371
Postemployment benefits other than pensions	152,154	76,003	(37,006)	191,151	-
 Total governmental activity long-term liabilities	 <u>\$18,750,318</u>	 <u>\$657,120</u>	 <u>(\$1,248,842)</u>	 <u>\$18,158,596</u>	 <u>\$842,087</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds with other pledged revenues	\$2,436,979	\$ -	(\$35,000)	\$2,401,979	\$316,284
Revenue bonds	4,430,000	-	(170,000)	\$4,260,000	180,000
Total bonds payable	6,866,979	-	(205,000)	6,661,979	496,284
Compensated absences	187,050	137,857	(168,270)	156,637	7,831
 Total business-type activity long-term liabilities	 <u>\$7,054,029</u>	 <u>\$137,857</u>	 <u>(\$373,270)</u>	 <u>\$6,818,616</u>	 <u>\$504,115</u>

For governmental activities, compensated absences are generally liquidated by the compensated absences fund, an internal service fund; other postemployment benefit obligations are mainly liquidated by the general fund.

**FUTURE CHANGES IN DEBT**

In 2015, the City issued debt for the construction of a new library. Please reference Note 14 – Subsequent events.

**Note 8 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, 2014, there were Revenue Bonds of this type outstanding with an estimated aggregate principal amount payable of approximately \$19,490,000.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**Note 9 FUND EQUITY**

**A. CLASSIFICATIONS**

At December 31, 2014, the City has various fund equities through legal restrictions and City Council authorizations. A summary of such classifications are as follows:

	General Fund	2008A Tax GO Housing Imp Bond	Municipal State Aid Street	Capital Imp General Govt Bldg	Cap Eqp Replacement Gen Govt	PIR	Capital Improvement Development	Nonmajor Gov't	Total
2014 Fund Balance									
Nonspendable									
Prepaid items	\$ 94,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,861	\$ 97,753
Land Held for Resale	-	-	-	-	-	45,600	167,761	1,306,315	1,519,676
Total nonspendable	\$ 94,892	\$ -	\$ -	\$ -	\$ -	\$ 45,600	\$ 167,761	\$ 1,309,176	\$ 1,617,429
Restricted for:									
Debt service	\$ -	\$ 193,889	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 940,338	\$ 1,134,227
Streets	-	-	421,499	-	-	-	-	-	421,499
Tax Increment	-	-	-	-	-	-	-	1,304,831	1,304,831
Police Forfeiture	-	-	-	-	-	-	-	33,577	33,577
Grant sponsored Rec Programs	-	-	-	-	-	-	-	200,543	200,543
Capital Improvements/Replacement	-	-	-	-	-	-	-	355,813	355,813
Public Housing	-	-	-	-	-	-	-	918,360	918,360
Total restricted	\$ -	\$ 193,889	\$ 421,499	\$ -	\$ -	\$ -	\$ -	\$ 3,753,462	\$ 4,368,850
Committed for:									
Downtown Parking Maint	\$ 30,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,548
Capital Improvements/Replacement	-	-	-	1,152,593	4,354,418	1,088,482	1,752,355	2,030,326	10,378,174
Cable TV Operations	-	-	-	-	-	-	-	704,843	704,843
Library Operations	-	-	-	-	-	-	-	411,099	411,099
Senior Housing	-	-	-	-	-	-	-	923,695	923,695
Redevelopment	-	-	-	-	-	-	-	1,175,799	1,175,799
Total committed	\$ 30,548	\$ -	\$ -	\$ 1,152,593	\$ 4,354,418	\$ 1,088,482	\$ 1,752,355	\$ 5,245,762	\$ 13,624,158
Unassigned:	\$ 7,248,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (75,389)	\$ 7,172,991

**B. DEFICIT FUND BALANCE**

The following funds had fund deficits as of December 31, 2014. The City will finance this deficit through TIF collections and internal sources in future years.

Nonmajor Funds:	
Debt Service Funds:	
TIF Scattered Site	<u>(\$75,389)</u>
	<u>(\$75,389)</u>

**C. MINIMUM FUND BALANCE POLICY**

The City Council has formally adopted a fund balance policy for the General Fund and the Library Fund (a non-major fund). 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 Library fund equal to at least 45% of the next year’s budgeted expenditures. At December 31, 2014, both funds have met this goal.

**Note 10 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-1855 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. GERS Coordinated Plan members are required to contribute 6.25% of their annual covered salary in 2014. The PEPFF members are required to contribute 10.2% of their annual covered salary in 2014. The City is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERS members, and 15.3% for PEPFF members. Employer and employee contribution rates for GERS will increase in 2015; 6.5% for employees and 7.5%, for employer PEPFF will increase in 2015; 10.8% for employees and 16.2% for employer. 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:

Year Ended December 31,	GERS	PEPFF
2012	\$355,330	\$406,131
2013	354,692	404,623
2014	367,797	428,286

**Note 11 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 2014, state aid was contributed to the plan. This state aid revenue and the related contribution expense/expenditure of \$88,554 are recognized in the accompanying financial statements for the year ended December 31, 2014.

**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 2014, plan members contributed \$1,860 and the City contributed \$1,860.

**Note 12 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 2014, 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.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**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, 2014</u>	
Annual required contribution	\$79,088
Interest on net OPEB obligation	4,565
Adjustment to annual required contribution	<u>(7,650)</u>
Annual OPEB cost	76,003
Contributions made by City	<u>(37,006)</u>
Increase in net OPEB obligation	38,997
Net OPEB obligation-beginning of year	<u>152,154</u>
Net OPEB obligation-end of year	<u><u>\$191,151</u></u>

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

<u>Year Ended December 31</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	78,016	59%	58,761
2012	77,340	40%	105,492
2013	76,467	39%	152,154
2014	76,003	49%	191,151

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**D. FUNDED STATUS AND FUNDING PROGRESS**

Most Recent Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2014	\$ -	\$1,042,604	\$1,042,604	0%	\$6,881,033	15%

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 – 7%, declining to 5% after three years
- Inflation rate assumed – less than 5% annual
- Investment return assumed – 3% annual
- Retirement age assumed - Public safety employees age 53, all others age 62
- Turnover rate – based on actual experience for City for the years 2004-2010
- Mortality – Life expectancies were based on the 2000 Retired Pensioners Mortality Rates for Male and Female

**Note 13 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.

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 carries commercial insurance for 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.

#### **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.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2014

**E. CONTRACTUAL COMMITMENTS**

PENDING SALE

In 2012, the Housing and Redevelopment Authority (the HRA) entered into an agreement to sell its 150 unit senior apartment facility (Parkview Villa North and South), to Aeon, a regional non-profit housing entity. In 2014, the sale received conditional approval from the U.S. Department of Housing and Urban Development (HUD), allowing for both the dissolution of the Parkview Villa North portion of the facility as a Public Housing Agency project, and its conversion to a project-based Section 8 facility. The Parkview Villa South portion of the facility is currently market-rate rental. As of December 31, 2014, the HRA and Aeon are negotiating certain terms of the sale, with the sale expected to occur in mid-2015.

CONSTRUCTION

The City has entered into several contractual commitments for construction projects that are in process at yearend. At December 31, 2014, the City's obligation for such projects was approximately \$278,800.

TAX INCREMENT FINANCING AGREEMENTS

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	\$ -	\$26,718	\$732,801	\$434,393
R8	2027	Col Hts Tran Block	-	10,760	175,089	54,113
K2	2019	Barnick	-	-	40,672	-
K2	2019	Miske	15,384	1,909	9,584	-
T6	2031	BNC Bank	-	-	6,650,000	2,361,027

**Note 14 SUBSEQUENT EVENT**

On March 4, 2015, the City issued \$6,875,000 in general obligation bonds to fund the construction of a new Library building. The interest rate on the bond varies between 2.5 and 3.25 percent through February 1, 2036.

	Pledged revenue, if any, in addition to <u>general property taxes</u>	Original Issue	Interest Rate	Issue Date	Final Maturity
Governmental activities: GO Library Bonds series 2015A	None	\$6,875,000	2.50-3.25%	3/4/2015	2/1/2036

**Note 15 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. 68** *Accounting and Financial Reporting for Pension – an amendment of GASB statement No. 27.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**Statement No. 71** *Pension Translation for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No.68.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

**Statement No. 72** *Fair Value Measurement and Application.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statements No. 68 and No. 71 will have a material impact.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2014  
With Comparative Actual Amounts For The Year Ended December 31, 2013

	2014				2013 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>Revenues:</b>					
Taxes	\$8,328,896	\$8,328,896	\$8,551,642	\$222,746	\$8,142,980
Licenses and permits	174,300	174,300	199,108	24,808	192,362
Intergovernmental	1,488,431	1,511,454	1,558,816	47,362	1,420,796
Charges for services	617,500	635,793	629,632	(6,161)	579,455
Fines and forfeitures	130,000	130,000	123,633	(6,367)	129,132
Investment income:					
Interest and dividends	75,000	75,000	84,643	9,643	70,994
Change in fair value	-	-	238,924	238,924	(262,438)
Other revenues	13,000	19,890	13,617	(6,273)	5,146
Total revenues	<u>10,827,127</u>	<u>10,875,333</u>	<u>11,400,015</u>	<u>524,682</u>	<u>10,278,427</u>
<b>Expenditures:</b>					
General government:					
Council	149,645	149,645	137,694	11,951	140,126
Manager	430,728	430,728	416,358	14,370	409,338
Clerk	97,311	97,311	91,801	5,510	47,725
Legal	186,500	186,500	167,182	19,318	166,438
Finance	784,000	784,000	771,577	12,423	737,280
Assessing	123,622	123,622	124,571	(949)	122,395
General government buildings	165,300	165,300	152,680	12,620	109,771
Contingencies	50,000	50,000	19,689	30,311	30,548
Capital outlay	22,000	22,000	-	22,000	13,868
Total general government	<u>2,009,106</u>	<u>2,009,106</u>	<u>1,881,552</u>	<u>127,554</u>	<u>1,777,489</u>
Public safety:					
Police	3,873,053	3,905,709	3,788,095	117,614	3,699,070
Fire	1,385,756	1,401,306	1,455,204	(53,898)	1,410,766
Capital outlay	-	-	4,073	(4,073)	-
Total public safety	<u>5,258,809</u>	<u>5,307,015</u>	<u>5,247,372</u>	<u>59,643</u>	<u>5,109,836</u>
Public works:					
Engineering	335,932	335,932	280,162	55,770	263,184
Maintenance	1,109,101	1,109,101	1,058,149	50,952	997,135
Sanitation	145,133	145,133	136,399	8,734	120,011
Capital outlay	17,000	17,000	62,896	(45,896)	117,946
Total public works	<u>1,607,166</u>	<u>1,607,166</u>	<u>1,537,606</u>	<u>69,560</u>	<u>1,498,276</u>
Other Departments:					
Parks and recreation	1,634,137	1,634,137	1,463,093	171,044	1,459,848
Capital outlay	-	-	-	-	39,768
Total recreation	<u>1,634,137</u>	<u>1,634,137</u>	<u>1,463,093</u>	<u>171,044</u>	<u>1,499,616</u>
Total expenditures	<u>10,509,218</u>	<u>10,557,424</u>	<u>10,129,623</u>	<u>427,801</u>	<u>9,885,217</u>
Revenues over (under) expenditures	<u>317,909</u>	<u>317,909</u>	<u>1,270,392</u>	<u>952,483</u>	<u>393,210</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2014  
With Comparative Actual Amounts For The Year Ended December 31, 2013

	2014		Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Other financing sources (uses):					
Transfers in	\$409,058	\$409,058	\$428,651	\$19,593	\$382,500
Transfers out	(722,500)	(722,500)	(722,500)	-	(455,342)
Total other financing sources (uses)	<u>(313,442)</u>	<u>(313,442)</u>	<u>(293,849)</u>	<u>19,593</u>	<u>(72,842)</u>
Net change in fund balance	<u>\$4,467</u>	<u>\$4,467</u>	976,543	<u>\$972,076</u>	320,368
Fund balance - January 1			<u>6,397,277</u>		<u>6,076,909</u>
Fund balance - December 31			<u>\$7,373,820</u>		<u>\$6,397,277</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
For The Year Ended December 31, 2014

**Statement 11**

---

<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%	\$6,242,641	4%
1/1/2011	-	775,238	775,238	0%	6,923,108	11%
1/1/2014	-	1,042,604	1,042,604	0%	6,881,033	15%

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTE TO RSI**  
December 31, 2014

---

**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

**- This page intentionally left blank -**

**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, 2014

**Statement 12**

Assets	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Cash and investments	\$4,734,816	\$2,349,985	\$2,028,355	\$9,113,156
Receivables:				
Accounts	55,090	-	-	55,090
Special assessments	-	156,916	-	156,916
Taxes	10,294	28,423	-	38,717
Interest	6,600	1,000	2,500	10,100
Due from other governmental units	428,243	-	4,864	433,107
Interfund receivable	98,017	75,389	-	173,406
Prepayments	2,861	-	-	2,861
Real estate held for resale	667,070	676,565	357,478	1,701,113
<b>Total assets</b>	<b>\$6,002,991</b>	<b>\$3,288,278</b>	<b>\$2,393,197</b>	<b>\$11,684,466</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$55,309	\$28,412	\$5,393	\$89,114
Accrued salaries and withholdings payable	27,578	-	-	27,578
Due to other governmental units	35,229	-	-	35,229
Interfund payable	475,124	239,322	-	714,446
Unearned revenue	70,872	-	-	70,872
Deposits	27,832	-	-	27,832
<b>Total liabilities</b>	<b>691,944</b>	<b>267,734</b>	<b>5,393</b>	<b>965,071</b>
Deferred inflows of resources:				
Unavailable revenue	312,185	174,199	-	486,384
<b>Total deferred inflows of resources</b>	<b>312,185</b>	<b>174,199</b>	<b>0</b>	<b>486,384</b>
Fund balance:				
Nonspendable	275,133	676,565	357,478	1,309,176
Restricted	1,508,294	2,245,169	-	3,753,463
Committed	3,215,435	-	2,030,326	5,245,761
Unassigned	-	(75,389)	-	(75,389)
<b>Total fund balance</b>	<b>4,998,862</b>	<b>2,846,345</b>	<b>2,387,804</b>	<b>10,233,011</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$6,002,991</b>	<b>\$3,288,278</b>	<b>\$2,393,197</b>	<b>\$11,684,466</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, 2014

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$1,051,548	\$709,618	\$ -	\$1,761,166
Tax increment collections	-	462,179	-	462,179
Licenses and permits	215,924	-	-	215,924
Intergovernmental	454,354	300,000	-	754,354
Charges for services	974,257	-	-	974,257
Fines and forfeitures	16,938	-	-	16,938
<b>Investment income:</b>				
Interest and dividends	48,796	12,860	17,200	78,856
Change in fair value	127,900	39,500	48,800	216,200
Other revenues	52,309	-	3,000	55,309
Total revenues	<u>2,942,026</u>	<u>1,524,157</u>	<u>69,000</u>	<u>4,535,183</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	27,761	-	-	27,761
Public safety	8,955	-	9,375	18,330
Public works	-	-	513	513
Culture and recreation	783,698	-	661	784,359
Community development	1,219,025	229,468	-	1,448,493
<b>Capital outlay:</b>				
Public works	-	-	-	-
Community development	182,604	134,879	72,138	389,621
<b>Debt service:</b>				
Principal retirement	-	607,000	-	607,000
Interest and fiscal charges	-	725,785	-	725,785
Developer incentives	-	55,123	-	55,123
Total expenditures	<u>2,222,043</u>	<u>1,752,255</u>	<u>82,687</u>	<u>4,056,985</u>
Revenues over (under) expenditures	<u>719,983</u>	<u>(228,098)</u>	<u>(13,687)</u>	<u>478,198</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	406,566	650,000	1,056,566
Transfers out	(127,632)	(201,000)	-	(328,632)
Sale of capital assets	-	51,488	-	51,488
Total other financing sources (uses)	<u>(127,632)</u>	<u>257,054</u>	<u>650,000</u>	<u>779,422</u>
Net change in fund balance	592,351	28,956	636,313	1,257,620
Fund balance - January 1	<u>4,406,511</u>	<u>2,817,389</u>	<u>1,751,491</u>	<u>8,975,391</u>
Fund balance - December 31	<u><u>\$4,998,862</u></u>	<u><u>\$2,846,345</u></u>	<u><u>\$2,387,804</u></u>	<u><u>\$10,233,011</u></u>

**- This page intentionally left blank -**

**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 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 and building inspections 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.

**- This page intentionally left blank -**

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, 2014

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261
<b>Assets</b>				
Cash and investments	\$655,340	\$65,754	\$438,950	\$202,587
Receivables:				
Accounts	48,303	-	-	-
Taxes	-	-	-	-
Interest	1,200	-	1,300	400
Due from other governmental units	-	-	-	-
Interfund receivable	-	-	-	-
Prepayments	-	-	2,861	-
Real estate held for resale	-	-	-	-
<b>Total assets</b>	<b>\$704,843</b>	<b>\$65,754</b>	<b>\$443,111</b>	<b>\$202,987</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$11,564	\$1,881
Accrued salaries and withholdings payable	-	-	14,476	563
Due to other governmental units	-	-	3,111	-
Interfund payable	-	-	-	-
Unearned revenue	-	32,177	-	-
Deposits	-	-	-	-
<b>Total liabilities</b>	<b>0</b>	<b>32,177</b>	<b>29,151</b>	<b>2,444</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance:</b>				
Nonspendable	-	-	2,861	-
Restricted	-	33,577	-	200,543
Committed	704,843	-	411,099	-
<b>Total fund balance</b>	<b>704,843</b>	<b>33,577</b>	<b>413,960</b>	<b>200,543</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$704,843</b>	<b>\$65,754</b>	<b>\$443,111</b>	<b>\$202,987</b>

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
\$146,540	\$208,843	\$655,770	\$209,134	\$42	\$259,253	\$1,892,603	\$4,734,816
-	-	-	-	-	-	6,787	55,090
-	-	-	-	-	10,294	-	10,294
200	400	1,100	300	-	400	1,300	6,600
-	-	-	-	304,244	-	123,999	428,243
-	-	-	-	-	98,017	-	98,017
-	-	-	-	-	-	-	2,861
-	-	-	-	667,070	-	-	667,070
<u>\$146,740</u>	<u>\$209,243</u>	<u>\$656,870</u>	<u>\$209,434</u>	<u>\$971,356</u>	<u>\$367,964</u>	<u>\$2,024,689</u>	<u>\$6,002,991</u>
\$ -	\$170	\$2,128	\$539	\$ -	\$276	\$38,751	\$55,309
-	-	-	6,552	-	5,987	-	27,578
-	-	-	25	-	-	32,093	35,229
-	-	-	-	394,840	-	80,284	475,124
-	-	35,021	-	-	-	3,674	70,872
-	-	-	-	-	-	27,832	27,832
<u>0</u>	<u>170</u>	<u>37,149</u>	<u>7,116</u>	<u>394,840</u>	<u>6,263</u>	<u>182,634</u>	<u>691,944</u>
-	-	-	-	304,244	7,941	-	312,185
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>304,244</u>	<u>7,941</u>	<u>0</u>	<u>312,185</u>
-	-	-	-	272,272	-	-	275,133
146,740	209,073	-	-	-	-	918,361	1,508,294
-	-	619,721	202,318	-	353,760	923,694	3,215,435
<u>146,740</u>	<u>209,073</u>	<u>619,721</u>	<u>202,318</u>	<u>272,272</u>	<u>353,760</u>	<u>1,842,055</u>	<u>4,998,862</u>
<u>\$146,740</u>	<u>\$209,243</u>	<u>\$656,870</u>	<u>\$209,434</u>	<u>\$971,356</u>	<u>\$367,964</u>	<u>\$2,024,689</u>	<u>\$6,002,991</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, 2014

