

CITY OF COLUMBIA HEIGHTS

STATE OF MINNESOTA

PREPARED BY:

FINANCE DEPARTMENT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2018

- This page intentionally left blank -

CITY OF COLUMBIA HEIGHTS, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
I. INTRODUCTORY SECTION		
Principal City Officials		3
Organizational Chart		4
Letter of Transmittal		5
Certificate of Achievement for Excellence in Financial Reporting		9
II. FINANCIAL SECTION		
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

CITY OF COLUMBIA HEIGHTS, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	Statement 10	95
Schedule of Changes in the Total OPEB Liability and Related Ratios	Statement 11	97
Schedule of Employer's Proportionate Share of Plan Net Pension Liability - General Employees Retirement Fund	Statement 12	98
Schedule of Pension Contributions - General Employees Retirement Fund	Statement 13	99
Schedule of Employer's Proportionate Share of Plan Net Pension Liability - Public Employees Police and Fire Fund	Statement 14	100
Schedule of Pension Contributions - Public Employees Police and Fire Fund	Statement 15	101
Notes to RSI		102
Combining and Individual Fund Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 16	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	Statement 17	112
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 18	116
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Special Revenue Funds	Statement 19	118
Special Revenue Funds:		
Schedules of Revenues, Expenditures and Changes in Fund Balance:		
Budget and Actual - Cable Television Fund	Statement 20	120
Actual - Police Forfeiture Fund	Statement 21	121
Budget and Actual - Library Fund	Statement 22	122
Budget and Actual - After-School Programs Fund	Statement 23	123
Actual - Contributed Projects-Recreation Fund	Statement 24	124
Actual - Contributed Projects - Other Fund	Statement 25	125
Budget and Actual - Special Projects Fund	Statement 26	126
Budget and Actual - Planning and Inspections Fund	Statement 27	127
Actual - Anoka County Comm. Dev. Programs Fund	Statement 28	128
Actual - Twenty-first Century Arts Grant Fund	Statement 29	129
Budget and Actual - Downtown Parking Fund	Statement 30	130
Budget and Actual - EDA Administration Fund (Component Unit)	Statement 31	131
Subcombining Balance Sheet - Nonmajor Debt Service Funds	Statement 32	134
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Debt Service Funds	Statement 33	136
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 34	140
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Capital Project Funds	Statement 35	142

CITY OF COLUMBIA HEIGHTS, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Enterprise Funds:		
Water Utility Fund:		
Subcombining Schedule of Net Position	Statement 36	146
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 37	147
Subcombining Schedule of Cash Flows	Statement 38	148
Sewer Utility Fund:		
Subcombining Schedule of Net Position	Statement 39	149
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 40	150
Subcombining Schedule of Cash Flows	Statement 41	151
Refuse Utility Fund:		
Subcombining Schedule of Net Position	Statement 42	152
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 43	153
Subcombining Schedule of Cash Flows	Statement 44	154
Storm Sewer Utility Fund:		
Subcombining Schedule of Net Position	Statement 45	155
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 46	156
Subcombining Schedule of Cash Flows	Statement 47	157
Liquor Fund:		
Subcombining Schedule of Net Position	Statement 48	159
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 49	160
Subcombining Schedule of Cash Flows	Statement 50	162

CITY OF COLUMBIA HEIGHTS, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
Internal Service Funds:		
Combining Statement of Net Position	Statement 51	166
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	Statement 52	167
Combining Statement of Cash Flows	Statement 53	168
Municipal Service Center:		
Subcombining Schedule of Net Position	Statement 54	169
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 55	170
Subcombining Schedule of Cash Flows	Statement 56	171
Information Systems Fund:		
Subcombining Schedule of Net Position	Statement 57	172
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 58	173
Subcombining Schedule of Cash Flows	Statement 59	174
Risk Management Fund:		
Subcombining Schedule of Net Position	Statement 60	175
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 61	176
Subcombining Schedule of Cash Flows	Statement 62	177
Employee Benefits Fund:		
Subcombining Schedule of Net Position	Statement 63	178
Subcombining Schedule of Revenues, Expenses and Changes in Fund Net Position	Statement 64	179
Subcombining Schedule of Cash Flows	Statement 65	180
Combining Statement of Changes in Assets and Liabilities - Agency Funds	Statement 66	182

CITY OF COLUMBIA HEIGHTS, MINNESOTA
TABLE OF CONTENTS

	<u>Reference</u>	<u>Page No.</u>
III. STATISTICAL SECTION (UNAUDITED)		
Financial Trends:		
Net Positions by Component	Table 1	186
Changes in Net Position	Table 2	188
Fund Balances - Governmental Funds	Table 3	192
Changes in Fund Balances - Governmental Funds	Table 4	194
Revenue Capacity:		
Tax Capacity Value and Estimated Market Value of All Taxable Property	Table 5	198
Direct and Overlapping Property Tax Rates	Table 6	199
Principal Property Taxpayers	Table 7	201
Property Tax Levies and Collections	Table 8	202
Debt Capacity:		
Ratios of Outstanding Debt by Type	Table 9	204
Ratios of Outstanding Net General Bonded Debt by Type	Table 10	206
Direct and Overlapping Governmental Activities Debt	Table 11	208
Legal Debt Margin Information	Table 12	209
Pledged Revenue Coverage Non-Obligation Debt	Table 13	210
Demographic and Economic:		
Demographic and Economic Statistics	Table 14	212
Principal Employers	Table 15	213
Operating Information:		
City Government Employees by Function/Program	Table 16	214
Operating Indicators by Function/Program	Table 17	216
Capital Asset Statistics by Function/Program	Table 18	218
IV. OTHER REQUIRED REPORTS SECTION		
Minnesota Legal Compliance Report		223
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>		225