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261
Revenues:				
Taxes	\$ -	\$ -	\$784,770	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	31,521
Fees/program revenues	191,278	-	9,679	18,147
Rents	-	-	-	-
Fines and forfeitures	-	2,479	14,459	-
Investment income:				
Interest and dividends	7,900	-	7,400	2,500
Change in fair value	22,600	-	20,100	7,400
Other revenues:				
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>221,778</u>	<u>2,479</u>	<u>836,408</u>	<u>59,568</u>
Expenditures:				
Personal services	1,950	-	559,897	28,124
Supplies	1,989	2,026	91,565	6,167
Other services and charges	23,822	627	58,856	16,709
Capital outlay	-	-	-	-
Total expenditures	<u>27,761</u>	<u>2,653</u>	<u>710,318</u>	<u>51,000</u>
Revenues over (under) expenditures	<u>194,017</u>	<u>(174)</u>	<u>126,090</u>	<u>8,568</u>
Other financing sources (uses):				
Transfers out	<u>(67,636)</u>	<u>-</u>	<u>(32,679)</u>	<u>-</u>
Total other financing sources (uses)	<u>(67,636)</u>	<u>0</u>	<u>(32,679)</u>	<u>0</u>
Net change in fund balance	126,381	(174)	93,411	8,568
Fund balance - January 1	<u>578,462</u>	<u>33,751</u>	<u>320,549</u>	<u>191,975</u>
Fund balance - December 31	<u><u>\$704,843</u></u>	<u><u>\$33,577</u></u>	<u><u>\$413,960</u></u>	<u><u>\$200,543</u></u>

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$266,778	\$ -	\$1,051,548
-	-	-	215,924	-	-	-	215,924
-	-	-	60	123,215	-	299,558	454,354
-	-	19,120	-	-	30	-	238,254
-	-	82,984	-	-	-	653,019	736,003
-	-	-	-	-	-	-	16,938
1,700	2,700	8,000	2,400	-	4,098	12,098	48,796
4,900	7,900	23,000	7,300	-	7,300	27,400	127,900
27,335	5,033	8,000	-	-	-	-	40,368
-	-	-	390	-	-	11,551	11,941
<u>33,935</u>	<u>15,633</u>	<u>141,104</u>	<u>226,074</u>	<u>123,215</u>	<u>278,206</u>	<u>1,003,626</u>	<u>2,942,026</u>
-	-	-	215,006	-	154,803	37,000	996,780
18,159	7,536	65	2,578	-	4,037	39,421	173,543
480	2,507	47,684	15,476	-	21,952	681,003	869,116
-	-	-	-	61,021	-	121,583	182,604
<u>18,639</u>	<u>10,043</u>	<u>47,749</u>	<u>233,060</u>	<u>61,021</u>	<u>180,792</u>	<u>879,007</u>	<u>2,222,043</u>
<u>15,296</u>	<u>5,590</u>	<u>93,355</u>	<u>(6,986)</u>	<u>62,194</u>	<u>97,414</u>	<u>124,619</u>	<u>719,983</u>
-	-	-	(13,659)	-	(13,658)	-	(127,632)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,659)</u>	<u>0</u>	<u>(13,658)</u>	<u>0</u>	<u>(127,632)</u>
15,296	5,590	93,355	(20,645)	62,194	83,756	124,619	592,351
<u>131,444</u>	<u>203,483</u>	<u>526,366</u>	<u>222,963</u>	<u>210,078</u>	<u>270,004</u>	<u>1,717,436</u>	<u>4,406,511</u>
<u>\$146,740</u>	<u>\$209,073</u>	<u>\$619,721</u>	<u>\$202,318</u>	<u>\$272,272</u>	<u>\$353,760</u>	<u>\$1,842,055</u>	<u>\$4,998,862</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, 2014  
With Comparative Actual Amounts For The Year Ended December 31, 2013

**Statement 16**

	2014			Variance with Final Budget- Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Franchise fees	\$182,000	\$182,000	\$191,278	\$9,278	\$186,209
Investment income:					
Interest and dividends	-	-	7,900	7,900	6,400
Change in fair value	-	-	22,600	22,600	(23,800)
Total revenues	<u>182,000</u>	<u>182,000</u>	<u>221,778</u>	<u>39,778</u>	<u>168,809</u>
Expenditures:					
Personal services	5,417	5,417	1,950	3,467	1,753
Supplies	-	-	1,989	(1,989)	110
Other services and charges	31,878	31,878	23,822	8,056	18,782
Total expenditures	<u>37,295</u>	<u>37,295</u>	<u>27,761</u>	<u>9,534</u>	<u>20,645</u>
Revenues over expenditures	144,705	144,705	194,017	49,312	148,164
Other financing sources (uses):					
Transfers out	<u>(67,636)</u>	<u>(67,636)</u>	<u>(67,636)</u>	-	<u>(66,881)</u>
Net change in fund balance	<u>\$77,069</u>	<u>\$77,069</u>	126,381	<u>\$49,312</u>	81,283
Fund balance - January 1			<u>578,462</u>		<u>497,179</u>
Fund balance - December 31			<u>\$704,843</u>		<u>\$578,462</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, 2014  
With Comparative Amounts For The Year Ended December 31, 2013

**Statement 17**

	<u>2014</u>	<u>2013</u>
Revenues:		
Forfeitures	<u>\$2,479</u>	<u>\$4,500</u>
Expenditures:		
Supplies	<u>2,026</u>	<u>2,528</u>
Total expenditures	<u>2,653</u>	<u>2,528</u>
Revenues over expenditures	(174)	1,972
Fund balance - January 1	<u>33,751</u>	<u>31,779</u>
Fund balance - December 31	<u><u>\$33,577</u></u>	<u><u>\$33,751</u></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, 2014**  
**With Comparative Amounts For The Year Ended December 31, 2013**

**Statement 18**

	<u>2014</u>	<u>2013</u>
Revenues:		
Intergovernmental	\$ -	\$27,200
Other	-	2,411
Total revenues	<u>0</u>	<u>29,611</u>
Expenditures:		
Other services and charges	-	30,411
Total expenditures	<u>0</u>	<u>30,411</u>
Revenues over (under) expenditures	0	(800)
Other financing sources (uses):		
Transfers out	<u>0</u>	<u>3,582</u>
Net change in fund balance	0	2,782
Fund balance (deficit) - January 1	<u>-</u>	<u>(2,782)</u>
Fund balance (deficit) - December 31	<u>\$0</u>	<u>\$0</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, 2014  
With Comparative Actual Amounts For The Year Ended December 31, 2013

**Statement 19**

	2014				2013 Actual Amounts
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	
	Original	Final			
Revenues:					
Taxes	\$784,770	\$784,770	\$784,770	\$ -	\$777,000
Charges for services	7,873	7,873	9,679	1,806	9,345
Fines	14,000	14,000	14,459	459	14,391
Investment income:					
Interest and dividends	3,500	3,500	7,400	3,900	4,611
Change in fair value	-	-	20,100	20,100	(17,200)
Other revenues:					
Miscellaneous	-	-	-	-	145
Total revenues	<u>810,143</u>	<u>810,143</u>	<u>836,408</u>	<u>26,265</u>	<u>788,292</u>
Expenditures:					
Personal services	586,631	586,631	559,897	26,734	507,077
Supplies	108,250	108,250	91,565	16,685	95,176
Other services and charges	82,583	82,583	58,856	23,727	59,359
Capital Outlay	10,000	10,000	-	10,000	-
Total expenditures	<u>777,464</u>	<u>777,464</u>	<u>710,318</u>	<u>67,146</u>	<u>661,612</u>
Revenues over expenditures	32,679	32,679	126,090	93,411	126,669
Other financing sources (uses):					
Transfers out	<u>(32,679)</u>	<u>(32,679)</u>	<u>(32,679)</u>	<u>-</u>	<u>(31,752)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	93,411	<u>\$93,411</u>	94,917
Fund balance - January 1			<u>320,549</u>		<u>225,632</u>
Fund balance - December 31			<u>\$413,960</u>		<u>\$320,549</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, 2014**  
**With Comparative Amounts For The Year Ended December 31, 2013**

**Statement 20**

	<u>2014</u>	<u>2013</u>
Revenues:		
Intergovernmental	\$31,521	\$56,069
Program revenue	18,147	19,913
Investment income:		
Interest and dividends	2,500	2,200
Change in fair value	7,400	(8,100)
Total revenues	<u>59,568</u>	<u>70,082</u>
Expenditures:		
Personal services	28,124	30,387
Supplies	6,167	7,186
Other services and charges	16,709	19,149
Total expenditures	<u>51,000</u>	<u>56,722</u>
Revenues over expenditures	8,568	13,360
Fund balance - January 1	<u>191,975</u>	<u>178,615</u>
Fund balance - December 31	<u><u>\$200,543</u></u>	<u><u>\$191,975</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, 2014  
With Comparative Amounts For The Year Ended December 31, 2013

**Statement 21**

	<u>2014</u>	<u>2013</u>
Revenues:		
Investment income:		
Interest and dividends	\$1,700	\$1,600
Change in fair value	4,900	(6,100)
Other revenue:		
Contributions	27,335	21,165
Total revenues	<u>33,935</u>	<u>16,665</u>
Expenditures:		
Supplies	18,159	12,190
Other services and charges	480	1,425
Total expenditures	<u>18,639</u>	<u>13,615</u>
Revenues over (under) expenditures	15,296	3,050
Fund balance - January 1	<u>131,444</u>	<u>128,394</u>
Fund balance - December 31	<u>\$146,740</u>	<u>\$131,444</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, 2014  
With Comparative Amounts For The Year Ended December 31, 2013

**Statement 22**

	<u>2014</u>	<u>2013</u>
Revenues:		
Investment income:		
Interest and dividends	\$2,700	\$2,700
Change in fair value	7,900	(9,800)
Contributions	5,033	1,423
Total revenues	<u>15,633</u>	<u>(5,677)</u>
Expenditures:		
Supplies	7,536	2,424
Other services and charges	2,507	2,035
Total expenditures	<u>10,043</u>	<u>4,459</u>
Revenues over (under) expenditures	<u>5,590</u>	<u>(10,136)</u>
Other financing sources (uses):		
Transfers out	-	(3,582)
Total other financing sources (uses)	<u>0</u>	<u>(3,582)</u>
Net change in fund balance	5,590	(13,718)
Fund balance - January 1	<u>203,483</u>	<u>217,201</u>
Fund balance - December 31	<u><u>\$209,073</u></u>	<u><u>\$203,483</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, 2014  
With Comparative Amounts For The Year Ended December 31, 2013

**Statement 23**

	<u>2014</u>	<u>2013</u>
Revenues:		
Fees/program revenue	\$19,120	\$19,380
Rents	82,984	79,709
Investment income:		
Interest and dividends	8,000	6,500
Change in fair value	23,000	(24,200)
Other	8,000	1,500
Total revenues	<u>141,104</u>	<u>82,889</u>
Expenditures:		
Other services and charges	<u>47,749</u>	<u>-</u>
Revenues over expenditures	93,355	82,889
Fund balance - January 1	<u>526,366</u>	<u>443,477</u>
Fund balance - December 31	<u><u>\$619,721</u></u>	<u><u>\$526,366</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, 2014  
With Comparative Actual Amounts For The Year Ended December 31, 2013

**Statement 24**

	2014		Actual Amounts	Variance with Final Budget- Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Licenses and permits	\$185,000	\$185,000	\$215,924	\$30,924	\$219,846
Intergovernmental	-	-	60	60	-
Investment income:					
Interest and dividends	-	-	2,400	2,400	2,400
Change in fair value	-	-	7,300	7,300	(8,800)
Miscellaneous	250	250	390	140	150
Total revenues	<u>185,250</u>	<u>185,250</u>	<u>226,074</u>	<u>40,824</u>	<u>213,596</u>
Expenditures:					
Personal services	196,737	196,737	215,006	(18,269)	155,483
Supplies	1,825	1,825	2,578	(753)	1,704
Other services and charges	22,203	22,203	15,476	6,727	13,488
Total expenditures	<u>220,765</u>	<u>220,765</u>	<u>233,060</u>	<u>(12,295)</u>	<u>170,675</u>
Revenues over (under) expenditures	(35,515)	(35,515)	(6,986)	28,529	42,921
Other financing sources (uses):					
Transfers out	<u>(13,569)</u>	<u>(13,569)</u>	<u>(13,659)</u>	<u>(90)</u>	<u>(12,848)</u>
Net change in fund balance	<u>(\$49,084)</u>	<u>(\$49,084)</u>	(20,645)	<u>\$28,439</u>	30,073
Fund balance - January 1			<u>222,963</u>		<u>192,890</u>
Fund balance - December 31			<u>\$202,318</u>		<u>\$222,963</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, 2014**  
**With Comparative Amounts For The Year Ended December 31, 2013**

**Statement 25**

	<u>2014</u>	<u>2013</u>
Revenues:		
Intergovernmental	\$123,215	\$583,384
Total revenues	<u>123,215</u>	<u>583,384</u>
Expenditures:		
Other services and charges	-	100,000
Capital outlay	61,021	411,826
Total expenditures	<u>61,021</u>	<u>511,826</u>
Revenues over (under) expenditures	62,194	71,558
Fund balance - January 1	<u>210,078</u>	<u>138,520</u>
Fund balance - December 31	<u><u>\$272,272</u></u>	<u><u>\$210,078</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 26**

BUDGETARY COMPARISON SCHEDULE - ECONOMIC DEVELOPMENT AUTHORITY ADMINISTRATION FUND 204  
(COMPONENT UNIT)

For The Year Ended December 31, 2014

With Comparative Actual Amounts For The Year Ended December 31, 2013

	2014			Variance with Final Budget- Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Taxes	\$267,887	\$267,887	\$266,778	(\$1,109)	\$269,395
Fees/program revenues	37,000	37,000	30	(36,970)	60
Investment income:					
Interest and dividends	-	-	4,098	4,098	2,502
Change in fair value	-	-	7,300	7,300	(7,600)
Total revenues	<u>304,887</u>	<u>304,887</u>	<u>278,206</u>	<u>(26,681)</u>	<u>264,357</u>
Expenditures:					
Personal services	208,553	208,553	154,803	53,750	201,805
Other services and charges	49,370	49,370	21,952	27,418	20,052
Supplies	750	750	4,037	(3,287)	770
Total expenditures	<u>258,673</u>	<u>258,673</u>	<u>180,792</u>	<u>77,881</u>	<u>222,627</u>
Revenues over (under) expenditures	46,214	46,214	97,414	51,200	41,730
Other financing sources (uses):					
Transfers out	<u>(13,659)</u>	<u>(13,659)</u>	<u>(13,658)</u>	<u>1</u>	<u>(12,848)</u>
Net change in fund balance	<u>\$32,555</u>	<u>\$32,555</u>	83,756	<u>\$51,201</u>	28,882
Fund balance - January 1			<u>270,004</u>		<u>241,122</u>
Fund balance - December 31			<u>\$353,760</u>		<u>\$270,004</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

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

**Statement 27**

**COMBINING BALANCE SHEET**

December 31, 2014

	Parkview Villa North Fund 203	Parkview Villa South Fund 213	Total Housing and Redevelopment Authority
<b>Assets</b>			
Cash and investments	\$912,637	\$979,966	\$1,892,603
Receivables:			
Accounts	5,539	1,248	6,787
Interest	-	1,300	1,300
Due from other governmental units	123,999	-	123,999
<b>Total assets</b>	<b>\$1,042,175</b>	<b>\$982,514</b>	<b>\$2,024,689</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$26,636	\$12,115	\$38,751
Due to other governmental units	20,767	11,326	32,093
Interfund payable	55,505	24,779	80,284
Unearned revenue	2,642	1,032	3,674
Deposits	18,264	9,568	27,832
<b>Total liabilities</b>	<b>123,814</b>	<b>58,820</b>	<b>182,634</b>
<b>Fund balance:</b>			
Restricted	918,361	-	918,361
Committed	-	923,694	923,694
<b>Total fund balance</b>	<b>918,361</b>	<b>923,694</b>	<b>1,842,055</b>
<b>Total liabilities and fund balance</b>	<b>\$1,042,175</b>	<b>\$982,514</b>	<b>\$2,024,689</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

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

**Statement 28**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

For The Year Ended December 31, 2014

	Parkview Villa North Fund 203	Parkview Villa South Fund 213	Total Housing and Redevelopment Authority
Revenues:			
Intergovernmental	\$299,558	\$ -	\$299,558
Rents	359,900	293,119	653,019
Investment income:			
Interest and dividends	2,698	9,400	12,098
Change in fair value	-	27,400	27,400
Other revenues:			
Miscellaneous	6,611	4,940	11,551
Total revenues	<u>668,767</u>	<u>334,859</u>	<u>1,003,626</u>
Expenditures:			
Personal services	25,500	11,500	37,000
Supplies	32,357	7,064	39,421
Other services and charges	488,692	192,311	681,003
Capital outlay	121,583	-	121,583
Total expenditures	<u>668,132</u>	<u>210,875</u>	<u>879,007</u>
Revenues over (under) expenditures	635	123,984	124,619
Fund balance - January 1	<u>917,726</u>	<u>799,710</u>	<u>1,717,436</u>
Fund balance - December 31	<u><u>\$918,361</u></u>	<u><u>\$923,694</u></u>	<u><u>\$1,842,055</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY-

**Statement 29**

PARKVIEW VILLA NORTH FUND 203

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

For The Year Ended December 31, 2014

With Comparative Actual Amounts For The Year Ended December 31, 2013

	2014			Variance with Final Budget- Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Revenues:					
Intergovernmental revenue	\$200,000	\$200,000	\$299,558	\$99,558	\$139,078
Rents	358,251	358,251	359,900	1,649	358,201
Investment income:					
Interest and dividends	7,374	7,374	2,698	(4,676)	3,168
Other revenues	500	500	6,611	6,111	7,349
Total revenues	<u>566,125</u>	<u>566,125</u>	<u>668,767</u>	<u>102,642</u>	<u>507,796</u>
Expenditures:					
Personal services	25,500	25,500	25,500	-	25,500
Supplies	24,690	24,690	32,357	(7,667)	18,412
Other services and charges	459,061	459,061	488,692	(29,631)	408,592
Capital outlay	89,000	89,000	121,583	(32,583)	-
Total expenditures	<u>598,251</u>	<u>598,251</u>	<u>668,132</u>	<u>(69,881)</u>	<u>452,504</u>
Revenues over (under) expenditures	<u>(\$32,126)</u>	<u>(\$32,126)</u>	635	<u>\$32,761</u>	55,292
Fund balance - January 1			917,726		862,434
Fund balance - December 31			<u>\$918,361</u>		<u>\$917,726</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY -

**Statement 30**

PARKVIEW VILLA SOUTH FUND 213

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

For The Year Ended December 31, 2014

With Comparative Actual Amounts For The Year Ended December 31, 2013

	2014		Actual Amounts	Variance with Final Budget- Positive (Negative)	2013 Actual Amounts
	Budgeted Amounts				
	Original	Final			
Revenues:					
Rents	\$314,250	\$314,250	\$293,119	(\$21,131)	\$279,923
Investment income:					
Interest and dividends	3,500	3,500	9,400	5,900	9,100
Change in fair value	-	-	27,400	27,400	(33,800)
Other	2,950	2,950	4,940	1,990	3,060
Total revenues	<u>320,700</u>	<u>320,700</u>	<u>334,859</u>	<u>14,159</u>	<u>258,283</u>
Expenditures:					
Personal services	11,500	11,500	11,500	-	11,500
Supplies	8,845	8,845	7,064	1,781	16,813
Other services and charges	219,505	219,505	192,311	27,194	179,374
Capital outlay	35,000	35,000	-	35,000	-
Total expenditures	<u>274,850</u>	<u>274,850</u>	<u>210,875</u>	<u>63,975</u>	<u>207,687</u>
Revenues over expenditures	<u>\$45,850</u>	<u>\$45,850</u>	123,984	<u>\$78,134</u>	50,596
Fund balance - January 1			<u>799,709</u>		<u>749,113</u>
Fund balance - December 31			<u>\$923,693</u>		<u>\$799,709</u>

**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. Both the City and the Economic Development Authority issue bonds.

Tax Increment Financing Funds – are separate funds used to account for the revenues and expenditures of each separate Tax Increment Financing District. The Economic Development Authority authorizes and administers tax increment activities within the City.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2014

	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	G.O. Improvement / Revenue Bonds 2013A Fund 345	EDA Component Unit Tax Increment Bonds Fund 376
<b>Assets</b>					
Cash and investments	\$131,065	\$468,465	\$247,619	\$243,933	\$180,594
Receivables:					
Taxes	1,148	3,134	1,890	-	-
Assessments	-	-	-	156,916	-
Interest	-	-	-	-	300
Interfund receivable	-	-	-	-	75,389
Land held for resale	-	-	-	-	427,477
<b>Total assets</b>	<b>\$132,213</b>	<b>\$471,599</b>	<b>\$249,509</b>	<b>\$400,849</b>	<b>\$683,760</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$185
Interfund payable	-	-	-	156,916	-
<b>Total liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,916</b>	<b>185</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	-	-	-	156,916	-
<b>Total deferred inflows of resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>156,916</b>	<b>0</b>
<b>Fund balance:</b>					
Nonspendable	-	-	-	-	427,477
Restricted	132,213	471,599	249,509	87,017	256,098
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>132,213</b>	<b>471,599</b>	<b>249,509</b>	<b>87,017</b>	<b>683,575</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$132,213</b>	<b>\$471,599</b>	<b>\$249,509</b>	<b>\$400,849</b>	<b>\$683,760</b>

## EDA Component Unit

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	TIF Scattered Site Fund 391	Total Nonmajor Debt Service Funds
\$ -	\$79,619	\$72,799	\$376,625	\$293,432	\$255,834	\$ -	\$2,349,985
-	291	-	881	21,079	-	-	28,423
-	-	-	-	-	-	-	156,916
-	100	100	-	500	-	-	1,000
-	-	-	-	-	-	-	75,389
-	-	-	249,088	-	-	-	676,565
<u>\$0</u>	<u>\$80,010</u>	<u>\$72,899</u>	<u>\$626,594</u>	<u>\$315,011</u>	<u>\$255,834</u>	<u>\$0</u>	<u>\$3,288,278</u>
\$ -	\$8,831	\$18,924	\$185	\$287	\$ -	\$ -	\$28,412
-	7,017	-	-	-	-	75,389	239,322
<u>0</u>	<u>15,848</u>	<u>18,924</u>	<u>185</u>	<u>287</u>	<u>0</u>	<u>75,389</u>	<u>267,734</u>
-	227	-	-	17,056	-	-	174,199
<u>0</u>	<u>227</u>	<u>0</u>	<u>0</u>	<u>17,056</u>	<u>0</u>	<u>0</u>	<u>174,199</u>
-	-	-	249,088	-	-	-	676,565
-	63,935	53,975	377,321	297,668	255,834	-	2,245,169
-	-	-	-	-	-	(75,389)	(75,389)
<u>0</u>	<u>63,935</u>	<u>53,975</u>	<u>626,409</u>	<u>297,668</u>	<u>255,834</u>	<u>(75,389)</u>	<u>2,846,345</u>
<u>\$0</u>	<u>\$80,010</u>	<u>\$72,899</u>	<u>\$626,594</u>	<u>\$315,011</u>	<u>\$255,834</u>	<u>\$0</u>	<u>\$3,288,278</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, 2014

	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	G.O. Improvement / Revenue Bonds 2013A Fund 345	EDA Component Unit Tax Increment Bonds Fund 376
<b>Revenues:</b>					
Intergovernmental	\$ -	\$300,000	\$ -	\$ -	\$ -
Taxes	130,497	355,500	223,621	-	-
Tax increment collections	-	-	-	-	-
Investment income:					
Interest and dividends	190	190	210	380	2,100
Change in fair value	300	500	300	1,200	6,100
<b>Total revenues</b>	<b>130,987</b>	<b>656,190</b>	<b>224,131</b>	<b>1,580</b>	<b>8,200</b>
<b>Expenditures:</b>					
Current:					
Other services and charges	-	-	-	-	1,419
Capital outlay:					
Community development	-	-	-	-	59,490
Debt service:					
Principal retirement	105,000	215,000	170,000	-	-
Interest and fiscal charges	22,538	410,870	124,099	3,434	-
Developer incentives	-	-	-	-	-
<b>Total expenditures</b>	<b>127,538</b>	<b>625,870</b>	<b>294,099</b>	<b>3,434</b>	<b>60,909</b>
Revenues over (under) expenditures	3,449	30,320	(69,968)	(1,854)	(52,709)
<b>Other financing sources (uses):</b>					
Transfers in	-	-	77,351	128,215	-
Transfers out	-	-	-	-	-
Sale of capital assets	-	-	-	-	51,488
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>77,351</b>	<b>128,215</b>	<b>51,488</b>
Net change in fund balance	3,449	30,320	7,383	126,361	(1,221)
Fund balance - January 1	128,764	441,279	242,126	(39,344)	684,796
Fund balance - December 31	\$132,213	\$471,599	\$249,509	\$87,017	\$683,575

EDA Component Unit							
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	TIF Scattered Site Fund 391	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$300,000
-	-	-	-	-	-	-	709,618
61,751	23,984	41,714	52,867	281,863	-	-	462,179
1,100	900	700	2,790	2,900	1,400	-	12,860
4,400	2,600	2,000	9,500	7,900	4,700	-	39,500
<u>67,251</u>	<u>27,484</u>	<u>44,414</u>	<u>65,157</u>	<u>292,663</u>	<u>6,100</u>	<u>0</u>	<u>1,524,157</u>
217,549	1,246	1,246	1,422	6,586	-	-	229,468
-	-	-	-	-	-	75,389	134,879
-	-	-	55,000	-	62,000	-	607,000
-	-	-	23,605	-	141,239	-	725,785
-	17,469	37,654	-	-	-	-	55,123
<u>217,549</u>	<u>18,715</u>	<u>38,900</u>	<u>80,027</u>	<u>6,586</u>	<u>203,239</u>	<u>75,389</u>	<u>1,752,255</u>
<u>(150,298)</u>	<u>8,769</u>	<u>5,514</u>	<u>(14,870)</u>	<u>286,077</u>	<u>(197,139)</u>	<u>(75,389)</u>	<u>(228,098)</u>
-	-	-	-	-	201,000	-	406,566
-	-	-	-	(201,000)	-	-	(201,000)
-	-	-	-	-	-	-	51,488
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(201,000)</u>	<u>201,000</u>	<u>0</u>	<u>257,054</u>
(150,298)	8,769	5,514	(14,870)	85,077	3,861	(75,389)	28,956
<u>150,298</u>	<u>55,166</u>	<u>48,461</u>	<u>641,279</u>	<u>212,591</u>	<u>251,973</u>	<u>-</u>	<u>2,817,389</u>
<u>\$0</u>	<u>\$63,935</u>	<u>\$53,975</u>	<u>\$626,409</u>	<u>\$297,668</u>	<u>\$255,834</u>	<u>(\$75,389)</u>	<u>\$2,846,345</u>

**- This page intentionally left blank -**

## **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.

EDA 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.

**- This page intentionally left blank -**

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
 SUBCOMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2014

Statement 33

	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	\$ -	\$314,146	\$1,104,107	\$53,563	\$69,900	\$486,639	\$2,028,355
Due from other governments	-	4,864	-	-	-	-	4,864
Receivables:							
Interest	-	400	1,900	100	100	-	2,500
Real estate held for resale	357,478	-	-	-	-	-	357,478
<b>Total assets</b>	<b>\$357,478</b>	<b>\$319,410</b>	<b>\$1,106,007</b>	<b>\$53,663</b>	<b>\$70,000</b>	<b>\$486,639</b>	<b>\$2,393,197</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$2,120	\$ -	\$ -	\$ -	\$3,273	\$5,393
<b>Total liabilities</b>	<b>0</b>	<b>2,120</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,273</b>	<b>5,393</b>
<b>Fund balance:</b>							
Nonspendable	357,478	-	-	-	-	-	357,478
Committed	-	317,290	1,106,007	53,663	70,000	483,366	2,030,326
<b>Total fund balance</b>	<b>357,478</b>	<b>317,290</b>	<b>1,106,007</b>	<b>53,663</b>	<b>70,000</b>	<b>483,366</b>	<b>2,387,804</b>
<b>Total liabilities and fund balance</b>	<b>\$357,478</b>	<b>\$319,410</b>	<b>\$1,106,007</b>	<b>\$53,663</b>	<b>\$70,000</b>	<b>\$486,639</b>	<b>\$2,393,197</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, 2014**

**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>Revenues:</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment income:							
Interest and dividends	-	2,300	13,300	700	900	-	17,200
Change in fair value	-	5,800	38,200	2,300	2,500	-	48,800
Contributions	-	3,000	-	-	-	-	3,000
Total revenues	<u>0</u>	<u>11,100</u>	<u>51,500</u>	<u>3,000</u>	<u>3,400</u>	<u>0</u>	<u>69,000</u>
<b>Expenditures:</b>							
Current:							
Other services and charges	-	661	513	9,375	-	-	10,549
Capital outlay	-	-	-	-	-	72,138	72,138
Total expenditures	<u>0</u>	<u>661</u>	<u>513</u>	<u>9,375</u>	<u>0</u>	<u>72,138</u>	<u>82,687</u>
Revenue over (under) expenditures	<u>0</u>	<u>10,439</u>	<u>50,987</u>	<u>(6,375)</u>	<u>3,400</u>	<u>(72,138)</u>	<u>(13,687)</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	250,000	100,000	-	-	300,000	650,000
Total other financing sources (uses)	<u>0</u>	<u>250,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>650,000</u>
Net change in fund balance	0	260,439	150,987	(6,375)	3,400	227,862	636,313
Fund balance - January 1	357,478	56,851	955,020	60,038	66,600	255,504	1,751,491
Fund balance - December 31	<u>\$357,478</u>	<u>\$317,290</u>	<u>\$1,106,007</u>	<u>\$53,663</u>	<u>\$70,000</u>	<u>\$483,366</u>	<u>\$2,387,804</u>

## **ENTERPRISE FUNDS**

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 sanitary 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 management.

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 POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

**Statement 35**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Totals	
					2014	2013
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$37,091	\$263,585	\$553,191	\$236,784	\$1,090,651	\$998,616
Receivables:						
Accounts (net of allowance for uncollectables)	603,150	-	-	-	603,150	799,898
Interest	1,200	400	-	-	1,600	2,700
Interfund receivable	9,629	-	-	-	9,629	2,764
Inventory - at cost	7,392	-	-	-	7,392	7,317
Total current assets	<u>658,462</u>	<u>263,985</u>	<u>553,191</u>	<u>236,784</u>	<u>1,712,422</u>	<u>1,811,295</u>
<b>Noncurrent assets:</b>						
Capital assets:						
Land	45,223	-	-	-	45,223	45,223
Buildings	750,272	-	-	-	750,272	559,826
Equipment	515,901	-	-	-	515,901	477,897
Infrastructure	8,581,422	-	-	-	8,581,422	8,346,965
Construction in process	-	-	516,524	-	516,524	473,821
Total capital assets	<u>9,892,818</u>	<u>0</u>	<u>516,524</u>	<u>0</u>	<u>10,409,342</u>	<u>9,903,732</u>
Less: accumulated depreciation	<u>(4,717,796)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,717,796)</u>	<u>(4,492,495)</u>
Total capital assets (net of accumulated depreciation)	<u>5,175,022</u>	<u>0</u>	<u>516,524</u>	<u>0</u>	<u>5,691,546</u>	<u>5,411,237</u>
Total noncurrent assets	<u>5,175,022</u>	<u>0</u>	<u>516,524</u>	<u>0</u>	<u>5,691,546</u>	<u>5,411,237</u>
Total assets	<u>5,833,484</u>	<u>263,985</u>	<u>1,069,715</u>	<u>236,784</u>	<u>7,403,968</u>	<u>7,222,532</u>
<b>Liabilities :</b>						
<b>Current liabilities:</b>						
Accounts payable	11,693	14,664	11,961	-	38,318	192,850
Accrued salaries and withholdings payable	9,126	-	-	-	9,126	8,571
Contracts payable - retained percentage	-	-	5,683	-	5,683	16,830
Due to other governmental units	110,493	-	225,083	-	335,576	317,067
Interfund payable	-	-	-	195,000	195,000	259,000
Accrued interest payable	-	-	-	7,207	7,207	2,789
Compensated absences payable - current	924	-	-	-	924	1,635
Bonds payable - current	-	-	-	177,028	177,028	35,000
Total current liabilities	<u>132,236</u>	<u>14,664</u>	<u>242,727</u>	<u>379,235</u>	<u>768,862</u>	<u>833,742</u>
<b>Noncurrent liabilities:</b>						
Compensated absences payable - noncurrent	17,566	-	-	-	17,566	25,619
Bonds payable - noncurrent	-	-	-	1,000,796	1,000,796	1,177,824
Total noncurrent liabilities	<u>17,566</u>	<u>0</u>	<u>0</u>	<u>1,000,796</u>	<u>1,018,362</u>	<u>1,203,443</u>
Total liabilities	<u>149,802</u>	<u>14,664</u>	<u>242,727</u>	<u>1,380,031</u>	<u>1,787,224</u>	<u>2,037,185</u>
<b>Net position:</b>						
Net investments in capital assets	5,175,022	-	516,524	(627,824)	5,063,722	4,763,413
Restricted	-	-	550,000	(350,834)	199,166	71,771
Unrestricted	508,660	249,321	(239,536)	(164,589)	353,856	350,163
Total net position	<u>\$5,683,682</u>	<u>\$249,321</u>	<u>\$826,988</u>	<u>(\$1,143,247)</u>	<u>\$5,616,744</u>	<u>\$5,185,347</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

WATER UTILITY FUND

Statement 36

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2014	2013
Operating revenues:							
Charges for services:							
Customer services	\$64,516	\$ -	\$ -	\$ -	\$ -	\$64,516	\$113,915
Penalties	96,966	-	-	-	-	96,966	89,224
Charges for sales:							
Water	2,532,926	-	-	-	-	2,532,926	2,538,362
Meter	17,342	84,530	-	-	-	101,872	273,547
Total operating revenues	<u>2,711,750</u>	<u>84,530</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,796,280</u>	<u>3,015,048</u>
Operating expenses:							
Cost of sales	1,200,008	-	-	-	-	1,200,008	1,216,296
Distribution	656,202	-	150,892	-	-	807,094	794,222
Administration	23,392	-	-	-	-	23,392	20,699
Depreciation	232,807	-	-	-	-	232,807	229,309
Total operating expenses	<u>2,112,409</u>	<u>0</u>	<u>150,892</u>	<u>0</u>	<u>0</u>	<u>2,263,301</u>	<u>2,260,526</u>
Net income (loss) from operations	<u>599,341</u>	<u>84,530</u>	<u>(150,892)</u>	<u>0</u>	<u>0</u>	<u>532,979</u>	<u>754,522</u>
Nonoperating revenues (expenses):							
Investment income:							
Interest and dividends	5,500	2,100	4,900	600	-	13,100	13,200
Change in fair value	12,900	5,200	17,200	1,700	-	37,000	(49,300)
Intergovernmental	0	-	-	-	-	-	1,971
Miscellaneous revenues	13,349	-	-	-	-	13,349	5,127
Miscellaneous expense	-	-	(4,557)	-	-	(4,557)	(1)
Interest and fiscal charges	-	-	-	(30,494)	-	(30,494)	(62,763)
Total nonoperating revenues (expenses)	<u>31,749</u>	<u>7,300</u>	<u>17,543</u>	<u>(28,194)</u>	<u>0</u>	<u>28,398</u>	<u>(91,766)</u>
Net income (loss) before transfers	<u>631,090</u>	<u>91,830</u>	<u>(133,349)</u>	<u>(28,194)</u>	<u>0</u>	<u>561,377</u>	<u>662,756</u>
Transfers in	234,457	25,000	170,400	285,000	(714,857)	-	-
Transfers out	(610,380)	-	(234,457)	-	714,857	(129,980)	(127,647)
Total transfers	<u>(375,923)</u>	<u>25,000</u>	<u>(64,057)</u>	<u>285,000</u>	<u>0</u>	<u>(129,980)</u>	<u>(127,647)</u>
Change in net position	255,167	116,830	(197,406)	256,806	0	431,397	535,109
Total net position - January 1	<u>5,428,515</u>	<u>132,491</u>	<u>1,024,394</u>	<u>(1,400,053)</u>	<u>-</u>	<u>5,185,347</u>	<u>4,650,238</u>
Total net position - December 31	<u>\$5,683,682</u>	<u>\$249,321</u>	<u>\$826,988</u>	<u>(\$1,143,247)</u>	<u>\$0</u>	<u>\$5,616,744</u>	<u>\$5,185,347</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**WATER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 37**

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$2,988,471	\$2,791,900
Cash paid to suppliers for goods and services	(1,681,703)	(1,435,452)
Cash payments to employees for services	(490,906)	(363,810)
Net cash provided by (used in) from operating activities	<u>815,862</u>	<u>992,638</u>
Cash flows from noncapital financing activities:		
Transfers out	(129,980)	(127,647)
Intergovernmental	-	1,971
Interfund receivable repaid by (advanced to) other funds	(6,865)	59,598
Interfund payable (repaid to) advanced by other funds	(64,000)	(140,497)
Net cash flows provided by (used in) noncapital financing activities	<u>(200,845)</u>	<u>(206,575)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(513,106)	(482,202)
Bonds issued	-	987,824
Principal payments - bonds	(35,000)	(726,490)
Interest and fiscal charges	(26,076)	(74,560)
Net cash flows provided by (used in) capital and related financing activities	<u>(574,182)</u>	<u>(295,428)</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	14,200	15,100
Change in fair value	37,000	(49,300)
Net cash flows provided by (used in) investing activities	<u>51,200</u>	<u>(34,200)</u>
Net increase (decrease) in cash and cash equivalents	92,035	456,435
Cash and cash equivalents - January 1	998,616	542,181
Cash and cash equivalents - December 31	<u>\$1,090,651</u>	<u>\$998,616</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$532,979</u>	<u>\$754,522</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	232,807	229,309
Miscellaneous revenues	13,349	5,127
Miscellaneous expense	(4,557)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	196,748	(228,275)
(Increase) decrease in inventory, at cost	(75)	(3,132)
Increase (decrease) in accounts payable	(154,532)	186,628
Increase (decrease) in accrued salaries and withholdings payable	555	(651)
Increase (decrease) in due to other governmental units	(11,147)	16,830
Adjustment for nonoperating portion	18,509	33,581
Increase (decrease) in deposits payable	-	(3,000)
Increase (decrease) in compensated absences payable	(8,774)	1,699
Total adjustments	<u>282,883</u>	<u>238,116</u>
Net cash flows provided by (used in) operating activities	<u>\$815,862</u>	<u>\$992,638</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