- This page intentionally left blank -

I. INTRODUCTORY SECTION

- This page intentionally left blank -

CITY OF COLUMBIA HEIGHTS, MINNESOTA

PRINCIPAL CITY OFFICIALS

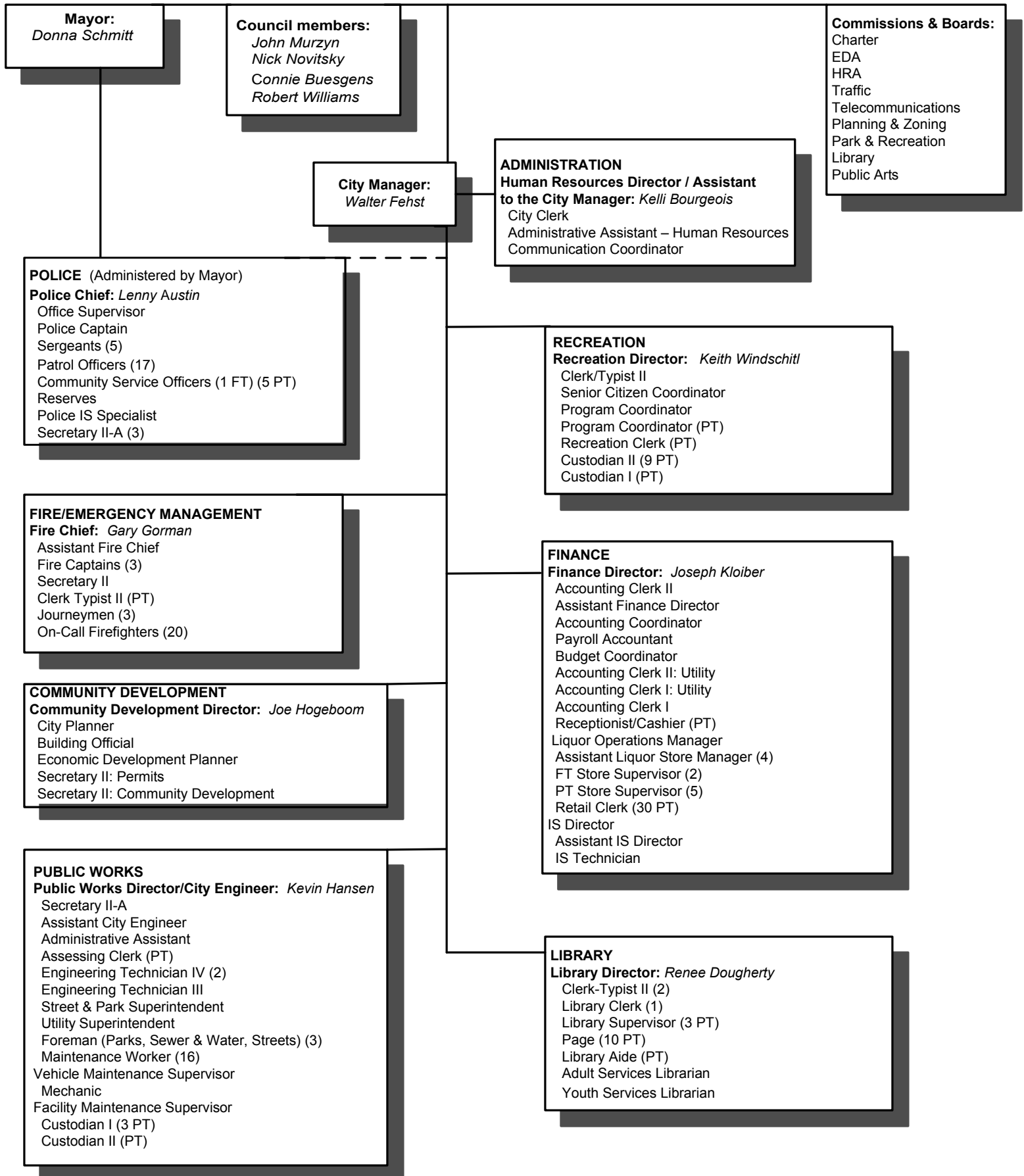
December 31, 2018

Name	Official Title
Mayor and Council:	
Donna Schmitt	Mayor
John Murzyn, Jr	Councilmember
Robert A. Williams	Councilmember
Connie Buesgens	Councilmember
Nick Novitsky	Councilmember
Administration:	
Walter Fehst	City Manager
Kelli Bourgeois	Human Resources Director, Assistant to City Manager
Joseph Kloiber	Finance Director
Jim Hoeft	City Attorney
Kevin Hansen	Public Works Director, City Engineer
Lenny Austin	Chief of Police
Gary Gorman	Chief of Fire
Renee Dougherty	Library Director
Joe Hogeboom	Community Development Director
Keith Windschitl	Recreation Services Director
Jason Schulz	Liquor Operations Manager

City of Columbia Heights

Organizational Chart

2018





City of Columbia Heights | *Finance Department*

590 40th Avenue NE, Columbia Heights, MN 55421 ▪ Ph: 763-706-3600 ▪ www.columbiaheightsmn.gov

June 4, 2019

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, 2018, is hereby submitted. The City's management assumes responsibility for both the completeness and the 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, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Columbia Heights financial statements for the year ended December 31, 2018. 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 30th of each year a complete set of audited financial statements for the preceding fiscal year ended December 31st. In addition, state law requires that Minnesota cities undergo an annual Minnesota Legal Compliance Audit.

Generally accepted accounting principles 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 19,995. 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 2018, 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), and single family housing that is affordable compared to the metropolitan area average, there has been a relatively stable demand for housing in the City. However, as an older, fully developed, inner-ring suburb of a major city, 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, which is periodically reviewed for long-term sustainability. 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 annual operating and debt service budgets; 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 annual operating and debt service budgets, using moderate increases in property taxes. At the current stage of the plan, approximately 40% of the annual state aid not restricted for specific programs 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 City Council has reached consensus of opinion in support of the plan. 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, 2018, 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 planning and inspections 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 and recognize all license and permit revenues in the general fund.

CURRENT MAJOR INITIATIVES

Given 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. In 2018, the remaining lots in this program were conveyed to state licensed home builders. This effectively increased Columbia Heights' estimated market value of residential properties by \$1,954,188. In addition to single family homes, two multi-family facilities opened adding 350 units to the housing stock.

In 2016, the National Civic League awarded the City of Columbia Heights 2016 All America City status for innovative and effective community problem-solving. Only 10 cities in the country were chosen for this honor and Columbia Heights is the only one in Minnesota to be selected this year. The criteria for earning the award included impact, inclusiveness, public engagement and the use of collaborative problem-solving strategies linking the private, public and nonprofit sectors. The City and the Columbia Heights Public School District were cited for their strong collaborative partnerships including the City of Peace Park Initiative in the Circle Terrace Neighborhood, the Hylander gym and the new Columbia Heights Public Library.

In 2018, the Columbia Heights Police Department was recognized by the International Association of Chiefs of Police (IACP) with the IACP Leadership in Community Policing Award. This was awarded for the departments work in community policing strategies, and specifically for its work involving the building of the City of Peace Neighborhood Center at Nawrocki Park. The Center, which celebrated its official grand opening in June, 2018, serves as a park and recreation facility for the Circle Terrace neighborhood. Many agencies, including the Columbia Heights Police Department, the Columbia Heights Recreation Department, the Columbia Heights School District and Anoka County, plan to use the City of Peace Neighborhood Center

for educational and recreational programming. The programs offered will serve residents through positive interaction, improved outreach and enhanced public safety. The City of Peace Neighborhood Center was made possible through Community Development Block Grant (CDBG) funding in the amount of \$366,771 as well as through other municipal funding opportunities.

AWARD AND AKNOWLEDGEMENTS

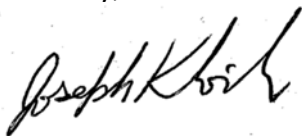
The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Columbia Heights, Minnesota for its Comprehensive Annual Financial Report for the year ended December 31, 2017. The Certificate of Achievement is a prestigious 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,



Joseph P. Kloiber
Finance Director



Jaclyn Zillmer
Assistant 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, 2017

Christopher P. Morill

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, 2018, 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, 2018, 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.

Emphasis of Matter

As described in Note 16 of the financial statements, the City of Columbia Heights, Minnesota, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Columbia Heights, Minnesota's 2017 financial statements and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information in our report dated June 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been 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 schedules of OPEB and pension information, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 4, 2019, 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.

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

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 4, 2019

- 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, 2018. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2018, by \$69,759,621 (net position). Of this amount, \$24,412,277 or 35% is unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors.

During 2018, the City's total net position of the government-wide financial statements was positively impacted in the current year by \$529,755. This resulted from \$885,718 increase within the City's business-type activities, offset by a \$355,963 decrease within the governmental activities.

As of December 31, 2018, the combined fund balances of the City's governmental funds were \$29,676,535. This is an increase of \$1,979,762 or 7% from the prior year. Also, approximately 22% of the combined fund balances of the City's governmental funds were unassigned fund balance, available for spending at the City Council's discretion.

As of December 31, 2018, unassigned fund balance in the General fund was \$6,641,233 or 97% of the total fund balance in the General fund. The City's minimum fund balance policy for the General fund, detailed in the notes to the financial statements, was met at December 31, 2018.

Total bonded debt increased in 2018 by a net of \$384,410; yielding an end-of-year total of \$26,748,046. The increase is the amount by which general obligation refunding bonds issued in December 2018 for \$2,070,000 exceeded scheduled principal payments and premium/discount amortization on all existing bonded debt in 2018. These refunding bonds were issued to redeem certain outstanding general obligation bonds in February 2019, reducing future debt service by an estimated present value of \$185,000.

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.

Management's Discussion and Analysis

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 or not the financial position of the City is improving.

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

Management's Discussion and Analysis

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 2018 are as follows:

- General Fund
- Municipal State Aid Street Fund
- Capital Equipment Replacement General Government Fund
- Capital Improvements-PIR Fund
- Capital Improvements General Government Buildings Fund
- HRA (Component Unit) Parkview Villa North and South 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 basic governmental fund financial statements are presented as Statements 3 through 5 of 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.

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 municipal service center (for vehicle and facilities maintenance), information systems, property and liability insurance, and certain employee benefits. As these internal transactions predominately benefit the governmental rather than the business-type activities, the internal service funds have been included within governmental 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.

Management's Discussion and Analysis

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.

Other information. Required supplementary information for the General fund are presented as Statement 10 of this report. Certain required supplementary information on pensions and other post-employment benefits are presented as Statements 11 through 15 of this report. Certain additional combining and individual fund statements and schedules are presented as Statements 16 through 66 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, 2018, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$69,759,621.

\$39,755,498 or 57% 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 is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves would not be used to liquidate these liabilities.

The restricted 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, \$24,412,277 or 35%, may be used to meet the City's ongoing obligations to citizens and creditors.

At December 31, 2018, 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.

Management's Discussion and Analysis

CITY OF COLUMBIA HEIGHTS' NET POSITION						
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$44,067,936	\$42,249,123	\$9,664,459	\$8,508,110	\$53,732,395	\$50,757,233
Capital assets	47,567,080	49,278,369	16,036,465	16,614,573	63,603,545	65,892,942
Total assets	91,635,016	91,527,492	25,700,924	25,122,683	117,335,940	116,650,175
Deferred outflows of resources	5,920,360	7,266,883	-	-	5,920,360	7,266,883
Liabilities:						
Current liabilities	4,872,246	3,103,870	1,476,586	1,307,507	6,348,832	4,411,377
Noncurrent liabilities	34,962,328	37,666,249	3,886,429	4,373,105	38,848,757	42,039,354
Total liabilities	39,834,574	40,770,119	5,363,015	5,680,612	45,197,589	46,450,731
Deferred inflows of resources	8,288,970	8,236,461	10,120	-	8,299,090	8,236,461
Net position:						
Net invested in capital assets	28,080,462	30,852,838	11,675,036	11,831,468	39,755,498	42,684,306
Restricted	5,032,456	3,145,032	559,390	498,838	5,591,846	3,643,870
Unrestricted	16,318,914	15,789,925	8,093,363	7,111,765	24,412,277	22,901,690
Total net position	\$49,431,832	\$49,787,795	\$20,327,789	\$19,442,071	\$69,759,621	\$69,229,866

Changes in net position - governmental activities. During the current year, governmental activities decreased the City's net position by \$355,963. This decrease of less than 1% differed from the prior year increase of 5% as follows:

- Governmental activities revenue decreased \$1,313,064 or 7% over the prior year. This included:
 - A one-time 2017 gain of \$570,000 on the sale of the former Library building.
 - A net decrease in capital grants, largely from the 2017 completion of federally-funded street reconstruction of \$833,000 and a one-time 2017 federal award of \$367,000 for a recreation facility, offset by a 2018 increase in state street reconstruction grants of \$436,500.
 - Charges for services decreased \$932,487 in 2018, due to one-time revenues in 2017 including a \$456,000 exchange contract for street reconstruction with Anoka County, building permits of \$200,000 for a single large redevelopment, and \$150,000 of developer fees from the issuance of conduit debt.
 - Planned increases in property taxes of \$644,148 were offsetting the net decrease in the types of revenue listed above.
- Governmental activities expenses increased \$1,940,404 or 11% from the prior year. Key elements of this change include:
 - There were planned 2018 inflationary increases of 2.5% in most governmental activities, plus labor contract adjustments to make certain compensation comparable to similar positions in other metro cities.

Management's Discussion and Analysis

- Public works expenses increased by \$1,389,051, primarily from increased non-federal construction.
- Culture and recreation expenses increased \$764,197. This reflects certain cost of a new Library facility, including \$372,773 of first year depreciation expense and \$248,775 of project costs not eligible for capitalization.
- 2018 pension expense decreased by approximately \$880,000 from the prior year for the governmental activities' portion of two state-wide cost sharing defined-benefit plans in which the City participates. This was primarily from improved long-term funding resulting from legislative changes to plans terms. More information on these plans is available in the notes to the financial statements.
- 2018 Transfers to/from the business-type activities increased net position of the governmental activities by \$422,474. In the prior year net transfers decreased the net position of the governmental activities by \$231,537. The current year net transfers only include the kinds of routine operating transfers that occur between the governmental and business type activities in most years. Whereas the net transfers in the prior years included these items against a one-time consolidation of all liabilities for pension and other post-employment benefits into the governmental activities.

Changes in net position - Business-type activities. In 2018, business-type activities increased the City's total net position by \$885,718. This 5% increase differed from the prior year increase of 3% as follows:

- Business-type activities revenue increased by \$550,401 or 3% over the prior year. This was primarily from a \$526,885 increase in charges for services. Approximately two-thirds of this was from an increase to utility rates set by the City Council and one-third was from increase municipal liquor sales.
- Business-type activities expense decreased by \$332,624. A majority of the decrease or \$592,408, is from reduced consumption of water/sewer and a recycling initiative to lower the amount of refuse. Offset by an increase in liquor operating expense and storm sewer construction.
- For reasons explained above, 2018 Transfers to/from the government activities decreased net position of the business-type activities by \$422,474. Whereas in the prior year, net transfers increased the net position of the business type activities by \$231,537.