**Statement 38**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2014	2013
<b>Assets:</b>							
<b>Current assets:</b>							
Cash and cash equivalents	\$6,317	\$365,452	\$693,537	\$43,139	\$ -	\$1,108,445	\$1,375,452
<b>Receivables:</b>							
Accounts (net of allowance for uncollectibles)	418,066	-	-	-	-	418,066	419,048
Interest	-	500	900	-	-	1,400	3,000
Interfund receivables	-	-	201,000	-	(201,000)	-	-
Prepayments	81,233	-	-	-	-	81,233	81,254
Total current assets	<u>505,616</u>	<u>365,952</u>	<u>895,437</u>	<u>43,139</u>	<u>(201,000)</u>	<u>1,609,144</u>	<u>1,878,754</u>
<b>Noncurrent assets:</b>							
<b>Capital assets:</b>							
Land	36,586	-	-	-	-	36,586	36,586
Buildings	403,659	-	-	-	-	403,659	403,659
Equipment	932,135	-	-	-	-	932,135	939,340
Construction in progress	-	-	10,583	-	-	10,583	-
Infrastructure	6,154,219	-	-	-	-	6,154,219	6,154,219
Total capital assets	7,526,599	0	10,583	0	0	7,537,182	7,533,804
Less: accumulated depreciation	(4,440,318)	-	-	-	-	(4,440,318)	(4,416,306)
Net capital assets	<u>3,086,281</u>	<u>0</u>	<u>10,583</u>	<u>0</u>	<u>0</u>	<u>3,096,864</u>	<u>3,117,498</u>
Total noncurrent assets	<u>3,086,281</u>	<u>0</u>	<u>10,583</u>	<u>0</u>	<u>0</u>	<u>3,096,864</u>	<u>3,117,498</u>
Total assets	<u>3,591,897</u>	<u>365,952</u>	<u>906,020</u>	<u>43,139</u>	<u>(201,000)</u>	<u>4,706,008</u>	<u>4,996,252</u>
<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts payable	1,626	14,664	-	-	-	16,290	117,838
Accrued salaries and withholdings payable	5,845	-	53	-	-	5,898	6,137
Contracts payable - retained percentage	31,100	-	5,071	-	-	36,171	31,100
Interfund payable	201,000	-	-	-	(201,000)	-	-
Accrued interest payable	-	-	-	2,329	-	2,329	-
Compensated absences payable - current	1,785	-	-	-	-	1,785	2,313
Bonds payable - current	-	-	-	35,000	-	35,000	-
Total current liabilities	<u>241,356</u>	<u>14,664</u>	<u>5,124</u>	<u>37,329</u>	<u>(201,000)</u>	<u>97,473</u>	<u>157,388</u>
<b>Noncurrent liabilities:</b>							
Compensated absences payable - noncurrent	33,921	-	-	-	-	33,921	36,236
Bonds payable - noncurrent	-	-	-	330,000	-	330,000	365,000
Total noncurrent liabilities	<u>33,921</u>	<u>0</u>	<u>0</u>	<u>330,000</u>	<u>-</u>	<u>363,921</u>	<u>401,236</u>
Total liabilities	<u>275,277</u>	<u>14,664</u>	<u>5,124</u>	<u>367,329</u>	<u>(201,000)</u>	<u>461,394</u>	<u>558,624</u>
<b>Net position:</b>							
Net investments in capital assets	3,086,281	-	10,583	(5,000)	-	3,091,864	3,117,498
Restricted	-	-	360,000	(319,770)	-	40,230	-
Unrestricted	230,339	351,288	530,313	580	-	1,112,520	1,320,130
Total net position	<u>\$3,316,620</u>	<u>\$351,288</u>	<u>\$900,896</u>	<u>(\$324,190)</u>	<u>\$0</u>	<u>\$4,244,614</u>	<u>\$4,437,628</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SEWER UTILITY FUND

Statement 39

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Interfund Eliminations	Totals	
						2014	2013
Operating revenues:							
Charges for services:							
Sewer service charges	\$1,626,678	\$ -	\$ -	\$ -	\$ -	\$1,626,678	\$1,592,145
Operating expenses:							
Disposal	975,068	-	-	-	-	975,068	923,621
Collection	362,098	-	221,148	-	-	583,246	394,352
Administration	23,192	-	-	-	-	23,192	28,252
Depreciation	157,517	-	-	-	-	157,517	138,346
Total operating expenses	1,517,875	0	221,148	0	0	1,739,023	1,484,571
Net income (loss) from operations	108,803	0	(221,148)	0	0	(112,345)	107,574
Nonoperating revenues (expenses):							
Investment income							
Interest and dividends	-	3,200	10,300	30	-	13,530	15,300
Change in fair value	-	9,400	32,200	100	-	41,700	(56,800)
Miscellaneous revenues	400	-	-	-	-	400	1,641
Gain on sale of capital assets	-	-	-	-	-	-	25,000
Interest and fiscal charges	-	-	-	(6,320)	-	(6,320)	(5,000)
Total nonoperating revenues (expenses)	400	12,600	42,500	(6,190)	0	49,310	(19,859)
Net income (loss) before transfers	109,203	12,600	(178,648)	(6,190)	0	(63,035)	87,715
Transfers in	-	25,000	117,087	47,000	(189,087)	-	-
Transfers out	(319,066)	-	-	-	189,087	(129,979)	(527,646)
Total transfers	(319,066)	25,000	117,087	47,000	0	(129,979)	(527,646)
Change in net position	(209,863)	37,600	(61,561)	40,810	0	(193,014)	(439,931)
Net position - January 1	3,526,483	313,688	962,457	(365,000)	-	4,437,628	4,877,559
Net position - December 31	\$3,316,620	\$351,288	\$900,896	(\$324,190)	\$0	\$4,244,614	\$4,437,628

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2014  
With Comparative Totals for Year Ended December 31, 2013

**Statement 40**

	2014	2013
Cash flows from operating activities:		
Cash received from customers	\$1,628,060	\$1,594,519
Cash paid to suppliers for goods and services	(1,487,127)	(1,003,397)
Cash payments to employees for services	(193,917)	(254,079)
Net cash flows provided by (used in) operating activities	<u>(52,984)</u>	<u>337,043</u>
Cash flows from noncapital financing activities:		
Transfers out	(129,979)	(527,646)
Interfund receivable repaid by (advanced to) other funds	-	22,858
Net cash flows provided by (used in) noncapital financing activities	<u>(129,979)</u>	<u>(504,788)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(136,883)	(148,707)
Sale of capital assets	-	25,000
Bonds issued	-	365,000
Interest and fiscal charges	(3,991)	(5,000)
Net cash flows provided by (used in) capital and related financing activities	<u>(140,874)</u>	<u>236,293</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	15,130	16,700
Change in fair value	41,700	(56,800)
Net cash flows provided by (used in) investing activities	<u>56,830</u>	<u>(40,100)</u>
Net increase (decrease) in cash and cash equivalents	(267,007)	28,448
Cash and cash equivalents - January 1	<u>1,375,452</u>	<u>1,347,004</u>
Cash and cash equivalents - December 31	<u><u>\$1,108,445</u></u>	<u><u>\$1,375,452</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>(\$112,345)</u>	<u>\$107,574</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	157,517	138,346
Miscellaneous revenues	400	1,641
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	982	733
(Increase) decrease in prepayments	21	(4,286)
Increase (decrease) in accounts payable	(101,548)	102,224
Increase (decrease) in accrued salaries and withholdings payable	(239)	1,404
Increase (decrease) in contracts payable -retained percentage	5,071	(11,815)
Increase (decrease) compensated absences payable	(2,843)	1,222
Total adjustments	<u>59,361</u>	<u>229,469</u>
Net cash flows provided by (used in) operating activities	<u><u>(\$52,984)</u></u>	<u><u>\$337,043</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

**Statement 41**

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$1,163,446	\$1,038,897
Receivables:		
Accounts (net of allowance for uncollectibles)	498,042	489,754
Interest	2,100	2,400
Due from other governmental units	64,334	33,541
Total current assets	<u>1,727,922</u>	<u>1,564,592</u>
Noncurrent assets:		
Capital assets:		
Buildings	56,000	56,000
Equipment	112,893	112,893
Total capital assets	<u>168,893</u>	<u>168,893</u>
Less: accumulated depreciation	(122,257)	(118,616)
Total capital assets (net of accumulated depreciation)	<u>46,636</u>	<u>50,277</u>
Total noncurrent assets	<u>46,636</u>	<u>50,277</u>
Total assets	<u>1,774,558</u>	<u>1,614,869</u>
Liabilities:		
Current liabilities:		
Accounts payable	128,877	235,036
Accrued salaries and withholdings payable	2,265	1,822
Compensated absences payable - current	220	369
Total current liabilities	<u>131,362</u>	<u>237,227</u>
Noncurrent liabilities:		
Compensated absences payable - noncurrent	4,186	5,778
Total liabilities	<u>135,548</u>	<u>243,005</u>
Net position:		
Net investments in capital assets	46,636	50,277
Unrestricted	1,592,374	1,321,587
Total net position	<u><u>\$1,639,010</u></u>	<u><u>\$1,371,864</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

## REFUSE UTILITY FUND

Statement 42

## SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

## IN FUND NET POSITION

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Refuse service charges	<u>\$1,887,038</u>	<u>\$1,826,226</u>
Operating expenses:		
Collection and disposal	1,493,372	1,446,549
Administration	61,177	52,368
Recycling	82,291	67,545
Hazardous waste	9,551	5,302
Depreciation	3,641	3,641
Total operating expenses	<u>1,650,032</u>	<u>1,575,405</u>
Net income from operations	<u>237,006</u>	<u>250,821</u>
Nonoperating revenues:		
Investment income		
Interest and dividends	14,500	11,900
Change in fair value	41,300	(44,200)
Intergovernmental	91,421	68,565
Total nonoperating revenues	<u>147,221</u>	<u>36,265</u>
Net income before transfers	384,227	287,086
Transfers out	<u>(117,081)</u>	<u>(115,544)</u>
Change in net position	267,146	171,542
Total net position - January 1	<u>1,371,864</u>	<u>1,200,322</u>
Total net position - December 31	<u><u>\$1,639,010</u></u>	<u><u>\$1,371,864</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2014  
With Comparative Totals for Year Ended December 31, 2013

**Statement 43**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$1,847,957	\$1,774,330
Cash paid to suppliers for goods and services	(1,668,933)	(1,381,372)
Cash payments to employees for services	(84,915)	(66,773)
Net cash flows provided by (used in) operating activities	<u>94,109</u>	<u>326,185</u>
Cash flows from noncapital financing activities:		
Transfers out	(117,081)	(115,544)
Intergovernmental	91,421	68,565
Net cash flows provided by (used in) noncapital financing activities	<u>(25,660)</u>	<u>(46,979)</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	14,800	11,800
Change in fair value	41,300	(44,200)
Net cash flows provided by (used in) investing activities	<u>56,100</u>	<u>(32,400)</u>
Net increase in cash and cash equivalents	124,549	246,806
Cash and cash equivalents - January 1	<u>1,038,897</u>	<u>792,091</u>
Cash and cash equivalents - December 31	<u><u>\$1,163,446</u></u>	<u><u>\$1,038,897</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income	<u>\$237,006</u>	<u>\$250,821</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	3,641	3,641
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(8,288)	(23,389)
(Increase) decrease due from other governmental units	(30,793)	(28,507)
Increase (decrease) in accounts payable	(106,159)	122,138
Increase (decrease) in accrued salaries and withholdings payable	443	355
Increase (decrease) compensated absences payable	(1,741)	1,126
Total adjustments	<u>(142,897)</u>	<u>75,364</u>
Net cash flows provided by (used in) operating activities	<u><u>\$94,109</u></u>	<u><u>\$326,185</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

**Statement 44**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Totals	
					2014	2013
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$222,159	\$5,000	\$903,945	\$123,415	\$1,254,519	\$1,234,723
<b>Receivables:</b>						
Accounts (net of allowance for uncollectibles)	94,299	-	-	-	94,299	101,517
Interest	600	-	300	-	900	1,200
Due from other governmental units	-	-	48,104	-	48,104	735
<b>Total current assets</b>	<b>317,058</b>	<b>5,000</b>	<b>952,349</b>	<b>123,415</b>	<b>1,397,822</b>	<b>1,338,175</b>
<b>Noncurrent assets:</b>						
<b>Capital assets:</b>						
Land	260,690	-	-	-	260,690	260,690
Equipment	298,614	-	-	-	298,614	190,653
Infrastructure	1,518,512	-	-	-	1,518,512	1,518,512
Construction in process	-	-	64,456	-	64,456	17,087
<b>Total capital assets</b>	<b>2,077,816</b>	<b>0</b>	<b>64,456</b>	<b>0</b>	<b>2,142,272</b>	<b>1,986,942</b>
Less: accumulated depreciation	(888,980)	-	-	-	(888,980)	(800,334)
<b>Net capital assets</b>	<b>1,188,836</b>	<b>0</b>	<b>64,456</b>	<b>0</b>	<b>1,253,292</b>	<b>1,186,608</b>
<b>Total noncurrent assets</b>	<b>1,188,836</b>	<b>0</b>	<b>64,456</b>	<b>0</b>	<b>1,253,292</b>	<b>1,186,608</b>
<b>Total assets</b>	<b>1,505,894</b>	<b>5,000</b>	<b>1,016,805</b>	<b>123,415</b>	<b>2,651,114</b>	<b>2,524,783</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	156	-	3,632	-	3,788	16,850
Accrued salaries and withholdings payable	3,187	-	53	-	3,240	2,623
Interfund payable	-	-	-	50,000	50,000	66,000
Contracts payable	-	-	-	-	-	1,799
Accrued interest payable	-	-	-	4,347	4,347	-
Compensated absences payable - current	97	-	-	-	97	82
Bonds payable - current	-	-	-	104,256	104,256	-
<b>Total current liabilities</b>	<b>3,440</b>	<b>0</b>	<b>3,685</b>	<b>158,603</b>	<b>165,728</b>	<b>87,354</b>
<b>Noncurrent liabilities:</b>						
Compensated absences payable - noncurrent	1,846	-	-	-	1,846	1,284
Bonds payable - noncurrent	-	-	-	754,899	754,899	859,155
<b>Total noncurrent liabilities</b>	<b>1,846</b>	<b>0</b>	<b>0</b>	<b>754,899</b>	<b>756,745</b>	<b>860,439</b>
<b>Total liabilities</b>	<b>5,286</b>	<b>0</b>	<b>3,685</b>	<b>913,502</b>	<b>922,473</b>	<b>947,793</b>
<b>Net position:</b>						
Net investment in capital assets	1,188,836	-	64,456	(119,155)	1,134,137	1,065,366
Restricted	-	-	740,000	(622,245)	117,755	8,420
Unrestricted	311,772	5,000	208,664	(48,687)	476,749	503,204
<b>Total net position</b>	<b>\$1,500,608</b>	<b>\$5,000</b>	<b>\$1,013,120</b>	<b>(\$790,087)</b>	<b>\$1,728,641</b>	<b>\$1,576,990</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 45**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Totals	
						2014	2013
Operating revenues:							
Storm sewer service charges	\$365,485	\$ -	\$ -	\$ -	\$ -	\$365,485	\$367,218
Operating expenses:							
Collection	207,949	-	161	-	-	208,110	196,722
Administration	4,404	-	-	-	-	4,404	3,210
Depreciation	88,646	-	-	-	-	88,646	83,795
Total operating expenses	300,999	0	161	0	0	301,160	283,727
Net income (loss) from operations	64,486	0	(161)	0	0	64,325	83,491
Nonoperating revenues (expenses):							
Investment income							
Interest and dividends	4,400	-	8,310	190	-	12,900	6,200
Change in fair value	12,900	-	27,800	600	-	41,300	(23,100)
Intergovernmental	-	-	-	-	-	-	14,335
Miscellaneous revenues	899	-	-	-	-	899	1,707
Interest and fiscal charges	-	-	-	(15,142)	-	(15,142)	(24,938)
Total nonoperating revenues (expenses)	18,199	0	36,110	(14,352)	0	39,957	(25,796)
Net income (loss) before transfers and capital contributions	82,685	0	35,949	(14,352)	0	104,282	57,695
Transfers in	-	5,000	-	141,000	(146,000)	-	400,000
Transfers out	(146,000)	-	-	-	146,000	-	-
Capital contributions - intergovernmental	-	-	47,369	-	-	47,369	-
Total transfers and contributions	(146,000)	5,000	47,369	141,000	0	47,369	400,000
Change in net position	(63,315)	5,000	83,318	126,648	0	151,651	457,695
Net position - January 1	1,563,923	-	929,802	(916,735)	-	1,576,990	1,119,295
Net position - December 31	\$1,500,608	\$5,000	\$1,013,120	(\$790,087)	\$0	\$1,728,641	\$1,576,990

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2014  
With Comparative Totals for Year Ended December 31, 2013

**Statement 46**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$373,602	\$359,029
Cash paid to suppliers for goods and services	(116,356)	(81,956)
Cash payments to employees for services	(109,825)	(98,714)
Net cash flows provided by (used in) operating activities	<u>147,421</u>	<u>178,359</u>
Cash flows from noncapital financing activities:		
Intergovernmental	-	14,335
Transfers in	-	400,000
Interfund payable (repaid to) advanced by other funds	(16,000)	(20,862)
Net cash flows provided by (used in) noncapital financing activities:	<u>(16,000)</u>	<u>393,473</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(155,330)	(17,086)
Bonds issued	-	859,155
Principal payments - bonds	-	(171,780)
Interest and fiscal charges	(10,795)	(27,776)
Net cash flows provided by (used in) capital and related financing activities	<u>(166,125)</u>	<u>642,513</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	13,200	5,502
Change in fair value	41,300	(23,100)
Net cash flows provided by (used in) investing activities	<u>54,500</u>	<u>(17,598)</u>
Net increase (decrease) in cash and cash equivalents	19,796	1,196,747
Cash and cash equivalents - January 1	<u>1,234,723</u>	<u>37,976</u>
Cash and cash equivalents - December 31	<u><u>\$1,254,519</u></u>	<u><u>\$1,234,723</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$64,325</u>	<u>\$83,491</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	88,646	83,795
Miscellaneous revenue	899	1,707
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	7,218	(9,160)
(Increase) decrease in due from other governmental units	-	(735)
Increase (decrease) in accounts payable	(13,062)	16,808
Increase (decrease) in accrued salaries and withholdings payable	617	689
Increase (decrease) in contracts payable - retained percentage	(1,799)	1,799
Increase (decrease) compensated absences payable	577	(35)
Total adjustments	<u>83,096</u>	<u>94,868</u>
Net cash flows provided by (used in) operating activities	<u><u>\$147,421</u></u>	<u><u>\$178,359</u></u>
Noncash capital and related financing activities:		
Contribution of capital asset from intergovernmental revenue	\$ 47,369	\$ -