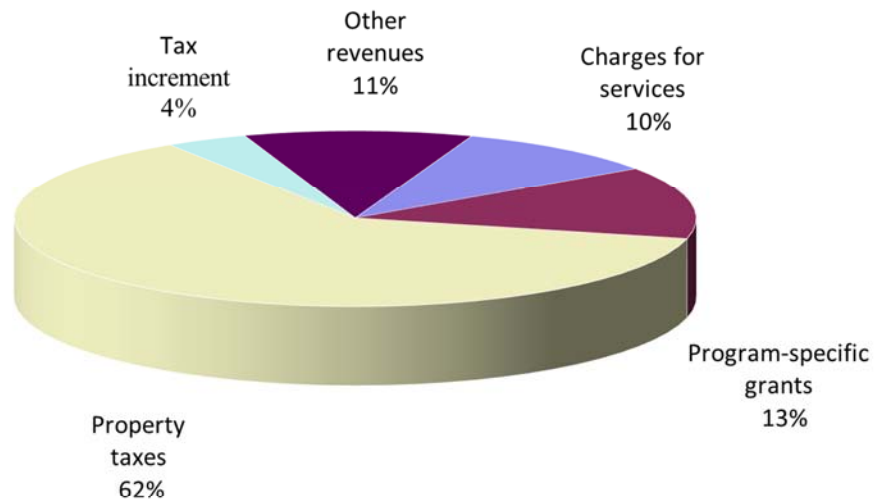
Management's Discussion and Analysis

CITY OF COLUMBIA HEIGHTS' CHANGES IN NET POSITION

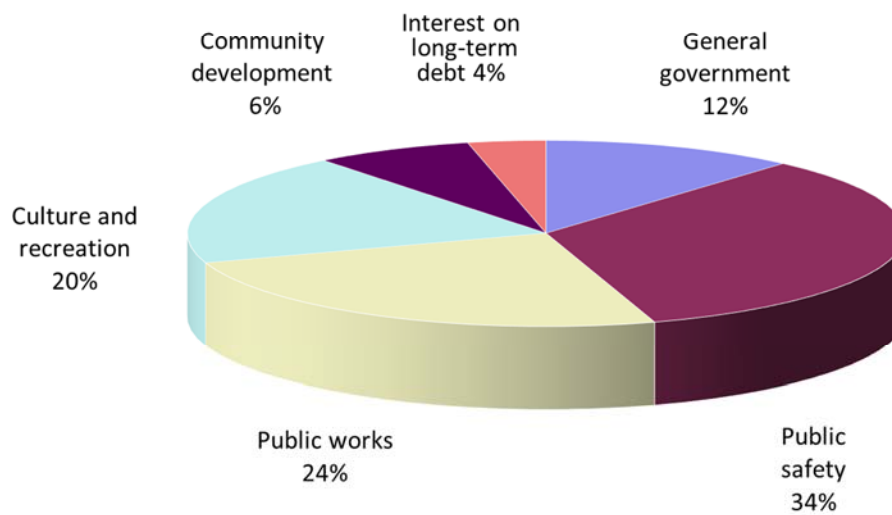
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$1,848,127	\$2,780,614	\$16,385,606	\$15,858,721	\$18,233,733	\$18,639,335
Operating grants and contributions	1,458,725	1,197,660	118,373	107,504	1,577,098	1,305,164
Capital grants and contributions	1,059,322	2,068,730	-	-	1,059,322	2,068,730
General revenues:						
Property taxes	11,673,168	11,029,020	-	-	11,673,168	11,029,020
Tax increment collections	732,192	604,510	-	-	732,192	604,510
Grants and contributions not restricted to specific programs	1,676,553	1,547,164	-	-	1,676,553	1,547,164
Unrestricted investment earnings	354,373	318,554	57,100	44,453	411,473	363,007
Gain on sale of capital assets used in governmental activities	5,528	574,800	-	-	5,528	574,800
Total revenues	<u>18,807,988</u>	<u>20,121,052</u>	<u>16,561,079</u>	<u>16,010,678</u>	<u>35,369,067</u>	<u>36,131,730</u>
Expenses:						
General government	2,252,456	2,087,930	-	-	2,252,456	2,087,930
Public safety	6,584,189	6,927,308	-	-	6,584,189	6,927,308
Public works	4,841,290	3,452,239	-	-	4,841,290	3,452,239
Culture and recreation	3,821,503	3,057,306	-	-	3,821,503	3,057,306
Community development	1,398,103	1,147,550	-	-	1,398,103	1,147,550
Interest on long-term debt	688,884	973,688	-	-	688,884	973,688
Water	-	-	2,748,803	3,090,927	2,748,803	3,090,927
Sewer	-	-	1,820,151	1,977,662	1,820,151	1,977,662
Refuse	-	-	1,944,325	2,037,098	1,944,325	2,037,098
Storm sewer	-	-	511,836	380,844	511,836	380,844
Liquor	-	-	8,227,772	8,098,980	8,227,772	8,098,980
Total expenses	<u>19,586,425</u>	<u>17,646,021</u>	<u>15,252,887</u>	<u>15,585,511</u>	<u>34,839,312</u>	<u>33,231,532</u>
Increase (decrease) in net position before transfers and special items	(778,437)	2,475,031	1,308,192	425,167	529,755	2,900,198
Transfers	422,474	(231,537)	(422,474)	231,537	-	-
Increase in net position	<u>(355,963)</u>	<u>2,243,494</u>	<u>885,718</u>	<u>656,704</u>	<u>529,755</u>	<u>2,900,198</u>
Net position - January 1	49,787,795	47,544,301	19,442,071	18,785,367	69,229,866	66,329,668
Net position - December 31	<u>\$49,431,832</u>	<u>\$49,787,795</u>	<u>\$20,327,789</u>	<u>\$19,442,071</u>	<u>\$69,759,621</u>	<u>\$69,229,866</u>

Management's Discussion and Analysis

Governmental Activities - 2018 Revenues

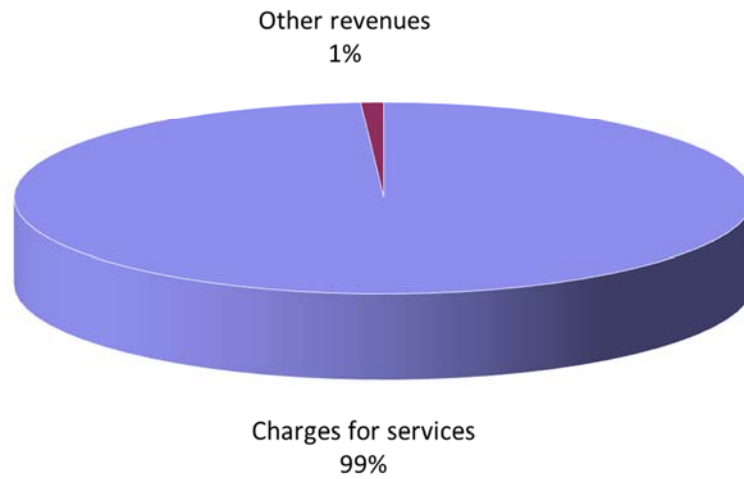


Governmental Activities - 2018 Expenses

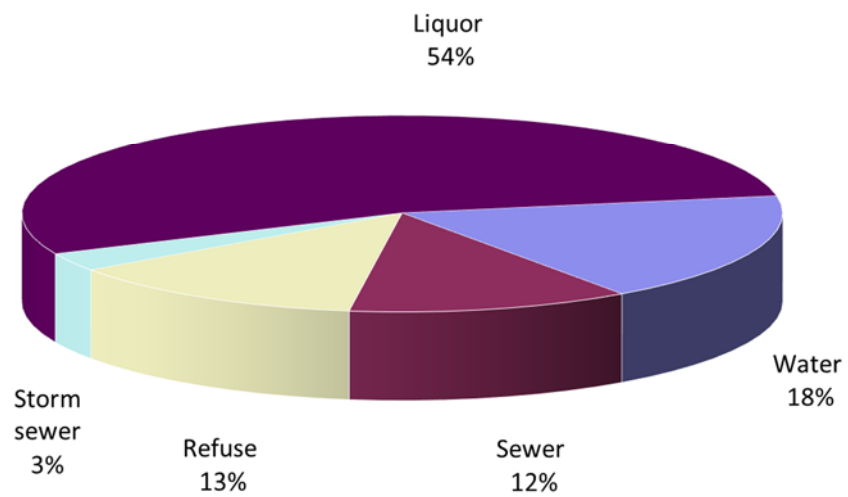


Management's Discussion and Analysis

Business-Type Activities - 2018 Revenues



Business-Type Activities - 2018 Expenses



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, 2018, the City's governmental funds reported combined fund balances of \$29,676,535. 79% of this amount or \$23,306,243 was not subject to external legal restrictions. This unrestricted portion of the combined fund balances includes all committed, assigned and unassigned fund balances. The remaining 21% of the combined fund balances is nonspendable or restricted; to indicate that it is not available for new spending because it has already been obligated for prepaid items (\$148,900), debt service (\$3,461,396), tax increment purposes (\$1,991,737), and various other purpose restrictions (\$768,259) 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 decreased by \$862,136. This is approximately the amount by which a one-time transfer of \$1,400,000 from the General Fund to the Capital Improvement General Government Buildings Fund exceed routine annual operating transfers into the General Fund. This one-time transfer was part of a plan to accumulate funds for the future building improvement and replacement.

Although general revenues and expenditures were approximately equal in 2018, they increased over the prior year as follows:

- Revenues increased by \$680,595 or 6% over the prior year, primarily due to a \$619,765 increase in property taxes consistent with the City's five-year financial plan.
- Expenditures increased by \$495,427 or 4% over the prior year, primarily due to planned 2018 inflationary increases of 2.5% in both personnel and non-personnel costs of existing departmental operations. Secondly, there were also:
 - Labor contract adjustments to make certain compensation comparable to similar positions in other metro cities.
 - 1.35 Full-time equivalent new permanent positions created and hired in 2018.
 - Seasonal staffing additions for the biennial election held in 2018.

Management's Discussion and Analysis

The changes in fund balance of the other major governmental funds in 2018, and significant elements of those changes, were as follows:

- The Municipal State Aid Street Fund increased by \$446,554. This is the amount by which restricted intergovernmental revenue received in the current year for maintenance and reconstruction of eligible roads exceeded the amount used in the current year.
- The Capital Equipment Replacement General Government Fund decreased by \$113,931. This is the amount by which capital outlays for equipment, such as vehicles, exceeded current year revenue committed for this purpose.
- The Capital Improvements PIR Fund decreased by \$700,890. This decrease is the amount by which current year street project expenditures, net of related transfers from the Municipal State Aid Street Fund, exceeded special assessments collected in the current year. PIR is the acronym for Public Improvement Revolving Fund.
- The Capital Improvements General Government Buildings Fund increased by \$2,031,026. This increase includes a \$1,423,000 transfer from the General Fund and \$362,651 of residual funds transferred from the completion of new library building project within the non-major funds.
- The Housing and Redevelopment Authority (Component Unit) Parkview Villa North and South Fund decreased by \$7,284 from the transfer of all residual cash to the nonmajor governmental funds for the purposes of the Economic Development Authority (Component Unit.) The Housing and Redevelopment Authority ceased active operations in 2015.

The combined fund balances of the nonmajor governmental funds increased by \$1,186,423 or 10% over the prior year. The most significant elements of this increase were:

- \$2,070,000 of general obligation refunding bonds issued in December 2018 for the February 2019 early redemption of certain general obligation bonds issued in 2009.
- \$362,651 of fund balance transferred to the Capital Improvement General Government Buildings Fund as described above.
- \$330,000 expenditure of fund balance used for parks capital outlays.

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, 2018, net position of the major proprietary funds included the following amounts of unrestricted net position:

- Water Fund \$1,012,328
- Sewer Fund \$1,524,456

Management's Discussion and Analysis

- Refuse Fund \$1,856,140
- Storm Sewer Fund \$413,812
- Liquor Fund \$3,076,627

The 2018 changes in net position of the major proprietary funds were as follows:

- Water Fund \$497,403
- Sewer Fund \$122,982
- Refuse Fund \$88,068
- Storm Sewer Fund (\$47,297)
- Liquor Fund \$241,765

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

Budgetary Highlights

General Fund. The changes between the original and final 2018 General Fund budget consisted of several small budget amendments to increase intergovernmental revenue, charges for services, and miscellaneous other revenues, by a total of \$30,990. All of these changes were paired with related increases to budgeted police and fire expenditures. This reflects additional services and training funded by external entities mid-year.

Actual general fund revenues in 2018 were more than budgeted by \$197,303 or 2%. Approximately \$120,000 of this variance is the amount by which excess tax increment refunded to the City from tax increment financing districts exceeded tax-reduction settlements and judgements. These items are reported within the line item for tax revenues when they occur, but are not used in the revenue forecast to develop the budget. Actual intergovernmental revenues and charges for services exceeded the budget by approximately \$44,000 and \$32,000 respectively, primarily due to conservative budget estimates.

Actual general fund expenditures in 2018 were less than budgeted by \$493,591 or 4%. Major elements of this variance include:

- Parks and recreation expenditures were approximately \$88,000 less than budgeted. This included approximately \$77,000 of personnel service savings from vacancies, turn over and available grant funding for recreation staff.
- Public safety expenditures were approximately \$293,000 less than budgeted. This variance reflects staff vacancies and new hires at entry level wages instead of top scale wages. Building maintenance was over budget by \$20,000, as an upgrade to the security system was needed, but not anticipated.

Management's Discussion and Analysis

- The remaining variances were distributed throughout the departments of the general fund and were primarily the result of using conservative budget estimates.

Capital Asset and Debt Administration

Capital assets. The City's capital assets for its governmental and business-type activities as of December 31, 2018, amount to \$63,603,545 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress.

Management's Discussion and Analysis

City of Columbia Heights' Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets - not depreciated:				
Land	\$5,127,249	\$1,313,282	\$ -	\$6,440,531
Construction in progress	14,157,278	1,081,080	(13,967,634)	1,270,724
Total capital assets not being depreciated	<u>19,284,527</u>	<u>2,394,362</u>	<u>(13,967,634)</u>	<u>7,711,255</u>
Capital assets - being depreciated:				
Buildings	23,059,914	9,468,817	-	32,528,731
Equipment	9,199,971	1,106,045	(202,841)	10,103,175
Infrastructure	33,032,941	1,766,518	-	34,799,459
Total capital assets being depreciated	<u>65,292,826</u>	<u>12,341,380</u>	<u>(202,841)</u>	<u>77,431,365</u>
Less accumulated depreciation for:				
Buildings	9,904,881	919,807	-	10,824,688
Equipment	7,047,288	497,617	(178,648)	7,366,257
Infrastructure	18,346,814	1,037,781	-	19,384,595
Total accumulated depreciation	<u>35,298,983</u>	<u>2,455,205</u>	<u>(178,648)</u>	<u>37,575,540</u>
Capital assets being depreciated - net	<u>29,993,843</u>	<u>9,886,175</u>	<u>(24,193)</u>	<u>39,855,825</u>
Governmental activities capital assets - net	<u>49,278,370</u>	<u>12,280,537</u>	<u>(13,991,827)</u>	<u>47,567,080</u>
Business-type activities:				
Capital assets - not depreciated:				
Land	2,349,213	-	-	2,349,213
Construction in progress	13,513	75,657	(4,481)	84,689
Total capital assets not being depreciated	<u>2,362,726</u>	<u>75,657</u>	<u>(4,481)</u>	<u>2,433,902</u>
Capital assets - being depreciated:				
Buildings	5,679,892	2	-	5,679,894
Equipment	2,445,375	70,057	-	2,515,432
Infrastructure	19,308,003	-	-	19,308,003
Total capital assets being depreciated	<u>27,433,270</u>	<u>70,059</u>	<u>0</u>	<u>27,503,329</u>
Less accumulated depreciation for:				
Buildings	1,999,960	160,506	-	2,160,466
Equipment	1,736,090	93,514	-	1,829,604
Infrastructure	9,445,372	465,324	-	9,910,696
Total accumulated depreciation	<u>13,181,422</u>	<u>719,344</u>	<u>-</u>	<u>13,900,766</u>
Capital assets being depreciated - net	<u>14,251,848</u>	<u>(649,285)</u>	<u>-</u>	<u>13,602,563</u>
Business-type activities capital assets - net	<u>16,614,574</u>	<u>(573,628)</u>	<u>(4,481)</u>	<u>16,036,465</u>
 Total capital assets - net	<u><u>\$65,892,944</u></u>	<u><u>\$11,706,909</u></u>	<u><u>(\$13,996,308)</u></u>	<u><u>\$63,603,545</u></u>

Management's Discussion and Analysis

Significant capital asset activity during 2018 included the following:

Project	Year Started	As of December 31, 2018	
		Cost to Date	Status
Library Building Replacement	2014	\$10,833,584	in-progress
Street Reconstruction - Stinson Blvd	2016	947,188	in-service
Street Lighting Central 47-51st	2017	1,140,652	in-progress
Neighborhood Bldg Circle Terr	2017	458,522	in-progress
Storm Swr Pipe & Street Improvement	2017	1,230,775	in-progress
Street Rehab Zone 4	2017	23,639	in-progress
Pond Construction Slv Lk Boat landing	2017	40,986	in-progress
Keyes Park Rehabilitation	2018	456,477	in-progress
Street Overlay	2018	31,226	in-progress

At December 31, 2018, the City had \$40,000 of non-cancellable contractual commitments for construction in 2018, primarily for the street reconstruction and sewer lining projects. Additional information on the City's capital assets can be found in Note 5 to the financial statements.