**- This page intentionally left blank -**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

**Statement 47**

	Operating Account	Debt Service Account	Totals	
			2014	2013
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$257,214	\$280,352	\$537,566	\$592,830
Cash and cash equivalents with fiscal agent	-	399,250	399,250	399,254
<b>Receivables:</b>				
Accounts (net of allowance for uncollectables)	21	-	21	88
Interest	-	-	-	200
Due from other governmental units	3,707	-	3,707	1,681
Inventory - at cost	2,876,805	-	2,876,805	2,786,591
<b>Total current assets</b>	<b>3,137,747</b>	<b>679,602</b>	<b>3,817,349</b>	<b>3,780,644</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	413,202	-	413,202	413,202
<b>Total capital assets</b>	<b>6,334,978</b>	<b>0</b>	<b>6,334,978</b>	<b>6,334,978</b>
Less: accumulated depreciation	(1,127,402)	-	(1,127,402)	(975,502)
<b>Net capital assets</b>	<b>5,207,576</b>	<b>0</b>	<b>5,207,576</b>	<b>5,359,476</b>
<b>Total noncurrent assets</b>	<b>5,207,576</b>	<b>0</b>	<b>5,207,576</b>	<b>5,359,476</b>
<b>Total assets</b>	<b>8,345,323</b>	<b>679,602</b>	<b>9,024,925</b>	<b>9,140,120</b>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	268,668	-	268,668	313,130
Accrued salaries and withholdings payable	42,922	-	42,922	31,634
Due to other governmental units	92,194	-	92,194	97,413
Accrued interest payable	-	93,681	93,681	97,173
Compensated absences payable - current	3,642	-	3,642	5,447
Bonds payable - current	-	180,000	180,000	170,000
<b>Total current liabilities</b>	<b>407,426</b>	<b>273,681</b>	<b>681,107</b>	<b>714,797</b>
<b>Noncurrent liabilities:</b>				
Compensated absences payable - noncurrent	69,190	-	69,190	85,338
Bonds payable - noncurrent	-	4,080,000	4,080,000	4,260,000
<b>Total noncurrent liabilities</b>	<b>69,190</b>	<b>4,080,000</b>	<b>4,149,190</b>	<b>4,345,338</b>
<b>Total liabilities</b>	<b>476,616</b>	<b>4,353,681</b>	<b>4,830,297</b>	<b>5,060,135</b>
<b>Net position:</b>				
Net investments in capital assets	5,207,576	(3,860,746)	1,346,830	1,328,730
Restricted for debt service	-	186,667	186,667	179,175
Unrestricted	2,661,131	-	2,661,131	2,572,080
<b>Total net position</b>	<b>\$7,868,707</b>	<b>(\$3,674,079)</b>	<b>\$4,194,628</b>	<b>\$4,079,985</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

	Operating Accounts		
	Top Valu	Top Valu II	Heights Liquor
Operating revenues:			
Charges for sales:			
Liquor	\$1,535,319	\$1,135,795	\$513,572
Beer	1,605,676	1,401,243	554,885
Wine	610,908	517,604	64,205
Other	171,888	177,167	127,109
Total operating revenues	<u>3,923,791</u>	<u>3,231,809</u>	<u>1,259,771</u>
Operating expenses:			
Cost of goods sold	2,959,923	2,427,608	956,132
Operating expense	651,561	553,283	180,238
Depreciation	83,587	64,729	3,584
Total operating expenses	<u>3,695,071</u>	<u>3,045,620</u>	<u>1,139,954</u>
Net income from operations	<u>\$228,720</u>	<u>\$186,189</u>	<u>\$119,817</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends			
Change in fair value			
Interest and fiscal charges			
Miscellaneous expense			
Total nonoperating revenues (expenses)			
Net income (loss) before transfers			
Transfers in			
Transfers out			
Total transfers			
Change in net position			
Net position - January 1			
Net position - December 31			

Total Operating Accounts	Debt Service Account	Intrafund Eliminations	Totals	
			2014	2013
\$3,184,686	\$ -	\$ -	\$3,184,686	\$3,314,995
3,561,804	-	-	3,561,804	3,603,137
1,192,717	-	-	1,192,717	1,340,028
476,164	-	-	476,164	488,924
<u>8,415,371</u>	<u>0</u>	<u>0</u>	<u>8,415,371</u>	<u>8,747,084</u>
6,343,663	-	-	6,343,663	6,577,631
1,385,082	-	-	1,385,082	1,338,379
151,900	-	-	151,900	151,900
<u>7,880,645</u>	<u>0</u>	<u>0</u>	<u>7,880,645</u>	<u>8,067,910</u>
534,726	0	0	534,726	679,174
400	330	-	730	900
1,600	900	-	2,500	(3,400)
-	(207,738)	-	(207,738)	(215,511)
<u>(16,188)</u>	<u>-</u>	<u>-</u>	<u>(16,188)</u>	<u>(11,040)</u>
<u>(14,188)</u>	<u>(206,508)</u>	<u>0</u>	<u>(220,696)</u>	<u>(229,051)</u>
520,538	(206,508)	0	314,030	450,123
-	384,000	(384,000)	-	-
<u>(583,386)</u>	<u>-</u>	<u>384,000</u>	<u>(199,386)</u>	<u>(132,334)</u>
<u>(583,386)</u>	<u>384,000</u>	<u>0</u>	<u>(199,386)</u>	<u>(132,334)</u>
(62,848)	177,492	0	114,644	317,789
<u>7,931,555</u>	<u>(3,851,571)</u>	<u>-</u>	<u>4,079,984</u>	<u>3,762,196</u>
<u>\$7,868,707</u>	<u>(\$3,674,079)</u>	<u>\$0</u>	<u>\$4,194,628</u>	<u>\$4,079,985</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**LIQUOR FUND**

**SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2014

With Comparative Amount for Year Ended December 31, 2013

**Statement 49**

**Page 1 of 2**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$8,413,412	\$8,745,951
Cash paid to suppliers for goods and services	(6,895,305)	(7,264,578)
Cash payments to employees for services	(996,188)	(977,506)
Net cash flows provided by (used in) operating activities	<u>521,919</u>	<u>503,867</u>
Cash flows from noncapital financing activities		
Transfers out	(199,386)	(132,334)
Net cash flows provided by (used in) noncapital financing activities	<u>(199,386)</u>	<u>(132,334)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets		-
Principal payments - bonds	(170,000)	(165,000)
Interest and fiscal charges	(211,235)	(218,901)
Net cash flows provided by (used in) capital and related financing activities	<u>(381,235)</u>	<u>(383,901)</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	930	900
Change in fair value	2,500	(3,400)
Net cash flows provided by (used in) investing activities	<u>3,430</u>	<u>(2,500)</u>
Net increase (decrease) in cash and cash equivalents	(55,272)	(14,868)
Total cash and cash equivalents - January 1	<u>992,084</u>	<u>1,006,952</u>
Total cash and cash equivalents - December 31	936,812	992,084
(Less) cash and cash equivalents with fiscal agent - December 31	<u>(399,250)</u>	<u>(399,254)</u>
Cash and cash equivalents - December 31	<u>\$537,562</u>	<u>\$592,830</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2014  
With Comparative Amount for Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$534,726</u>	<u>\$679,174</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	151,900	151,900
Miscellaneous expense	(16,188)	(11,040)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	67	73
(Increase) decrease in due from other governmental units	(2,026)	(1,206)
(Increase) decrease in inventory, at cost	(90,214)	(244,219)
Increase (decrease) in accounts payable	(44,462)	(87,212)
Increase (decrease) in accrued salaries and withholdings pay	11,288	8,270
Increase (decrease) in due to other governmental units	(5,219)	4,380
Increase (decrease) in compensated absences payable	(17,953)	3,747
Total adjustments	<u>(12,807)</u>	<u>(175,307)</u>
Net cash flows provided by (used in) operating activities	<u><u>\$521,919</u></u>	<u><u>\$503,867</u></u>

**- This page intentionally left blank -**

## **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 POSITION**  
December 31, 2014

**Statement 50**

	Central Garage	Information Systems	Insurance	Compensated Absences	Total Internal Service Funds
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$573,041	\$702,535	\$1,104,268	\$967,301	\$3,347,145
Interest receivable	1,000	1,200	1,900	-	4,100
Prepayments	-	-	61,776	-	61,776
Inventory - at cost	68,562	-	-	-	68,562
<b>Total current assets</b>	<b>642,603</b>	<b>703,735</b>	<b>1,167,944</b>	<b>967,301</b>	<b>3,481,583</b>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land	15,779	-	-	-	15,779
Buildings	1,978,957	-	-	-	1,978,957
Equipment	234,265	237,192	-	-	471,457
Construction in progress	-	-	-	-	-
<b>Total capital assets</b>	<b>2,229,001</b>	<b>237,192</b>	<b>0</b>	<b>0</b>	<b>2,466,193</b>
Less: accumulated depreciation	(935,348)	(190,920)	-	-	(1,126,268)
<b>Net capital assets</b>	<b>1,293,653</b>	<b>46,272</b>	<b>0</b>	<b>0</b>	<b>1,339,925</b>
<b>Total noncurrent assets</b>	<b>1,293,653</b>	<b>46,272</b>	<b>0</b>	<b>0</b>	<b>1,339,925</b>
<b>Total assets</b>	<b>1,936,256</b>	<b>750,007</b>	<b>1,167,944</b>	<b>967,301</b>	<b>4,821,508</b>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	7,449	1,286	-	-	8,735
Accrued salaries and withholdings payable	6,073	7,966	-	-	14,039
Unearned revenue	7,904	-	-	-	7,904
Compensated absences payable - current	2,006	1,163	-	48,365	51,534
<b>Total current liabilities</b>	<b>23,432</b>	<b>10,415</b>	<b>0</b>	<b>48,365</b>	<b>82,212</b>
<b>Noncurrent liabilities:</b>					
Compensated absences payable - noncurrent	38,118	22,096	-	918,936	979,150
<b>Total liabilities</b>	<b>61,550</b>	<b>32,511</b>	<b>0</b>	<b>967,301</b>	<b>1,061,362</b>
<b>Net position:</b>					
Net investments in capital assets	1,293,653	46,272	-	-	1,339,925
Unrestricted	581,053	671,224	1,167,944	-	2,420,221
<b>Total net position</b>	<b>\$1,874,706</b>	<b>\$717,496</b>	<b>\$1,167,944</b>	<b>\$0</b>	<b>\$3,760,146</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014

**Statement 51**

	Central Garage	Information Systems	Insurance	Compensated Absences	Total Internal Service Funds
Operating revenues:					
Charges for services:					
Services to departments	\$178,629	\$ -	\$562,225	\$ -	\$740,854
Use of space	297,629	-	-	-	297,629
Recovery of damages	-	-	11,734	-	11,734
Charges for sales:					
Sales of motor fuel	165,468	-	-	-	165,468
Total operating revenues	<u>641,726</u>	<u>0</u>	<u>573,959</u>	<u>0</u>	<u>1,215,685</u>
Operating expenses:					
Cost of services and space	545,775	283,495	568,236	-	1,397,506
Depreciation	69,547	18,655	-	-	88,202
Total operating expenses	<u>615,322</u>	<u>302,150</u>	<u>568,236</u>	<u>0</u>	<u>1,485,708</u>
Net income (loss) from operations	<u>26,404</u>	<u>(302,150)</u>	<u>5,723</u>	<u>0</u>	<u>(270,023)</u>
Nonoperating revenues (expenses):					
Investment income					
Interest and dividends	7,100	8,700	13,400	-	29,200
Change in fair value	20,500	25,100	39,200	-	84,800
Intergovernmental	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>27,600</u>	<u>33,800</u>	<u>52,600</u>	<u>0</u>	<u>114,000</u>
Net income (loss) before transfers	<u>54,004</u>	<u>(268,350)</u>	<u>58,323</u>	<u>0</u>	<u>(156,023)</u>
Transfers in	-	330,000	-	-	330,000
Transfers out	(35,000)	-	-	-	(35,000)
Total transfers and capital contributions	<u>(35,000)</u>	<u>330,000</u>	<u>0</u>	<u>0</u>	<u>295,000</u>
Change in net position	19,004	61,650	58,323	0	138,977
Net position - January 1	<u>1,855,702</u>	<u>655,846</u>	<u>1,109,621</u>	<u>-</u>	<u>3,621,169</u>
Net position - December 31	<u><u>\$1,874,706</u></u>	<u><u>\$717,496</u></u>	<u><u>\$1,167,944</u></u>	<u><u>\$0</u></u>	<u><u>\$3,760,146</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2014

**Statement 52**

	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	\$641,727	\$ -	\$562,225	\$ -	\$1,203,952
Cash received for damages	-	-	11,734	-	11,734
Cash paid to suppliers for goods and services	(340,847)	(37,063)	(578,906)	-	(956,816)
Cash payments to employees for services	(218,566)	(249,518)	-	-	(468,084)
Net cash flows provided by (used in) operating activities	82,314	(286,581)	(4,947)	0	(209,214)
<b>Cash flows from noncapital financing activities:</b>					
Cash received other funds	-	-	-	29,612	29,612
Transfers in	-	330,000	-	-	330,000
Transfers out	(35,000)	-	-	-	(35,000)
Net cash flows provided by (used in) noncapital financing activities	(35,000)	330,000	0	29,612	324,612
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	9,873	(41,891)	-	-	(32,018)
Net cash flows provided by (used in) capital and related financing activities	9,873	(41,891)	0	0	(32,018)
<b>Cash flows from investing activities:</b>					
<b>Investment income:</b>					
Interest and dividends	7,400	9,200	14,100	-	30,700
Change in fair value	20,500	25,100	39,200	-	84,800
Net cash flows provided by (used in) investing activities	27,900	34,300	53,300	0	115,500
Net increase (decrease) in cash and cash equivalents	85,087	35,828	48,353	29,612	198,880
Cash and cash equivalents - January 1	487,954	666,707	1,055,915	937,689	3,148,265
Cash and cash equivalents - December 31	\$573,041	\$702,535	\$1,104,268	\$967,301	\$3,347,145
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>					
Operating income (loss)	\$26,404	(\$302,150)	\$5,723	\$ -	(\$270,023)
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>					
Depreciation expense	69,547	18,655	-	-	88,202
<b>Changes in assets and liabilities:</b>					
(Increase) decrease in prepayments	-	-	(7,725)	-	(7,725)
(Increase) decrease in inventory, at cost	(5,471)	-	-	-	(5,471)
Increase (decrease) in accounts payable	(10,961)	(5,037)	(2,945)	-	(18,943)
Increase (decrease) in accrued salaries and withholdings payable	894	1,641	-	-	2,535
Increase (decrease) in deferred revenue	231	-	-	-	231
Increase (decrease) in compensated absences payable	1,670	310	-	-	1,980
Total adjustments	55,910	15,569	(10,670)	0	60,809
Net cash flows provided by (used in) operating activities	\$82,314	(\$286,581)	(\$4,947)	\$0	(\$209,214)

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CENTRAL GARAGE FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals For December 31, 2013

**Statement 53**

	Operating Account	Capital Equipment Replacement Account	Totals	
			2014	2013
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$527,805	\$45,236	\$573,041	\$487,954
Interest receivable	900	100	1,000	1,300
Inventory - at cost	68,562	-	68,562	63,091
Total current assets	<u>597,267</u>	<u>45,336</u>	<u>642,603</u>	<u>552,345</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Land	15,779	-	15,779	15,779
Buildings	1,978,957	-	1,978,957	1,978,958
Equipment	234,265	-	234,265	222,295
Construction in progress	-	-	-	21,841
Total capital assets	<u>2,229,001</u>	<u>0</u>	<u>2,229,001</u>	<u>2,238,873</u>
Less: Accumulated depreciation	<u>(935,348)</u>	<u>-</u>	<u>(935,348)</u>	<u>(865,800)</u>
Net capital assets	<u>1,293,653</u>	<u>0</u>	<u>1,293,653</u>	<u>1,373,073</u>
Total noncurrent assets	<u>1,293,653</u>	<u>0</u>	<u>1,293,653</u>	<u>1,373,073</u>
Total assets	<u>1,890,920</u>	<u>45,336</u>	<u>1,936,256</u>	<u>1,925,418</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	7,449	-	7,449	18,410
Accrued salaries and withholdings payable	6,073	-	6,073	5,179
Unearned revenue	7,904	-	7,904	7,673
Compensated absences payable - current	2,006	-	2,006	2,307
Total current liabilities	<u>23,432</u>	<u>0</u>	<u>23,432</u>	<u>33,569</u>
<b>Noncurrent liabilities:</b>				
Compensated absences payable - noncurrent	<u>38,118</u>	<u>-</u>	<u>38,118</u>	<u>36,147</u>
Total liabilities	<u>61,550</u>	<u>0</u>	<u>61,550</u>	<u>69,716</u>
<b>Net position:</b>				
Net investments in capital assets	1,293,653	-	1,293,653	1,373,073
Unrestricted	<u>535,717</u>	<u>45,336</u>	<u>581,053</u>	<u>482,629</u>
Total net position	<u>\$1,829,370</u>	<u>\$45,336</u>	<u>\$1,874,706</u>	<u>\$1,855,702</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**CENTRAL GARAGE FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 54**

	Operating Account	Capital Equipment Replacement Account	Intrafund Eliminations	Totals	
				2014	2013
Operating revenues:					
Charges for services:					
Services to departments	\$178,629	\$ -	\$ -	\$178,629	\$173,335
Use of space	297,629	-	-	297,629	296,064
Charges for sales:					
Sales of motor fuel	165,468	-	-	165,468	176,961
Total operating revenues	<u>641,726</u>	<u>0</u>	<u>0</u>	<u>641,726</u>	<u>646,360</u>
Operating expenses:					
Cost of services and space	545,775	-	-	545,775	548,974
Depreciation	69,547	-	-	69,547	68,080
Total operating expenses	<u>615,322</u>	<u>0</u>	<u>0</u>	<u>615,322</u>	<u>617,054</u>
Net income from operations	<u>26,404</u>	<u>0</u>	<u>0</u>	<u>26,404</u>	<u>29,306</u>
Nonoperating revenues:					
Investment income:					
Interest and dividends	6,500	600	-	7,100	6,600
Change in fair value	18,900	1,600	-	20,500	(24,400)
Intergovernmental	0	-	-	-	6,599
Total nonoperating revenues	<u>25,400</u>	<u>2,200</u>	<u>0</u>	<u>27,600</u>	<u>(11,201)</u>
Net income before transfers	<u>51,804</u>	<u>2,200</u>	<u>0</u>	<u>54,004</u>	<u>18,105</u>
Transfers in	-	4,000	(4,000)	-	-
Transfers out	(39,000)	-	4,000	(35,000)	(35,000)
Total transfers	<u>(39,000)</u>	<u>4,000</u>	<u>0</u>	<u>(35,000)</u>	<u>(35,000)</u>
Change in net position	12,804	6,200	0	19,004	(16,895)
Total net position - January 1	<u>1,816,566</u>	<u>39,136</u>	<u>-</u>	<u>1,855,702</u>	<u>1,872,597</u>
Total net position - December 31	<u>\$1,829,370</u>	<u>\$45,336</u>	<u>\$0</u>	<u>\$1,874,706</u>	<u>\$1,855,702</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

CENTRAL GARAGE FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

Statement 55

	2014	2013
Cash flows from operating activities:		
Cash received from interfund goods & services provided	\$641,727	\$646,360
Cash paid to suppliers for goods and services	(340,847)	(357,483)
Cash payments to employees for services	(218,566)	(210,618)
Net cash flows provided by (used in) operating activities	<u>82,314</u>	<u>78,259</u>
Cash flows from noncapital financing activities:		
Intergovernmental	-	6,599
Transfers out	(35,000)	(35,000)
Net cash flows provided by (used in) noncapital financing activities:	<u>(35,000)</u>	<u>(28,401)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>9,873</u>	<u>(133,349)</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	7,400	6,999
Change in fair value	20,500	(24,400)
Net cash flows provided by (used in) investing activities	<u>27,900</u>	<u>(17,401)</u>
Net increase (decrease) in cash and cash equivalents	85,087	(100,892)
Cash and cash equivalents - January 1	<u>487,954</u>	<u>588,846</u>
Cash and cash equivalents - December 31	<u><u>\$573,041</u></u>	<u><u>\$487,954</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>\$26,404</u>	<u>\$29,306</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	69,547	68,080
Changes in assets and liabilities:		
(Increase) decrease in inventory, at cost	(5,471)	5,587
Increase (decrease) in accounts payable	(10,961)	(26,825)
Increase (decrease) in accrued salaries and withholdings payable	894	820
Increase (decrease) in compensated absences payable	1,670	1,068
Increase (decrease) in deferred revenue	231	223
Total adjustments	<u>55,910</u>	<u>48,953</u>
Net cash flows provided by (used in) operating activities	<u><u>\$82,314</u></u>	<u><u>\$78,259</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION SYSTEMS FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals For December 31, 2013

**Statement 56**

	Operating Account	Capital Equipment Replacement Account	Totals	
			2014	2013
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$246,857	\$455,678	\$702,535	\$666,707
Interest receivable	500	700	1,200	1,700
Total current assets	<u>247,357</u>	<u>456,378</u>	<u>703,735</u>	<u>668,407</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Equipment	237,192	-	237,192	195,300
Less: accumulated depreciation	<u>(190,920)</u>	<u>-</u>	<u>(190,920)</u>	<u>(172,264)</u>
Net capital assets	<u>46,272</u>	<u>0</u>	<u>46,272</u>	<u>23,036</u>
Total noncurrent assets	<u>46,272</u>	<u>0</u>	<u>46,272</u>	<u>23,036</u>
Total assets	<u>293,629</u>	<u>456,378</u>	<u>750,007</u>	<u>691,443</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	1,286	-	1,286	6,323
Accrued salaries and withholdings payable	7,966	-	7,966	6,325
Compensated absences payable - current	1,163	-	1,163	1,377
Total current liabilities	<u>10,415</u>	<u>0</u>	<u>10,415</u>	<u>14,025</u>
<b>Noncurrent liabilities:</b>				
Compensated absences payable - noncurrent	<u>22,096</u>	<u>-</u>	<u>22,096</u>	<u>21,572</u>
Total liabilities	<u>32,511</u>	<u>0</u>	<u>32,511</u>	<u>35,597</u>
<b>Net position:</b>				
Net investments in capital assets	46,272	-	46,272	23,036
Unrestricted	<u>214,846</u>	<u>456,378</u>	<u>671,224</u>	<u>632,810</u>
Total net position	<u>\$261,118</u>	<u>\$456,378</u>	<u>\$717,496</u>	<u>\$655,846</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION SYSTEMS FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 57**

	Operating Account	Capital Equipment Replacement Account	Totals	
			2014	2013
Operating revenues	\$ -	\$ -	\$ -	\$ -
Operating expenses:				
Cost of services	283,495	0	283,495	327,129
Depreciation	18,655	-	18,655	19,593
Total operating expenses	<u>302,150</u>	<u>0</u>	<u>302,150</u>	<u>346,722</u>
Net income (loss) from operations	<u>(302,150)</u>	<u>0</u>	<u>(302,150)</u>	<u>(346,722)</u>
Nonoperating revenues:				
Investment income				
Interest and dividends	3,400	5,300	8,700	8,500
Change in fair value	9,700	15,400	25,100	(31,500)
Total nonoperating revenues	<u>13,100</u>	<u>20,700</u>	<u>33,800</u>	<u>(23,000)</u>
Net income (loss) before transfers	(289,050)	20,700	(268,350)	(369,722)
Transfers in	<u>330,000</u>	<u>-</u>	<u>330,000</u>	<u>325,000</u>
Change in net position	40,950	20,700	61,650	(44,722)
Net position - January 1	<u>220,168</u>	<u>435,678</u>	<u>655,846</u>	<u>700,568</u>
Net position - December 31	<u><u>\$261,118</u></u>	<u><u>\$456,378</u></u>	<u><u>\$717,496</u></u>	<u><u>\$655,846</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

INFORMATION SYSTEMS FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

**Statement 58**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash paid to suppliers for goods and services	(\$37,063)	(\$75,234)
Cash payments to employees for services	<u>(249,518)</u>	<u>(239,182)</u>
Net cash flows provided by (used in) operating activities	<u>(286,581)</u>	<u>(314,416)</u>
Cash flows from noncapital financing activities:		
Transfers in	<u>330,000</u>	<u>325,000</u>
Net cash flows from noncapital financing activities	<u>330,000</u>	<u>325,000</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	<u>(41,891)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	9,200	8,800
Change in fair value	<u>25,100</u>	<u>(31,500)</u>
Net cash flows provided by (used in) investing activities	<u>34,300</u>	<u>(22,700)</u>
Net increase in cash and cash equivalents	35,828	(12,116)
Cash and cash equivalents - January 1	<u>666,707</u>	<u>678,823</u>
Cash and cash equivalents - December 31	<u><u>\$702,535</u></u>	<u><u>\$666,707</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>(\$302,150)</u>	<u>(\$346,722)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	18,655	19,593
Changes in assets and liabilities:		
Increase (decrease) in accounts payable	(5,037)	4,493
Increase (decrease) in accrued salaries and withholdings payable	1,641	1,036
Increase (decrease) in compensated absences payable	<u>310</u>	<u>7,184</u>
Total adjustments	<u>15,569</u>	<u>32,306</u>
Net cash flows provided by (used in) operating activities	<u><u>(\$286,581)</u></u>	<u><u>(\$314,416)</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INSURANCE FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
December 31, 2014  
With Comparative Totals For December 31, 2013

**Statement 59**

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$1,104,268	\$1,055,915
Interest receivable	1,900	2,600
Prepayments	<u>61,776</u>	<u>54,051</u>
Total assets	<u>1,167,944</u>	<u>1,112,566</u>
Liabilities:		
Current liabilities:		
Accounts payable	<u>-</u>	<u>2,945</u>
Total liabilities	<u>0</u>	<u>2,945</u>
Net position:		
Unrestricted	<u>1,167,944</u>	<u>1,109,621</u>
Total net position	<u><u>\$1,167,944</u></u>	<u><u>\$1,109,621</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INSURANCE FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 60**

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Insurance allocation	\$562,225	\$498,710
Recovery of damages	11,734	28,361
Total operating revenues	<u>573,959</u>	<u>527,071</u>
Operating expenses:		
Cost of services:		
Premiums	552,791	446,194
Claims	15,445	28,396
Total operating expenses	<u>568,236</u>	<u>474,590</u>
Net income from operations	<u>5,723</u>	<u>52,481</u>
Nonoperating revenues:		
Investment income		
Interest and dividends	13,400	12,900
Change in fair value	39,200	(48,000)
Total nonoperating revenues	<u>52,600</u>	<u>(35,100)</u>
Net income	<u>58,323</u>	<u>17,381</u>
Change in net position	58,323	17,381
Net position - January 1	<u>1,109,621</u>	<u>1,092,240</u>
Net position - December 31	<u><u>\$1,167,944</u></u>	<u><u>\$1,109,621</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

INSURANCE FUND

**Statement 61**

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2014

With Comparative Totals For The Year Ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from interfund services provided	\$562,225	\$498,710
Cash received for damages	11,734	28,361
Cash paid to suppliers for goods and services	<u>(578,906)</u>	<u>(474,795)</u>
Net cash flows provided by (used in) operating activities	<u>(4,947)</u>	<u>52,276</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	14,100	13,200
Change in fair value	<u>39,200</u>	<u>(48,000)</u>
Net cash flows provided by (used in) investing activities	<u>53,300</u>	<u>(34,800)</u>
Net increase in cash and cash equivalents	48,353	17,476
Cash and cash equivalents - January 1	<u>1,055,915</u>	<u>1,038,439</u>
Cash and cash equivalents - December 31	<u><u>\$1,104,268</u></u>	<u><u>\$1,055,915</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>\$5,723</u>	<u>\$52,481</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	-	2,819
(Increase) decrease in prepayments	(7,725)	(5,969)
Increase (decrease) in accounts payable	<u>(2,945)</u>	<u>2,945</u>
Total adjustments	<u>(10,670)</u>	<u>(205)</u>
Net cash flows provided by (used in) operating activities	<u><u>(\$4,947)</u></u>	<u><u>\$52,276</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
 December 31, 2014  
 With Comparative Totals For December 31, 2013

**Statement 62**

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets:		
Cash and cash equivalents	<u>\$967,301</u>	<u>\$937,689</u>
Total assets	<u>967,301</u>	<u>937,689</u>
Liabilities:		
Current liabilities:		
Compensated absences payable - current	48,365	56,261
Noncurrent liabilities:		
Compensated absences payable - noncurrent	<u>918,936</u>	<u>881,428</u>
Total liabilities	<u>967,301</u>	<u>937,689</u>
Net position:		
Unrestricted	<u>-</u>	<u>-</u>
Total net position	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 63**

	<u>2014</u>	<u>2013</u>
Operating revenues	<u>\$0</u>	<u>\$1,413</u>
Net income (loss) from operations	<u>0</u>	<u>1,413</u>
Change in net position	0	1,413
Net position - January 1	<u>-</u>	<u>(1,413)</u>
Net position - December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**COMPENSATED ABSENCES FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For The Year Ended December 31, 2014  
With Comparative Totals For The Year Ended December 31, 2013

**Statement 64**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from interfund services provided	\$0	\$1,413
Net cash flows from operating activities	<u>0</u>	<u>1,413</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	\$29,612	\$25,551
Net cash flows provided by noncapital financing activities	<u>29,612</u>	<u>25,551</u>
Net increase in cash and cash equivalents	29,612	25,551
Cash and cash equivalents - January 1	<u>937,689</u>	<u>912,138</u>
Cash and cash equivalents - December 31	<u><u>\$967,301</u></u>	<u><u>\$937,689</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>\$ -</u>	<u>\$1,413</u>
Net cash flows provided by (used in) operating activities	<u><u>\$0</u></u>	<u><u>\$1,413</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, 2014

**Statement 65**

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<b><u>Permit Surcharge Fund</u></b>				
Assets:				
Cash and investments	\$1,524	\$24,144	(\$24,222)	\$1,446
Total assets	<u>\$1,524</u>	<u>\$24,144</u>	<u>(\$24,222)</u>	<u>\$1,446</u>
Liabilities:				
Due to other governmental units	\$1,524	\$25,596	(\$25,674)	\$1,446
Total liabilities	<u>\$1,524</u>	<u>\$25,596</u>	<u>(\$25,674)</u>	<u>\$1,446</u>
<b><u>Tri-City GIS Fund</u></b>				
Assets:				
Cash and investments	\$8,387	\$85,419	(\$84,034)	\$9,772
Due from other governmental units	-	69,279	(67,545)	1,734
Total assets	<u>\$8,387</u>	<u>\$154,698</u>	<u>(\$151,579)</u>	<u>\$11,506</u>
Liabilities:				
Accounts payable	\$5,782	\$84,034	(\$80,205)	\$9,611
Due to other governmental units	2,605	66,674	(67,384)	1,895
Total liabilities	<u>\$8,387</u>	<u>\$150,708</u>	<u>(\$147,589)</u>	<u>\$11,506</u>
<b><u>Total</u></b>				
Assets:				
Cash and investments	\$9,911	\$109,563	(\$108,256)	\$11,218
Due from other governmental units	-	69,279	(67,545)	1,734
Total assets	<u>\$9,911</u>	<u>\$178,842</u>	<u>(\$175,801)</u>	<u>\$12,952</u>
Liabilities:				
Accounts payable	\$5,782	\$84,034	(\$80,205)	\$9,611
Due to other governmental units	4,129	92,270	(93,058)	3,341
Total liabilities	<u>\$9,911</u>	<u>\$176,304</u>	<u>(\$173,263)</u>	<u>\$12,952</u>

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

**- This page intentionally left blank -**

## 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 POSITIONS BY COMPONENT**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
<b>Governmental activities:</b>			
Invested in capital assets, net of related debt	\$16,727,724	\$18,043,277	\$18,859,030
Restricted	2,302,056	2,224,384	2,228,454
Unrestricted	18,650,981	23,028,974	22,985,523
Total governmental activities net position	<u>\$37,680,761</u>	<u>\$43,296,635</u>	<u>\$44,073,007</u>
<b>Business-type activities:</b>			
Invested in capital assets, net of related debt	\$6,732,499	\$5,759,805	\$6,039,739
Restricted	375,652	455,227	775,036
Unrestricted	6,506,201	7,299,574	6,478,383
Total business-type activities net position	<u>\$13,614,352</u>	<u>\$13,514,606</u>	<u>\$13,293,158</u>
<b>Primary government:</b>			
Invested in capital assets, net of related debt	\$23,460,223	\$23,803,082	\$24,898,769
Restricted	2,677,708	2,679,611	3,003,490
Unrestricted	25,157,182	30,328,548	29,463,906
Total primary government net position	<u>\$51,295,113</u>	<u>\$56,811,241</u>	<u>\$57,366,165</u>

Note: The City implemented GASB statement No. 65 in fiscal 2012. 2011 net position information has been restated for this accounting change. Years prior to 2011 have not been restated.

**Table 1**

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$23,497,922	\$24,163,911	\$26,279,178	\$28,095,261	\$27,666,461	\$27,358,490	\$26,049,057
2,316,959	2,458,743	2,034,030	3,213,455	2,624,466	3,347,369	3,752,839
21,011,465	22,423,351	23,142,534	21,119,179	21,241,595	20,900,861	23,157,208
<u>\$46,826,346</u>	<u>\$49,046,005</u>	<u>\$51,455,742</u>	<u>\$52,427,895</u>	<u>\$51,532,522</u>	<u>\$51,606,720</u>	<u>\$52,959,104</u>
\$7,142,278	\$7,459,474	\$8,044,184	\$9,331,167	\$9,819,666	\$10,365,407	\$10,729,457
745,601	648,435	438,275	381,465	161,503	643,320	543,822
5,855,495	6,014,140	6,725,383	5,918,147	6,680,609	6,690,111	7,269,897
<u>\$13,743,374</u>	<u>\$14,122,049</u>	<u>\$15,207,842</u>	<u>\$15,630,779</u>	<u>\$16,661,778</u>	<u>\$17,698,838</u>	<u>\$18,543,176</u>
\$30,640,200	\$31,623,385	\$34,323,362	\$37,426,428	\$37,486,127	\$37,723,897	\$36,778,514
3,062,560	3,107,178	2,472,305	3,594,920	2,785,969	3,990,689	\$4,296,661
26,866,960	28,437,491	29,867,917	27,037,326	27,922,204	27,590,972	\$30,427,105
<u>\$60,569,720</u>	<u>\$63,168,054</u>	<u>\$66,663,584</u>	<u>\$68,058,674</u>	<u>\$68,194,300</u>	<u>\$69,305,558</u>	<u>\$71,502,280</u>

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

	Fiscal Year		
	2005	2006	2007
<b>Expenses</b>			
Governmental activities:			
General government	\$1,681,229	\$1,689,675	\$1,732,111
Public safety	4,052,905	3,992,930	4,380,363
Public works	2,391,726	2,353,032	2,506,913
Culture and recreation	2,017,816	2,135,633	2,313,750
Community development	5,360,442	2,579,084	5,918,257
Interest on long-term debt	288,532	118,760	496,688
Total governmental activities expenses	<u>15,792,650</u>	<u>12,869,114</u>	<u>17,348,082</u>
Business-type activities:			
Water	1,717,445	2,026,603	2,113,121
Sewer	1,333,420	1,393,679	1,675,738
Refuse	1,147,313	1,147,879	1,170,707
Storm sewer	162,915	184,764	204,221
Liquor	6,544,175	6,377,805	6,539,357
Total business-type activities expenses	<u>10,905,268</u>	<u>11,130,730</u>	<u>11,703,144</u>
Total primary government expenses	<u>\$26,697,918</u>	<u>\$23,999,844</u>	<u>\$29,051,226</u>
<b>Program revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$228,740	\$171,146	\$177,378
Public safety	423,450	528,752	670,017
Public works	81,607	267,960	130,351
Culture and recreation	250,380	263,565	297,341
Community development	2,748,542	1,461,497	1,504,679
Operating grants and contributions:			
General government	79	2,769	-
Public safety	557,983	355,356	389,325
Public works	178,311	161,176	154,309
Culture and recreation	76,405	79,371	47,784
Community development	144,121	160,017	159,624
Capital grants and contributions:			
General government	-	-	-
Public safety	599,917	52,463	103,974
Public works	46,052	3,896,862	1,448,180
Culture and recreation	1,702,543	141,738	71,516
Community development	-	682,872	1,311,525
Total governmental activities program revenues	<u>7,038,130</u>	<u>8,225,544</u>	<u>6,466,003</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$1,835,453	\$1,761,334	\$2,013,750	\$2,039,680	\$1,977,594	\$1,976,207	\$2,104,025
4,599,669	4,591,977	5,473,224	5,549,678	5,708,009	5,683,769	5,801,747
2,906,950	2,794,189	2,777,966	2,654,047	3,200,572	2,843,102	3,052,844
2,283,881	2,182,856	2,479,519	2,576,409	2,500,719	2,553,760	2,565,755
4,476,475	2,385,405	2,295,574	1,630,350	2,157,966	2,010,040	1,943,576
721,006	961,392	959,320	909,858	845,879	808,933	761,967
<u>16,823,434</u>	<u>14,677,153</u>	<u>15,999,353</u>	<u>15,360,022</u>	<u>16,390,739</u>	<u>15,875,811</u>	<u>16,229,914</u>
2,149,976	1,927,811	2,000,101	2,370,076	2,311,858	2,371,414	2,336,475
1,571,487	1,737,134	1,478,518	1,710,381	1,464,269	1,538,970	1,789,260
1,185,298	1,290,528	1,426,486	1,561,659	1,601,648	1,628,966	1,695,997
216,362	376,884	272,355	298,577	329,998	307,876	315,809
7,470,323	7,701,961	7,910,951	8,155,888	8,371,610	8,341,309	8,148,788
<u>12,593,446</u>	<u>13,034,318</u>	<u>13,088,411</u>	<u>14,096,581</u>	<u>14,079,383</u>	<u>14,188,535</u>	<u>14,286,329</u>
<u>\$29,416,880</u>	<u>\$27,711,471</u>	<u>\$29,087,764</u>	<u>\$29,456,603</u>	<u>\$30,470,122</u>	<u>\$30,064,346</u>	<u>\$30,516,243</u>
\$173,485	\$169,850	\$192,005	\$189,641	\$204,391	\$385,728	\$194,201
616,107	637,653	715,205	697,656	736,927	706,168	752,694
67,226	34,149	44,211	48,303	139,305	39,141	89,392
262,562	256,969	269,825	159,829	137,978	163,931	234,494
1,562,345	1,019,191	1,114,848	962,276	961,420	976,030	987,722
2,560	1,505	-	-	-	-	-
433,732	434,402	559,482	563,914	556,387	511,527	404,486
154,049	161,401	166,468	176,578	189,039	233,748	557,112
239,865	102,517	93,474	76,864	57,337	56,069	31,521
185,506	211,400	241,919	112,895	23,010	-	-
-	-	194,842	38,399	-	-	-
57,700	19,520	16,026	11,303	-	-	-
1,596,348	1,683,024	2,848,179	1,314,547	797,921	855,227	183,706
42,588	1,500	15,724	-	-	-	-
<u>2,974,449</u>	<u>199,505</u>	<u>541,826</u>	<u>175,467</u>	<u>204,349</u>	<u>1,026,706</u>	<u>422,773</u>
<u>8,368,522</u>	<u>4,932,586</u>	<u>7,014,034</u>	<u>4,527,672</u>	<u>4,008,064</u>	<u>4,954,275</u>	<u>3,858,101</u>