Long-term debt. Total bonded debt increased in 2018 by a net of \$384,410; yielding an end of year total of \$26,748,046. The increase is the amount by which general obligation refunding bonds issued in December 2018 for \$2,070,000 exceeded scheduled principal payments and premium/discount amortization on all existing bonded debt in 2018. These refunding bonds, were issued to redeem certain outstanding 2009 general obligation bonds in February 2019, reducing future debt service by an estimated present value of \$185,000. The 2009 bonds were a portion of the financing used for the City's public safety facilities. The 2018 bonds will be repaid with a combination of existing property taxes and state grants.

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, 2018, the City's debt limit under this statute was \$40,063,149 and \$19,281,618 of the City's outstanding debt was of the type to which this limit applies.

At December 31, 2018, 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 governmental activities at December 31, 2018, are repaid only with tax increment and are unrated.

In conjunction with the 2015 sale of real property, the HRA owes a 30-year no-interest note payable to the U.S. Department of Housing and Redevelopment for \$5,200,000 with all principal due in 2047. This amount is included in the financial statements within the amount reported as due to

Management's Discussion and Analysis

other governments.

Other long-term obligations consist of compensated absences, post-employment health insurance, and net pension benefit. Additional information on the City's long-term debt is included in Note 7 to the financial statements.

City of Columbia Heights' Long-Term Debt

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
General obligation bonds:						
Repaid only with general taxes	\$18,855,000	\$17,650,000	\$ -	\$ -	\$18,855,000	\$17,650,000
With other pledged revenues	915,000	1,165,000	4,300,000	4,710,000	5,215,000	5,875,000
Revenue bonds	2,190,000	2,315,000	-	-	2,190,000	2,315,000
Unamortized premium	426,617	450,531	61,429	73,105	488,046	523,636
Due to other governmental units	5,200,000	5,200,000	-	-	5,200,000	5,200,000
Compensated absences	1,353,178	1,297,380	-	-	1,353,178	1,297,380
Net pension liability	8,059,561	9,635,048	-	-	8,059,561	9,635,048
Postemployment benefits other than pensions	1,252,872	1,296,890	-	-	1,252,872	1,296,890
	<u>\$38,252,228</u>	<u>\$39,009,849</u>	<u>\$4,361,429</u>	<u>\$4,783,105</u>	<u>\$42,613,657</u>	<u>\$43,792,954</u>

Economic Factors and Next Year's Budget

In 2018, the average annual unemployment rate for Anoka County, which includes the City, was 3.0%. This is a decrease from a rate of 3.5% from the prior year. This compares to the average annual 2018 state and national rates of 3.4% and 3.9% respectively. The Consumer Price Index in the region compares favorably to national trends. These factors were considered when preparing the City of Columbia Heights' 2019 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 40th Avenue NE, Columbia Heights, Minnesota 55421-3878.

BASIC FINANCIAL STATEMENTS

CITY OF COLUMBIA HEIGHTS, MINNESOTA
STATEMENT OF NET POSITION

December 31, 2018

With Comparative Totals For December 31, 2017

Statement 1
Page 1 of 2

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2018	2017
Assets:				
Current assets:				
Cash and investments	\$32,738,493	\$5,322,613	\$38,061,106	\$34,046,759
Receivables - current:				
Accounts (net of allowance for uncollectibles)	61,027	1,910,923	1,971,950	1,932,565
Special assessments	580,012	-	580,012	502,734
Taxes	375,816	-	375,816	307,037
Interest	90,563	15,000	105,563	82,423
Due from other governmental units	1,132,579	8,781	1,141,360	1,926,569
Internal balances	(137,120)	137,120	-	-
Prepayments	221,228	93,435	314,663	279,719
Inventory - at cost	51,792	2,176,587	2,228,379	2,415,407
Real estate held for resale	535,976	-	535,976	798,727
Total current assets	35,650,366	9,664,459	45,314,825	42,291,940
Noncurrent assets:				
Receivables - noncurrent:				
Special assessments	1,424,424	-	1,424,424	1,468,653
Loans	6,993,146	-	6,993,146	6,996,640
Capital assets (net of accumulated depreciation):				
Land	6,440,531	2,349,213	8,789,744	7,476,462
Buildings	21,704,043	3,519,428	25,223,471	16,834,966
Equipment	2,736,918	685,828	3,422,746	2,861,966
Infrastructure	15,414,864	9,397,307	24,812,171	24,548,758
Construction in process	1,270,724	84,689	1,355,413	14,170,790
Total noncurrent assets	55,984,650	16,036,465	72,021,115	74,358,235
Total assets	91,635,016	25,700,924	117,335,940	116,650,175
Deferred outflows of resources:				
Related to pensions	5,920,360	-	5,920,360	7,266,883

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

CITY OF COLUMBIA HEIGHTS, MINNESOTA

STATEMENT OF NET POSITION

December 31, 2018

With Comparative Totals For December 31, 2017

Statement 1

Page 2 of 2

	Primary Government		Totals	
	Governmental Activities	Business-Type Activities	2018	2017
Liabilities:				
Current liabilities:				
Accounts payable	\$355,224	\$649,379	\$1,004,603	\$1,006,455
Accrued salaries and withholdings payable	439,601	80,630	520,231	460,143
Contracts payable - retained percentage	110,690	-	110,690	228,516
Due to other governmental units	123,589	234,674	358,263	416,081
Unearned revenue	215,818	-	215,818	216,318
Accrued interest payable	256,209	34,203	290,412	292,333
Deposits	81,215	2,700	83,915	37,931
Compensated absences payable	209,900	-	209,900	103,600
Bonds payable	3,080,000	475,000	3,555,000	1,650,000
Total current liabilities	4,872,246	1,476,586	6,348,832	4,411,377
Noncurrent liabilities:				
Compensated absences payable	1,143,278	-	1,143,278	1,193,780
Other postemployment benefits payable	1,252,872	-	1,252,872	1,296,890
Bonds payable	19,306,617	3,886,429	23,193,046	24,713,636
Due to other governmental units	5,200,000	-	5,200,000	5,200,000
Net pension liability	8,059,561	-	8,059,561	9,635,048
Total noncurrent liabilities	34,962,328	3,886,429	38,848,757	42,039,354
Total liabilities	39,834,574	5,363,015	45,197,589	46,450,731
Deferred inflows of resources:				
Related to pensions	8,225,061	-	8,225,061	8,236,461
Related to other postemployment benefits	63,909	10,120	74,029	-
Total deferred inflows of resources	8,288,970	10,120	8,299,090	8,236,461
Net position:				
Net investments in capital assets	28,080,462	11,675,036	39,755,498	42,684,306
Restricted for:				
Debt service	3,184,433	559,390	3,743,823	1,847,095
Tax increment purposes	1,079,764	-	1,079,764	1,035,920
Other purposes	768,259	-	768,259	760,855
Unrestricted	16,318,914	8,093,363	24,412,277	22,901,690
Total net position	\$49,431,832	\$20,327,789	\$69,759,621	\$69,229,866