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

	2005	2006	2007
<b>Business-type activities:</b>			
Charges for services:			
Water	\$1,887,990	\$2,141,648	\$2,273,980
Sewer	1,145,810	1,374,217	1,419,252
Refuse	1,256,180	1,263,267	1,303,472
Storm sewer	274,907	270,467	290,419
Liquor	6,714,575	6,546,979	6,722,622
Operating grants and contributions:			
Water	-	-	-
Sewer	-	-	-
Refuse	46,170	47,755	36,060
Storm sewer	-	-	-
Capital grants and contributions:			
Water	-	22,822	-
Sewer	-	-	-
Refuse	-	-	-
Storm sewer	-	-	-
Total business-type activities program revenues	<u>11,325,632</u>	<u>11,667,155</u>	<u>12,045,805</u>
Total primary government program revenues	<u>\$18,363,762</u>	<u>\$19,892,699</u>	<u>\$18,511,808</u>
<b>Net (expense) revenue:</b>			
Governmental activities	(\$8,754,520)	(\$4,643,570)	(\$10,882,079)
Business-type activities	420,364	536,425	342,661
Total primary government net (expense) revenue	<u>(8,334,156)</u>	<u>(4,107,145)</u>	<u>(10,539,418)</u>
<b>General revenues and other changes in net position</b>			
Governmental activities:			
Taxes:			
Property taxes	5,662,368	5,953,722	6,321,467
Tax increment collections	1,088,267	1,086,298	1,183,062
Unrestricted grants and contributions	1,768,216	1,679,384	1,844,516
Investment earnings	471,142	706,231	1,379,726
Miscellaneous	18,980	15,930	44,000
Transfers	445,249	957,879	456,537
Total governmental activities	<u>9,454,222</u>	<u>10,399,444</u>	<u>11,229,308</u>
Business-type activities:			
Investment earnings	118,413	181,708	321,571
Transfers	(445,249)	(957,879)	(456,537)
Total business-type activities	<u>(326,836)</u>	<u>(776,171)</u>	<u>(134,966)</u>
Total primary government	<u>\$9,127,386</u>	<u>\$9,623,273</u>	<u>\$11,094,342</u>
<b>Change in net position:</b>			
Governmental activities	\$699,702	\$5,755,874	\$347,229
Business-type activities	93,528	(239,746)	207,695
Total primary government	<u>\$793,230</u>	<u>\$5,516,128</u>	<u>\$554,924</u>

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$2,414,316	\$2,471,257	\$2,503,506	\$2,530,803	\$2,777,383	\$3,020,174	\$2,805,072
1,440,165	1,465,496	1,594,322	1,523,852	1,581,516	1,618,786	1,627,078
1,341,014	1,383,979	1,542,312	1,682,178	1,761,860	1,826,226	1,887,038
314,238	370,590	345,086	350,618	353,343	368,925	366,384
7,490,942	7,962,884	8,158,259	8,494,962	8,804,233	8,747,084	8,415,371
-	-	-	-	-	1,971	-
1,718	-	-	-	-	-	-
50,572	50,105	36,653	66,163	62,471	68,565	91,421
-	-	-	-	-	14,335	-
-	-	-	-	-	-	-
54,774	-	-	-	-	-	-
-	-	-	-	50,000	-	-
-	-	-	-	-	-	47,369
<u>13,107,739</u>	<u>13,704,311</u>	<u>14,180,138</u>	<u>14,648,576</u>	<u>15,390,806</u>	<u>15,666,066</u>	<u>15,239,733</u>
<u>\$21,476,261</u>	<u>\$18,636,897</u>	<u>\$21,194,172</u>	<u>\$19,176,248</u>	<u>\$19,398,870</u>	<u>\$20,620,341</u>	<u>\$19,097,834</u>
(\$8,454,912)	(\$9,744,567)	(\$8,985,319)	(\$10,832,350)	(\$12,382,675)	(\$10,921,536)	(\$12,371,813)
514,293	669,993	1,091,727	551,995	1,311,423	1,477,531	953,404
<u>(7,940,619)</u>	<u>(9,074,574)</u>	<u>(7,893,592)</u>	<u>(10,280,355)</u>	<u>(11,071,252)</u>	<u>(9,444,005)</u>	<u>(11,418,409)</u>
6,762,129	8,046,318	8,825,502	9,069,092	9,363,598	9,827,378	10,310,867
1,557,891	1,244,684	812,965	558,861	553,050	532,524	463,837
1,516,412	1,731,185	1,176,934	1,278,195	1,003,552	1,000,513	1,496,804
1,050,827	475,345	487,612	598,880	295,950	(664,694)	1,091,263
40,877	82,704	-	34,485	7,338	11,842	-
280,115	383,990	92,044	264,990	263,814	288,171	361,426
<u>11,208,251</u>	<u>11,964,226</u>	<u>11,395,057</u>	<u>11,804,503</u>	<u>11,487,302</u>	<u>10,995,734</u>	<u>13,724,197</u>
216,038	92,672	86,110	135,932	63,321	(152,300)	252,360
(280,115)	(383,990)	(92,044)	(264,990)	(263,814)	(288,171)	(361,426)
<u>(64,077)</u>	<u>(291,318)</u>	<u>(5,934)</u>	<u>(129,058)</u>	<u>(200,493)</u>	<u>(440,471)</u>	<u>(109,066)</u>
<u>\$11,144,174</u>	<u>\$11,672,908</u>	<u>\$11,389,123</u>	<u>\$11,675,445</u>	<u>\$11,286,809</u>	<u>\$10,555,263</u>	<u>\$13,615,131</u>
\$2,753,339	\$2,219,659	\$2,409,738	\$972,153	(\$895,373)	\$74,198	\$1,352,384
450,216	378,675	1,085,793	422,937	1,110,930	1,037,060	844,338
<u>\$3,203,555</u>	<u>\$2,598,334</u>	<u>\$3,495,531</u>	<u>\$1,395,090</u>	<u>\$215,557</u>	<u>\$1,111,258</u>	<u>\$2,196,722</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year		
	2005	2006	2007
General fund:			
Reserved	\$10,484	\$35,323	\$35,710
Unreserved	3,339,644	3,560,525	3,943,436
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total general fund	<u>\$3,350,128</u>	<u>\$3,595,848</u>	<u>\$3,979,146</u>
All other governmental funds:			
Reserved	\$2,187,884	\$2,668,322	\$2,382,354
Unreserved, reported in:			
Special revenue funds	(612,434)	(506,084)	411,090
Debt service funds	621,250	809,062	1,745,447
Capital projects funds	12,784,744	15,034,968	15,918,048
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total all other governmental funds	<u>\$14,981,444</u>	<u>\$18,006,268</u>	<u>\$20,456,939</u>

Table 3

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$12,159	\$71,898	\$77,204	\$ -	\$ -	\$ -	\$ -
3,743,798	4,724,253	5,265,035	-	-	-	-
-	-	-	80,767	87,341	92,638	94,892
-	-	-	-	-	-	-
-	-	-	132,595	74,594	50,237	30,548
-	-	-	-	-	-	-
-	-	-	5,655,693	5,914,974	6,254,402	7,248,380
<u>\$3,755,957</u>	<u>\$4,796,151</u>	<u>\$5,342,239</u>	<u>\$5,869,055</u>	<u>\$6,076,909</u>	<u>\$6,397,277</u>	<u>\$7,373,820</u>
\$968,602	\$1,643,915	\$1,550,071	\$ -	\$ -	\$ -	\$ -
1,868,340	2,332,610	3,190,618	-	-	-	-
3,242,471	3,177,586	3,713,774	-	-	-	-
20,233,690	13,173,074	11,642,407	-	-	-	-
-	-	-	2,353,164	2,763,852	1,750,114	1,522,537
-	-	-	3,440,649	4,186,081	3,879,706	4,368,851
-	-	-	12,774,440	10,988,368	12,229,481	13,593,609
-	-	-	-	-	-	-
-	-	-	(1,041)	(2,782)	(39,344)	(75,389)
<u>\$26,313,103</u>	<u>\$20,327,185</u>	<u>\$20,096,870</u>	<u>\$18,567,212</u>	<u>\$17,935,519</u>	<u>\$17,819,957</u>	<u>\$19,409,608</u>

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

	Fiscal Year		
	2005	2006	2007
<b>Revenues:</b>			
Taxes	\$6,702,610	\$6,977,604	\$7,444,199
Special assessments	520,031	1,011,553	1,137,576
Licenses and permits	382,339	597,557	444,833
Intergovernmental	4,878,487	4,228,308	4,229,414
Charges for services	3,197,360	1,887,314	1,995,859
Fines and forfeitures	127,555	129,400	160,383
Investment earnings	432,959	648,744	1,271,216
Other revenues	90,956	251,414	170,344
<b>Total revenues</b>	<b>16,332,297</b>	<b>15,731,894</b>	<b>16,853,824</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	1,575,863	1,577,484	1,616,374
Public safety	3,954,019	3,887,884	4,122,411
Public works	1,558,987	1,523,170	1,640,713
Culture and recreation	1,977,798	2,074,835	2,238,793
Community development	4,511,338	2,256,122	3,077,310
<b>Capital outlay:</b>			
General government	11,022	4,512	-
Public safety	95,125	82,986	254,728
Public works	1,912,738	4,202,665	1,303,297
Culture and recreation	62,700	117,909	274,896
Community development	1,436,724	266,144	306,332
<b>Debt service:</b>			
Principal retirement	1,449,035	782,273	792,273
Interest and fiscal charges	2,478,205	119,544	219,065
Issuance costs	-	25,114	148,972
Developer incentives	252,176	142,451	2,584,854
<b>Total expenditures</b>	<b>21,275,730</b>	<b>17,063,093</b>	<b>18,580,018</b>
<b>Revenues over (under) expenditures</b>	<b>(4,943,433)</b>	<b>(1,331,199)</b>	<b>(1,726,194)</b>

**Table 4**  
**Page 1 of 2**

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$8,263,763	\$9,218,038	\$9,631,635	\$9,683,433	\$9,948,228	\$10,416,523	\$10,774,987
2,505,523	879,092	1,020,334	729,327	775,714	667,719	458,670
423,465	435,618	479,148	378,357	396,226	412,208	415,032
3,734,826	3,777,355	4,936,443	2,820,419	2,314,195	2,719,400	2,766,383
1,665,604	1,513,667	1,650,772	1,652,655	1,663,782	1,710,767	1,702,900
142,283	139,955	188,693	170,089	161,882	148,023	140,571
984,846	456,145	469,312	562,180	275,750	(611,794)	1,011,063
296,815	102,901	273,446	70,173	63,674	104,577	73,815
<u>18,017,125</u>	<u>16,522,771</u>	<u>18,649,783</u>	<u>16,066,633</u>	<u>15,599,451</u>	<u>15,567,423</u>	<u>17,343,421</u>
1,706,244	1,646,974	1,926,982	1,880,257	1,813,433	1,791,379	1,939,689
4,345,716	4,418,436	4,968,433	5,037,548	5,250,881	5,171,322	5,270,798
1,955,250	1,736,999	1,731,700	1,509,527	2,011,507	1,644,075	1,916,874
2,202,680	2,003,635	2,194,853	2,306,693	2,184,214	2,233,446	2,247,452
4,077,576	2,115,628	1,351,368	1,321,431	1,434,329	1,205,273	1,544,419
5,453	45,708	-	144,029	209,176	13,868	21,642
3,499,713	8,997,400	237,272	95,281	158,448	70,960	103,707
1,084,959	951,240	2,925,174	1,882,787	557,820	896,223	79,225
3,269,986	2,256,958	194,380	140,867	18,107	39,768	100,248
287,620	139,118	1,202,998	40,549	636,294	566,901	413,179
1,029,836	783,974	765,736	1,659,022	972,000	1,559,730	662,000
384,293	835,167	981,281	935,405	861,139	833,890	770,535
155,397	56,189	-	-	-	-	-
71,341	125,857	141,005	181,638	116,072	163,972	55,123
<u>24,076,064</u>	<u>26,113,283</u>	<u>18,621,182</u>	<u>17,135,034</u>	<u>16,223,420</u>	<u>16,190,807</u>	<u>15,124,891</u>
<u>(6,058,939)</u>	<u>(9,590,512)</u>	<u>28,601</u>	<u>(1,068,401)</u>	<u>(623,969)</u>	<u>(623,384)</u>	<u>2,218,530</u>

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

	2005	2006	2007
Other financing sources (uses):			
Bonds issued	\$ -	\$2,759,550	\$3,890,000
Bond premium (discount)	-	26,303	(22,108)
Transfers in	553,070	1,807,877	570,374
Transfers out	(80,321)	(70,000)	(70,000)
Sale of capital assets	628,654	78,013	191,897
Total other financing sources (uses)	<u>1,101,403</u>	<u>4,601,743</u>	<u>4,560,163</u>
Net change in fund balance	<u>(\$3,842,030)</u>	<u>\$3,270,544</u>	<u>\$2,833,969</u>
Expenditures capitalized for governmental activities reporting purposes	3,518,309	4,592,787	1,896,363
Debt service as a percentage of noncapital expenditures (A) (B)	22.1%	7.2%	6.1%
Debt service as a percentage of total expenditures (A) (B)	18.5%	5.3%	5.4%

(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.

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

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$10,975,000	\$4,190,000	\$ -	\$ -	\$ -	\$563,021	\$ -
-	-	-	-	-	-	-
377,615	458,231	407,272	411,736	298,814	326,740	405,728
(88,941)	(99,224)	(120,100)	(302,881)	(110,000)	(113,569)	(124,302)
428,240	95,781	-	40,999	11,315	51,997	66,236
<u>11,691,914</u>	<u>4,644,788</u>	<u>287,172</u>	<u>149,854</u>	<u>200,129</u>	<u>828,189</u>	<u>347,662</u>
<u>\$5,632,975</u>	<u>(\$4,945,724)</u>	<u>\$315,773</u>	<u>(\$918,547)</u>	<u>(\$423,840)</u>	<u>\$204,805</u>	<u>\$2,566,192</u>
7,909,561	12,364,511	3,637,559	2,270,210	943,602	952,108	417,503
8.7%	11.8%	11.7%	17.5%	12.0%	15.7%	9.7%
5.9%	6.2%	9.4%	15.1%	11.3%	14.8%	9.5%

**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 (A)		Captured Tax Increment Value	Subtotal	Area Wide Allocation (C)		Adjusted Taxable Net Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Adjusted Tax Capacity Value as a Percent of EMV
	Residential	Other Property (B)			Contribution	Distribution				
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%	1,185,782,600	1.312%
2012	9,087,666	2,141,140	(521,306)	10,707,500	(710,709)	4,059,432	14,056,223	66.300%	1,134,720,200	1.239%
2013	7,692,288	1,946,245	(489,233)	9,149,300	(678,105)	4,051,497	12,522,692	80.871%	993,984,300	1.260%
2014	8,194,709	1,012,690	(443,838)	8,763,561	(568,852)	4,334,662	12,529,371	78.177%	954,475,000	1.313%

(A) After 2011, taxable market values used to calculate tax capacity values in this table are reduced by the market value homestead exclusion.

(B) The category "Other Property" is substantially all commercial/industrial property, plus nominal amounts of railroad and personal property.

(C) 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.

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 )	
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%
2012	66.300%	24.200%	38.415%	9.932%	138.847%
2013	80.871%	27.636%	41.443%	12.464%	162.414%
2014	78.177%	24.824%	40.365%	12.297%	155.663%

(A) These property tax rates are stated as a percentage of tax capacity value. Refer to Table 5 for tax capacity value. Tax capacity values after 2011 are reduced the market value homestead exclusion, which excludes a portion of homesteaded value from taxation. Consequently, post-2011 tax rates are stated higher for any given levy amount, relative to prior years.

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.

Source: Anoka County Auditor's Tax Certificate

**- This page intentionally left blank -**

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

**Table 7**

Taxpayer	2014			2005		
	Tax Capacity Value (A) & (B)	Rank	Percentage of Total City Tax Capacity Value	Taxable Capacity Value (A)	Rank	Percentage of Total City Tax Capacity Value
Medtronic Inc	\$147,938	1	1.61%	\$179,498	1	1.56%
Bre Non-Core 2 Owner B, LLC	115,066	2	1.25%	N/A	N/A	N/A
Crestview Corporation	92,734	3	1.01%	66,795	9	0.58%
Hart Lake Apartments LLC	89,788	4	0.98%	N/A	N/A	N/A
Stadium Village Properties LLC	87,576	5	0.95%	N/A	N/A	N/A
Columbia Park Properties	80,764	6	0.88%	87,292	6	0.76%
Columbia Heights Center LLC	70,616	7	0.77%	67,250	8	0.58%
Lynde Investment Co MN Partnership	65,252	8	0.71%	69,067	7	0.60%
Xcel Energy	64,494	9	0.70%	55,712	10	0.48%
Burlington Northern	64,336	10	0.70%	N/A	N/A	N/A
New Heights Development	N/A	N/A	N/A	101,000	3	N/A
Venture Bank	N/A	N/A	N/A	89,900	5	0.78%
Consolidated Realty of Mpls	N/A	N/A	N/A	100,573	4	0.87%
Equity Partners LLC	N/A	N/A	N/A	N/A	N/A	N/A
Bradley Operating LP	N/A	N/A	N/A	133,638	2	1.16%
Centro Bradley SPE 5 LLC	N/A	N/A	N/A	N/A	N/A	N/A
Total	<u>\$878,564</u>		<u>9.54%</u>	<u>\$950,725</u>		<u>7.39%</u>
Total All Property	<u>\$9,207,399</u>			<u>\$11,498,948</u>		

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

(B) 2014 taxable market values used to calculate tax capacity values in this table are reduced by the market value homestead exclusion (first effective 2012.)

Source: Anoka County Auditor's Tax Certificate.

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

<u>Fiscal Year</u>	<u>Gross Tax Levy (A)</u>	<u>County Adjustments to Levy (B)</u>	<u>State Market Value Homestead Credit (A)</u>	<u>Adjusted Tax Levy</u>
2005	\$6,102,537	\$152	(\$568,479)	\$5,534,210
2006	6,347,537	(160)	(517,322)	5,830,055
2007	6,500,613	(189)	(471,660)	6,028,764
2008	7,045,370	(74)	(451,019)	6,594,277
2009	7,702,363	(161)	(447,755)	7,254,447
2010	9,075,425	(302)	(535,625)	8,539,498
2011	9,426,760	(141)	(608,241)	8,818,378
2012	9,136,706	(54)	-	9,136,652
2013	9,536,888	(182)	-	9,536,706
2014	9,911,706	166	-	9,911,872

(A) Under state law for years prior to 2012, the stated amount of the annual property tax levy adopted by the City Council included both the actual property tax plus an amount termed the "state market value homestead credit." The state market value homestead credit was determined by a formula in state law. To the extent this market value homestead credit was paid by the State of Minnesota and received by the City in any given year, it was reported as intergovernmental revenue in the City's financial statements. Only the portion of the gross levy that was actually levied upon property is reported as property tax revenue in the City's financial statements.

(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.

This table only includes tax levies for the City of Columbia Heights, the primary government. It does not include tax levies for the special taxing district of the Columbia Heights HRA, a component unit of the City.

Source: Anoka County Auditor's Tax Certificate.