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, 2018

With Comparative Totals For The Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,252,456	\$264,782
Public safety	6,584,189	766,450
Public works	4,841,290	154,219
Culture and recreation	3,821,503	289,066
Community development	1,398,103	373,610
Interest on long-term debt	688,884	-
Total governmental activities	<u>19,586,425</u>	<u>1,848,127</u>
Business-type activities:		
Water	2,748,803	3,325,053
Sewer	1,820,151	2,026,695
Refuse	1,944,325	1,986,709
Storm sewer	511,836	458,573
Liquor	8,227,772	8,588,576
	<u>15,252,887</u>	<u>16,385,606</u>
Total primary government	<u>\$34,839,312</u>	<u>\$18,233,733</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-Type Activities	Totals	
				2018	2017
\$37,636	\$ -	(\$1,950,038)	\$ -	(\$1,950,038)	(\$1,823,471)
516,775	-	(5,300,964)	-	(5,300,964)	(5,590,857)
881,029	1,059,322	(2,746,720)	-	(2,746,720)	(735,682)
20,830	-	(3,511,607)	-	(3,511,607)	(2,375,193)
2,455	-	(1,022,038)	-	(1,022,038)	(100,126)
-	-	(688,884)	-	(688,884)	(973,688)
<u>1,458,725</u>	<u>1,059,322</u>	<u>(15,220,251)</u>	<u>0</u>	<u>(15,220,251)</u>	<u>(11,599,017)</u>
-	-	-	576,250	576,250	50,013
-	-	-	206,544	206,544	(52,605)
112,679	-	-	155,063	155,063	(18,853)
-	-	-	(53,263)	(53,263)	74,700
5,694	-	-	366,498	366,498	327,459
<u>118,373</u>	<u>0</u>	<u>0</u>	<u>1,251,092</u>	<u>1,251,092</u>	<u>380,714</u>
<u>\$1,577,098</u>	<u>\$1,059,322</u>	<u>(15,220,251)</u>	<u>1,251,092</u>	<u>(13,969,159)</u>	<u>(11,218,303)</u>
General revenues:					
Property taxes		11,673,168	-	11,673,168	11,029,020
Tax increment collections		732,192	-	732,192	604,510
Grants and contributions not restricted to specific programs		1,676,553	-	1,676,553	1,547,164
Unrestricted investment earnings		354,373	57,100	411,473	363,007
Gain on sale of capital assets used in governmental activities		5,528	-	5,528	574,800
Transfers		422,474	(422,474)	-	-
Total general revenues, transfers, and special items		<u>14,864,288</u>	<u>(365,374)</u>	<u>14,498,914</u>	<u>14,118,501</u>
Change in net position		(355,963)	885,718	529,755	2,900,198
Net position - January 1		<u>49,787,795</u>	<u>19,442,071</u>	<u>69,229,866</u>	<u>66,329,668</u>
Net position - December 31		<u>\$49,431,832</u>	<u>\$20,327,789</u>	<u>\$69,759,621</u>	<u>\$69,229,866</u>

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

CITY OF COLUMBIA HEIGHTS, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2018

	General Fund	Municipal State Aid Street Fund	Capital Equipment Replacement General Gov't
Assets			
Cash and investments	\$7,297,038	\$13,694	\$3,894,384
Receivables:			
Accounts	2,468	-	-
Special assessments	-	-	-
Taxes	342,197	-	-
Loans	-	-	-
Interest	24,663	-	12,300
Due from other governmental units	88,371	885,334	-
Interfund receivable	-	-	83,000
Prepayments	136,962	-	-
Real estate held for resale	-	-	-
Total assets	\$7,891,699	\$899,028	\$3,989,684
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$165,198	\$2,562	\$21,162
Accrued salaries and withholdings payable	353,468	4,203	-
Contracts payable - retained percentage	16,226	45,044	-
Due to other governmental units	118,388	-	-
Interfund payable	-	261,977	-
Unearned revenue	166,464	-	-
Deposits	-	-	-
Total liabilities	819,744	313,786	21,162
Deferred inflows of resources:			
Unavailable revenue	232,283	-	-
Total deferred inflows of resources	232,283	0	0
Fund balance:			
Nonspendable	136,962	-	-
Restricted	-	585,242	-
Committed	-	-	3,968,522
Assigned	61,477	-	-
Unassigned	6,641,233	-	-
Total fund balances	6,839,672	585,242	3,968,522
Total liabilities, deferred inflows of resources, and fund balances	\$7,891,699	\$899,028	\$3,989,684

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

Capital Improvements PIR Fund	Capital Improvements General Gov't Buildings Fund	HRA (Component Unit) Parkview Villa North & South Fund	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds
\$474,453	\$4,269,923	\$ -	\$12,714,456	\$ -	\$28,663,948
-	-	-	58,559	-	61,027
1,563,525	-	-	440,911	-	2,004,436
-	-	-	33,619	-	375,816
-	-	6,585,000	408,146	-	6,993,146
2,500	10,100	-	31,900	-	81,463
155,529	-	-	996	-	1,130,230
-	-	-	438,937	(438,937)	83,000
-	-	-	11,938	-	148,900
45,600	-	-	490,376	-	535,976
<u>\$2,241,607</u>	<u>\$4,280,023</u>	<u>\$6,585,000</u>	<u>\$14,629,838</u>	<u>(\$438,937)</u>	<u>\$40,077,942</u>
\$6,658	\$882	\$ -	\$115,746	\$ -	\$312,208
347	-	-	52,691	-	410,709
37,769	-	-	11,651	-	110,690
-	-	-	5,201	-	123,589
-	-	-	176,960	(438,937)	-
-	-	-	40,458	-	206,922
9,831	-	-	71,384	-	81,215
<u>54,605</u>	<u>882</u>	<u>0</u>	<u>474,091</u>	<u>(438,937)</u>	<u>1,245,333</u>
1,550,422	-	6,585,000	788,369	-	9,156,074
<u>1,550,422</u>	<u>0</u>	<u>6,585,000</u>	<u>788,369</u>	<u>0</u>	<u>9,156,074</u>
-	-	-	11,938	-	148,900
-	-	-	5,636,150	-	6,221,392
636,580	4,279,141	-	7,896,391	-	16,780,634
-	-	-	-	-	61,477
-	-	-	(177,101)	-	6,464,132
<u>636,580</u>	<u>4,279,141</u>	<u>0</u>	<u>13,367,378</u>	<u>0</u>	<u>29,676,535</u>
<u>\$2,241,607</u>	<u>\$4,280,023</u>	<u>\$6,585,000</u>	<u>\$14,629,838</u>	<u>(\$438,937)</u>	<u>\$40,077,942</u>
Fund balance reported above					\$29,676,535
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.					46,472,020
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.					3,956,074
Internal service funds are used by management to charge the costs of municipal service center, information systems, risk management and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.					(6,884,458)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(23,788,339)
Net position of governmental activities					<u>\$49,431,832</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, 2018

	General Fund	Municipal State Aid Street Fund	Capital Equipment Replacement General Gov't
Revenues:			
Taxes	\$9,601,516	\$ -	\$ -
Tax increment collections	-	-	-
Special assessments	-	-	-
Licenses and permits	233,994	-	-
Intergovernmental	1,006,512	1,255,967	200,000
Charges for services	603,081	5,562	-
Fines and forfeitures	93,251	-	-
Investment income:			
Interest and dividends	121,687	-	64,510
Change in fair value	(30,248)	-	(15,300)
Other revenues	29,000	10,982	4,982
Total revenues	<u>11,658,793</u>	<u>1,272,511</u>	<u>254,192</u>
Expenditures:			
Current:			
General government	2,082,625	-	-
Public safety	6,099,081	-	58,015
Public works	1,676,094	220,983	-
Culture and recreation	1,785,380	-	-
Community development	-	-	-
Capital outlay:			
Public safety	-	-	199,921
Public works	15,657	213,366	28,511
Culture and recreation	-	-	109,396
Community development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Issuance costs	-	-	-
Developer incentives	-	-	-
Total expenditures	<u>11,658,837</u>	<u>434,349</u>	<u>395,843</u>
Revenues over (under) expenditures	<u>(44)</u>	<u>838,162</u>	<u>(141,651)</u>
Other financing sources (uses):			
Transfers in	562,392	501	-
Transfers out	(1,424,484)	(392,109)	-
Refunding bond issued	-	-	-
Bond premium	-	-	-
Sale of capital assets	-	-	27,720
Total other financing sources (uses)	<u>(862,092)</u>	<u>(391,608)</u>	<u>27,720</u>
Net change in fund balance	<u>(862,136)</u>	<u>446,554</u>	<u>(113,931)</u>
Fund balance - January 1	<u>7,701,808</u>	<u>138,688</u>	<u>4,082,453</u>
Fund balance - December 31	<u>\$6,839,672</u>	<u>\$585,242</u>	<u>\$3,968,522</u>