**Table 8**

Collected Within The Fiscal Year For Which Levied		Collections in Subsequent Years	Total Collections to Date	
Collection Amount	% of Adjusted Tax Levy		Amount	% of Adjusted Tax Levy
\$5,412,178	97.79%	\$86,085	\$5,498,263	99.35%
5,672,909	97.30%	129,051	5,801,960	99.52%
5,842,540	96.91%	158,375	6,000,915	99.54%
6,400,604	97.06%	158,208	6,558,812	99.46%
7,021,605	96.79%	169,823	7,191,428	99.13%
8,279,065	96.95%	240,104	8,519,169	99.76%
8,578,784	97.28%	212,623	8,791,407	99.69%
8,932,564	97.77%	152,513	9,085,077	99.44%
9,379,873	98.36%	17,424	9,397,297	98.54%
Not Available	Not Available	N/A	Not Available	Not Available

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**RATIOS OF OUTSTANDING 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	General Obligation Bonds With Pledged Special Assessments	Tax Increment Revenue Bonds	Total Governmental Activities
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	13,480,000	580,000	2,740,730	2,790,000	19,590,730
2012	13,090,000	580,000	2,211,530	2,737,000	18,618,530
2013	12,685,000	525,000	1,733,021	2,679,000	17,622,021
2014	12,260,000	470,000	1,613,021	2,617,000	16,960,021

(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)
\$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	5.3%	1,315
1,123,270	4,595,000	5,718,270	24,336,800	4.8%	1,240
2,436,979	4,430,000	6,866,979	24,489,000	5.1%	1,245
2,401,979	4,260,000	6,661,979	23,622,000	4.7%	1,201

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

Fiscal Year	Governmental General Obligation Bonds	Less: Governmental Restricted for Repayment	Subtotal of Governmental Net General Obligation Bonded Debt	Percentage of Estimated Property Value (B)
2005	\$3,589,292	\$621,250	\$2,968,042	0.25%
2006	5,566,569	809,062	4,757,507	0.37%
2007	5,774,296	1,745,447	4,028,849	0.29%
2008	15,719,460	3,242,471	12,476,989	0.86%
2009	19,134,486	2,952,520	16,181,966	1.14%
2010	18,411,750	3,713,774	14,697,976	1.13%
2011	16,800,730	2,162,119	14,638,611	1.23%
2012	15,881,730	1,559,985	14,321,745	1.26%
2013	14,943,021	1,000,831	13,942,190	1.40%
2014	14,281,021	1,134,227	13,146,794	1.38%

(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 General Obligation Bonds With Pledged Utility Revenues	Less: Business-type Restricted for Repayment	Subtotal of Business-type Net General Obligation Bonded Debt	Percentage of Utility Revenue	Total Net General Bonded Debt	Per Capita (A)
\$2,220,708	\$375,652	\$1,845,056	40.6%	\$4,813,098	264
3,248,431	457,794	2,790,637	55.3%	\$7,548,144	413
2,950,704	443,297	2,507,407	47.4%	\$6,536,256	361
2,590,540	449,931	2,140,609	38.9%	\$14,617,598	806
2,540,512	485,883	2,054,629	36.1%	\$18,236,595	993
2,128,248	287,453	1,840,795	30.8%	\$16,538,771	848
1,304,270	273,966	1,030,304	16.9%	\$15,668,915	801
1,123,270	226,292	896,978	13.9%	\$15,218,723	632
2,436,979	259,366	2,177,613	33.7%	\$16,119,803	820
2,401,979	543,822	1,858,157	28.8%	\$15,004,951	763

<u>Governmental Unit (A)</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (B)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Anoka County	\$106,810,000	4.6154%	\$4,929,698
Independent School District 13	15,705,000	70.9996%	11,150,488
Metropolitan Council	155,020,000	41.7800%	<u>647,637</u>
Subtotal - overlapping debt			16,727,823
City direct debt - governmental activities			<u>20,135,000</u>
Total direct and overlapping debt			<u><u>\$36,862,823</u></u>

(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 2014**

Assessor's Estimated Market Value (A)	\$954,475,000
Debt limitation percentage (A)	<u>3%</u>
Debt limit	28,634,250
Net debt applicable to limit (B)	<u>12,260,000</u>
Legal debt margin	<u>\$16,374,250</u>
Legal debt margin as a percentage of limit	<u>57.18%</u>

**Legal Debt Margin Calculation for Fiscal Years 2004 Through 2013**

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
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%
2011	35,278,494	12,698,431	22,580,063	64.01%
2012	29,067,313	10,275,000	18,792,313	64.65%
2013	29,819,529	12,685,000	17,134,529	57.46%

- (A) The debt limit within Minnesota Statutes, Section 475.53, subd.1) is as follows:
1. For years after 2013, 3% of the Assessor Estimated Market Value of taxable property within the City.
  2. For years prior to 2014, 3% of the Taxable Market Value of property within the City, after exclusions.
- (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.

	Fiscal Year							
	2005 - 2007	2008	2009	2010	2011	2012	2013	2014
Economic Development Authority								
Tax Increment Revenue Bonds Series 2007:								
Tax increment revenue from applicable parcels	\$ -	\$243,159	\$267,142	\$241,854	\$211,533	\$175,832	\$170,496	\$162,056
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>	<u>\$175,832</u>	<u>\$170,496</u>	<u>\$162,056</u>
Debt service:								
Principal	\$ -	\$ -	\$9,000	\$43,000	\$48,000	\$53,000	\$58,000	\$62,000
Interest	-	158,325	152,363	151,063	148,788	146,263	143,488	140,488
Total debt service	<u>\$0</u>	<u>\$158,325</u>	<u>\$161,363</u>	<u>\$194,063</u>	<u>\$196,788</u>	<u>\$199,263</u>	<u>\$201,488</u>	<u>\$202,488</u>
Coverage	N/A	162%	178%	139%	125%	88%	85%	80%
Economic Development Authority								
Lease Revenue Bonds Series 2007B:								
Annual appropriation of liquor net revenues	\$ -	\$210,264	\$497,200	\$364,000	\$390,000	\$386,000	\$390,000	\$384,000
Investment income	-	8,638	71	1,105	1,500	1,000	(2,500)	1,230
Issuance costs and administration (expense)	(A) -	(113,491)	(2,000)	(2,556)	(2,000)	(2,000)	(2,332)	(2,200)
Net available revenue	<u>\$0</u>	<u>\$105,411</u>	<u>\$495,271</u>	<u>\$362,549</u>	<u>\$389,500</u>	<u>\$385,000</u>	<u>\$385,168</u>	<u>\$383,030</u>
Debt service:								
Principal	\$ -	\$ -	\$ -	\$140,000	\$150,000	\$155,000	\$165,000	\$170,000
Interest	-	208,264	240,305	237,155	230,630	223,768	213,178	209,030
Total debt service	<u>\$0</u>	<u>\$208,264</u>	<u>\$240,305</u>	<u>\$377,155</u>	<u>\$380,630</u>	<u>\$378,768</u>	<u>\$378,178</u>	<u>\$379,030</u>
Coverage	N/A	51%	206%	96%	102%	102%	102%	101%

(A) Restated issuance costs to implement change in accounting principal.

Note: Details regarding the City's outstanding debt can be found in Note 7 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>
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	8.00%
2010	19,496	472,037,152	24,212	7.40%
2011	19,568	487,243,200	24,900	6.50%
2012	19,667	507,408,600	25,800	5.60%
2013	19,667	478,616,112	24,336	4.80%
2014	19,674	502,434,612	25,538	4.10%

Sources are as follows:

Population: Data for the years 2005-2009 provided by the Metropolitan Council.  
 Data for 2010 is from the 2010 US Census; Data for 2011-2014 is estimated by the US Census Bureau.

Per Capita Income:  
 Data for 2005-2014 provided by the US Census Bureau, 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.

**- This page intentionally left blank -**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 15**

Principal Employers Within City	2014			2005 (B)		
	Employees	Rank	Percentage of Total Anoka County (A) Employment	Employees	Rank	Percentage of Total Anoka County (A) Employment
Medtronic Inc	600	1	0.32%	600	1	0.35%
Independent School District 13	495	2	0.27%	524	2	0.30%
Crestview Lutheran Home	271	3	0.15%	233	3	0.14%
City of Columbia Heights	203	4	0.11%	196	4	0.12%
Fairview - Columbia Heights Clinic	120	5	0.06%	98	5	0.06%
Unique Thrift Store	100	6	0.05%	N/A	N/A	N/A
Rainbow Foods	N/A	N/A	N/A	85	6	0.05%
Invest Cast Inc	86	7	0.05%	65	7	0.04%
La Casita Mexican Restaurant	45	10	0.02%	59	8	0.03%
Bobby & Steve's Auto World	53	8	0.03%	46	10	0.03%
McDonald's	N/A	N/A	N/A	49	9	0.03%
SAVERS	48	9	0.03%	N/A	N/A	N/A
<b>Total</b>	<b>2,021</b>		<b>1.07%</b>	<b>1,955</b>		<b>1.15%</b>

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

(B) 2006 data was used to estimate 2005.

Sources:

The employee count for the City of Columbia Heights is from Table 16. 2013 data for other employers was compiled from ReferenceUSA, written and telephone survey, and the Minnesota Department of Employment and Economic Development. 2006 data from Official Statement for the City of Columbia Heights 2006A GO bond series.

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

Function/Program	Employees as of December 31,			
	2005	2006	2007	2008
General government				
Mayor/council	5	5	5	5
Administration	5	4	4	4
Finance	12	12	13	13
Public safety:				
Police	30	31	31	34
Fire	35	36	33	29
Public works	16	17	16	17
Culture and recreation:				
Library	21	22	22	25
Parks	5	5	5	5
Recreation	15	16	16	17
Community development	7	7	7	6
Water	4	4	5	4
Sewer	4	4	4	3
Refuse	-	-	-	-
Storm sewer	-	-	-	1
Liquor	37	37	42	38
<b>Total</b>	<b>196</b>	<b>200</b>	<b>203</b>	<b>201</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.

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

Table 16

Employees as of December 31,						
2009	2010	2011	2012	2013	2014	
5	5	5	5	5	5	5
5	10	11	11	10	10	4
14	13	14	13	13	13	13
35	36	35	37	36	36	35
31	30	32	33	31	31	31
18	17	16	16	15	15	21
21	19	21	20	21	21	21
5	5	5	5	5	5	5
14	13	16	15	15	15	15
6	5	5	4	4	4	4
4	4	4	4	4	4	4
3	3	3	3	4	4	4
-	-	-	-	-	-	-
1	1	1	1	1	1	1
40	41	39	40	40	40	40
202	202	207	207	204	203	

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

Function/Program	Fiscal Year		
	2005	2006	2007
General government:			
Resolutions approved by City Council (A)	92	234	198
Ordinances adopted by City Council	20	14	12
Public safety:			
Police:			
Part I crimes (B)	1,280	1,167	1,246
Part II crimes (B)	3,496	3,184	3,144
Fire:			
Emergency medical calls (B)	1,873	1,806	1,888
Fire calls (B)	581	387	445
Inspections & Related Actions (B)	2,379	3,709	4,603
Public works:			
Street paving and patching (tons of asphalt)	409	710	1,910
Street sweeping (tons of debris)	658	637	648
Trees removed	296	188	357
Culture and recreation:			
Library:			
Items in collection	68,226	70,354	71,594
Circulation	115,598	119,593	125,222
Reference inquiries	17,225	15,106	13,715
Parks and recreation:			
Athletics participants (C)	1,988	1,654	1,537
Other programs, estimated attendance (D)	9,000	9,000	8,000
Number of paid room rentals	164	191	185
Community development:			
Number of business licenses issued	327	342	306
Number of building permits issued (E)	1,304	1,701	1,313
Construction value of permits issued	\$13,041,878	\$26,798,827	\$22,230,118
Water:			
Consumption (thousands of gallons)	527,621	529,581	538,844
Sewer (sanitary):			
Wastewater (thousands of gallons, 12 months ended June 30)	514,810	536,920	495,580
Miles of line cleaned/rodded/root-sawed	28	39	27
Refuse:			
Refuse (tons)	8,863	8,397	6,587
Recycling (tons)	1,863	1,721	1,522
Yardwaste (tons)	892	645	654
Storm sewer:			
No operating indicators available	not avail	not avail	not avail
Liquor:			
Number of units sold	798,900	758,000	768,000

- (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.

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							
2008	2009	2010	2011	2012	2013	2014	
247	170	115	159	159	94	98	
26	12	12	15	5	3	2	
1,098	882	768	756	743	not avail	not avail	
2,966	1,275	1,683	1,576	1,408	not avail	not avail	
2,093	1,694	1,664	1,722	1,839	1,942	1,811	
385	660	846	764	752	852	729	
6,955	3,724	5,720	6,073	5,413	5,249	5,077	
1,415	1,033	1,054	869	1,029	224	782	
420	581	638	712	350	574	540	
175	121	180	180	157	284	217	
72,420	69,702	72,055	71,303	72,985	76,658	78,137	
126,271	120,705	131,885	125,051	129,624	121,827	117,888	
13,793	17,771	14,352	16,601	14,547	16,068	13,208	
1,510	1,602	1,500	4,299	4,232	5,534	5,125	
8,000	8,000	8,000	8,000	9,000	10,485	10,637	
190	210	160	177	135	139	140	
363	379	393	334	323	346	339	
1,113	1,187	1,351	1,290	1,058	1,303	1,212	
\$21,917,792	\$13,376,732	\$14,481,712	\$7,986,467	\$7,203,199	\$7,388,271	\$7,609,375	
518,791	518,299	516,068	454,223	495,870	461,520	449,415	
511,090	437,520	444,820	485,000	455,210	455,310	467,680	
29	39	26	25	26	33	33	
7,323	7,239	6,770	6,789	6,563	6,684	6,648	
1,318	1,036	1,699	1,605	1,610	1,690	1,670	
727	773	1,100	1,270	1,270	1,169	1,250	
not avail	not avail	not avail	not avail	not avail	not avail	not avail	
920,121	1,029,139	1,028,160	1,060,150	1,103,790	1,045,188	1,038,985	

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
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	3
Retail stores leased	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					
2009	2010	2011	2012	2013	2014
28,530	28,530	28,530	28,530	28,530	28,530
1	1	1	1	1	1
1	1	1	1	1	1
Note A	47,088	47,088	47,088	47,088	47,088
31,075	31,075	31,075	31,075	31,075	31,075
3	3	3	3	3	3
6	6	6	6	6	6
62	62	62	62	62	62
19	19	19	19	19	19
1	1	1	1	1	1
7,896	7,896	7,896	7,896	7,896	7,896
13	13	13	13	13	13
11	11	11	11	11	11
12,726	12,726	12,726	12,726	12,726	12,726
22,000	22,000	22,000	22,000	22,000	22,000
145	145	145	145	145	145
66	66	66	66	66	66
59	59	59	59	59	59
1	1	1	1	1	1
34	34	34	34	34	34
3	3	3	3	3	3
-	-	-	-	-	-

**- This page intentionally left blank -**

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

**- This page intentionally left blank -**



## MINNESOTA LEGAL COMPLIANCE

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

We have audited, 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, 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, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2015.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven 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 audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Columbia Heights, Minnesota failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Columbia Heights, Minnesota's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Redpath and Company, Ltd." in a cursive script.

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 5, 2015

**- This page intentionally left blank -**



INDEPENDENT AUDITOR'S 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 and Management  
City of Columbia Heights, Minnesota

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements, and have issued our report thereon dated June 5, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Columbia Heights, Minnesota's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control.

*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. *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 to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Columbia Heights, Minnesota's financial statements are free from 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 are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 5, 2015



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, 2014, and have issued our report thereon dated June 5, 2015. 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 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 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 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 basic financial statements taken as a whole.

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

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 5, 2015

**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, 2014

Line Item	Account Description	Total Projects
Assets:		
Current assets:		
111	Cash - unrestricted	\$11,562
114	Cash - tenant security deposits	18,264
100	Total cash	<u>29,826</u>
Accounts and notes receivable:		
122	Accounts receivable - HUD other projects	123,999
126	Accounts receivable - tenants	5,539
120	Total receivables, net of allowance	<u>129,538</u>
Investments:		
131	Investments - Unrestricted	882,809
150	Total current assets	<u>1,042,173</u>
Noncurrent assets:		
Capital assets:		
161	Land	177,375
162	Buildings	3,420,349
163	Furniture, equipment and machinery - dwellings	337,529
164	Furniture, equipment and machinery - administration	8,842
166	Less: accumulated depreciation	(2,810,041)
167	Construction in progress	5,976
160	Total capital assets, net of accumulated depreciation	<u>1,140,030</u>
180	Total noncurrent assets	<u>1,140,030</u>
190	Total assets	<u>2,182,203</u>
Liabilities:		
Current liabilities:		
312	Accounts payable <= 90 days	\$26,636
333	Accounts payable - other governments	20,767
341	Tenant security deposits	18,264
342	Unearned revenue	2,642
345	Other current liabilities	55,505
310	Total current liabilities	<u>123,814</u>
350	Total noncurrent liabilities	<u>0</u>
300	Total liabilities	<u>123,814</u>
Net Position:		
508.4	Net investment in capital assets	1,140,030
512.4	Unrestricted net position	918,359
513	Total net position	<u><u>\$2,058,389</u></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, 2014

Line Item	Account Description	Public Housing Operating Subsidy 14.850	Public Housing Capital Fund Program 14.872	Total Projects
<b>Revenue:</b>				
703	Net tenant rental revenue	\$356,004	\$ -	\$356,004
704	Tenant revenue - other	3,896	-	3,896
706	HUD PHA grants	95,703	203,855	299,558
715	Other revenue	6,611	-	6,611
711	Investment income -unrestricted	2,698	-	2,698
700	Total revenue	<u>464,912</u>	<u>203,855</u>	<u>668,767</u>
<b>Expenses:</b>				
911	Administrative salaries	25,500	-	25,500
912	Auditing fees	2,277	-	2,277
913	Outside management fees	165,269	-	165,269
914	Advertising and marketing	156	-	156
916	Office Expenses	1,791	-	1,791
917	Legal expense	709	-	709
919	Other expense	1,206	-	1,206
931	Water	12,066	-	12,066
932	Electricity	50,297	-	50,297
933	Gas	59,946	-	59,946
936	Sewer	9,912	-	9,912
938	Other utilities expense	16,300	-	16,300
942	Ordinary maintenance and operations - materials and other	30,734	-	30,734
943	Ordinary maint. and operations contracts - HVAC	10,938	-	10,938
943	Ordinary maint. and operations contracts - snow removal	3,457	-	3,457
943	Ordinary maint. and operations contracts - elevator	8,602	-	8,602
943	Ordinary maint. and operations contracts - grounds	2,704	-	2,704
943	Ordinary maint. and operations contracts - unit turnaround	8,425	-	8,425
943	Ordinary maint. and operations contracts - electrical	-	-	-
943	Ordinary maint. and operations contracts - plumbing	-	-	-
943	Ordinary maint. and operations contracts - extermination	1,009	-	1,009
943	Ordinary maint. and operations contracts - janitorial	8,413	-	8,413
943	Ordinary maint. and operations contracts - routine maintenance	8,449	-	8,449
943	Ordinary maint. and operations contracts - miscellaneous	259	-	259
952	Protective services	73,321	-	73,321
961	Insurance premiums	19,106	-	19,106
962	Other general expenses	4,392	-	4,392
963	Payments in lieu of taxes	21,312	-	21,312
969	Total operating expenses	<u>546,550</u>	<u>0</u>	<u>546,550</u>
974	Depreciation	107,806	-	107,806
900	Total expenses	<u>654,356</u>	<u>0</u>	<u>654,356</u>
1001	Operating transfers in	203,855	-	203,855
1002	Operating transfers out	-	(203,855)	(203,855)
1010	Total other financing sources (uses)	<u>203,855</u>	<u>(203,855)</u>	<u>0</u>
1000	Excess (deficiency) of revenue over expenses and other financing uses (sources)	<u>\$14,411</u>	<u>\$0</u>	<u>\$14,411</u>
<b>Memo account information:</b>				
1103	Beginning equity	\$2,043,978	\$ -	\$2,043,978
1120	Unit months available	1,212	-	1,212
1121	Number of unit months leased	1,176	-	1,176

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**FINANCIAL DATA SCHEDULE - STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS**  
For The Year Ended December 31, 2014

The PHA/HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Comprehensive Grant, is as shown below:

	FY 2011	FY 2012	FY 2013	FY 2014
	MN 46P105501-11	MN 46P105501-12	MN 46P105501-13	MN 46P105501-14
The actual modernization costs are as follows:				
Funds approved	\$ 92,207	\$ 84,944	\$ 81,917	\$ 85,284
Funds (expended)	(92,207)	(79,856)	(70,097)	(37,401)
Excess of funds approved (expended)	\$ -	\$ 5,088	\$ 11,820	\$ 47,883
Funds advanced - HUD CFP Grants	\$ 75,706	\$ 79,856	\$ -	\$ -
Funds (expended):				
In prior years	(75,706)	-	-	-
In current year	(16,501)	(79,856)	(70,097)	(37,401)
Excess of funds advanced (expended)	\$ (16,501)	\$ -	\$ (70,097)	\$ (37,401)

2. That all modernization work in connection with the Comprehensive Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid; and
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work.