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

Capital Improvements PIR Fund	Capital Improvements General Gov't Buildings Fund	HRA (Component Unit) Parkview Villa North & South Fund	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds
\$ -	\$ -	\$ -	\$2,064,607	\$ -	\$11,666,123
-	-	-	731,835	-	731,835
535,630	-	-	105,367	-	640,997
-	-	-	235,523	-	469,517
-	250,000	-	754,031	-	3,466,510
137,138	-	-	354,667	-	1,100,448
-	-	-	19,302	-	112,553
15,453	50,700	-	169,772	-	422,122
(3,100)	(12,600)	-	(40,301)	-	(101,549)
6,518	-	-	114,127	-	165,609
691,639	288,100	0	4,508,930	0	18,674,165
-	42,725	-	75,156	-	2,200,506
-	-	-	56,083	-	6,213,179
1,498,018	-	-	-	-	3,395,095
-	-	-	1,082,345	-	2,867,725
-	-	-	838,417	-	838,417
-	-	-	22,474	-	222,395
135,869	-	-	10,683	-	404,086
-	-	-	550,380	-	659,776
1,657	-	-	395,126	-	396,783
-	-	-	1,240,000	-	1,240,000
-	-	-	672,741	-	672,741
-	-	-	55,615	-	55,615
-	-	-	254,166	-	254,166
1,635,544	42,725	0	5,253,186	0	19,420,484
(943,905)	245,375	0	(744,256)	0	(746,319)
325,387	1,785,651	-	2,959,002	(5,120,651)	512,282
(82,372)	-	(7,284)	(3,215,293)	5,120,651	(891)
-	-	-	2,070,000	-	2,070,000
-	-	-	19,921	-	19,921
-	-	-	97,049	-	124,769
243,015	1,785,651	(7,284)	1,930,679	0	2,726,081
(700,890)	2,031,026	(7,284)	1,186,423	0	1,979,762
1,337,470	2,248,115	7,284	12,180,955	-	27,696,773
\$636,580	\$4,279,141	\$0	\$13,367,378	\$0	\$29,676,535

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, 2018****Statement 5**

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

Net changes in fund balances - total governmental funds (Statement 4)	\$1,979,762
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.	(1,695,245)
The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins and abandonments was a decrease in net position.	(24,193)
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.	(806,086)
Interest on long-term debt is reported in the governmental funds in the year it is paid. Whereas, this amount is reported in the statement of activities in the year in which it accrues.	(4,363)
In the governmental funds, revenues are reported in the year available as current resources. Whereas in the statement of activities, revenues are reported in the year earned.	30,309
The net revenues (expenses) of certain activities of internal service funds are reported within the governmental activities in the statement of activities.	<u>163,853</u>
Change in net position of governmental activities (Statement 2)	<u><u>(\$355,963)</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, 2018

	Business-Type Activities - Enterprise Funds	
	Water Utility Fund	Sewer Utility Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$723,738	\$998,814
Receivables:		
Accounts (net of allowance for uncollectibles)	725,772	518,238
Interest	3,700	2,800
Due from other governmental units	-	-
Prepayments	-	93,435
Inventory - at cost	8,283	-
Total current assets	<u>1,461,493</u>	<u>1,613,287</u>
Noncurrent assets:		
Capital assets:		
Land	45,223	36,586
Construction in progress	25,722	17,981
Buildings	1,305,172	403,659
Equipment	572,291	1,000,469
Infrastructure	9,963,688	6,677,171
Total capital assets	<u>11,912,096</u>	<u>8,135,866</u>
Less: accumulated depreciation	<u>(5,774,090)</u>	<u>(5,054,050)</u>
Net capital assets	<u>6,138,006</u>	<u>3,081,816</u>
Total noncurrent assets	<u>6,138,006</u>	<u>3,081,816</u>
Total assets	<u>7,599,499</u>	<u>4,695,103</u>
Deferred outflows of resources:		
Related to pensions	-	-
Liabilities:		
Current liabilities:		
Accounts payable	89,809	15,695
Accrued salaries and withholdings payable	16,613	10,075
Due to other governmental units	137,331	-
Interfund payable	66,000	-
Accrued interest payable	4,114	3,005
Unearned revenue	-	-
Deposits	2,700	-
Compensated absences payable - current	-	-
Bonds payable - current	120,000	53,400
Total current liabilities	<u>436,567</u>	<u>82,175</u>
Noncurrent liabilities:		
Compensated absences payable - noncurrent	-	-
Other postemployment benefits payable	-	-
Bonds payable - noncurrent	410,000	285,600
Premium/discount on bonds payable	-	-
Net pension liability	-	-
Total noncurrent liabilities	<u>410,000</u>	<u>285,600</u>
Total liabilities	<u>846,567</u>	<u>367,775</u>
Deferred inflows of resources:		
Related to pensions	-	-
Net position:		
Net investments in capital assets	5,608,006	2,742,816
Restricted for debt service	132,598	60,056
Unrestricted	1,012,328	1,524,456
Total net position	<u>\$6,752,932</u>	<u>\$4,327,328</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 Fund	Liquor Fund	Total Enterprise Funds	Internal Service Funds
\$1,443,380	\$383,668	\$1,773,013	\$5,322,613	\$4,074,545
550,349	116,564	-	1,910,923	-
3,900	1,500	3,100	15,000	9,100
6,433	-	2,348	8,781	2,349
-	-	-	93,435	72,328
-	-	2,168,304	2,176,587	51,792
2,004,062	501,732	3,946,765	9,527,339	4,210,114
-	260,690	2,006,714	2,349,213	15,779
-	40,986	-	84,689	31,677
56,000	-	3,915,062	5,679,893	1,978,957
112,893	398,758	431,020	2,515,431	521,417
-	2,667,144	-	19,308,003	-
168,893	3,367,578	6,352,796	29,937,229	2,547,830
(134,518)	(1,232,214)	(1,705,892)	(13,900,764)	(1,452,770)
34,375	2,135,364	4,646,904	16,036,465	1,095,060
34,375	2,135,364	4,646,904	16,036,465	1,095,060
2,038,437	2,637,096	8,593,669	25,563,804	5,305,174
-	-	-	-	5,920,360
143,810	1,244	398,821	649,379	43,016
4,112	3,272	46,558	80,630	28,892
-	-	97,343	234,674	-
-	17,000	-	83,000	-
-	2,435	24,649	34,203	-
-	-	-	-	8,896
-	-	-	2,700	-
-	-	-	-	209,900
-	56,600	245,000	475,000	-
147,922	80,551	812,371	1,559,586	290,704
-	-	-	-	1,143,278
-	-	-	-	1,252,872
-	294,400	2,835,000	3,825,000	-
-	-	61,429	61,429	-
-	-	-	-	8,059,561
0	294,400	2,896,429	3,886,429	10,455,711
147,922	374,951	3,708,800	5,446,015	10,746,415
-	-	-	-	8,299,090
34,375	1,784,364	1,505,475	11,675,036	1,095,060
-	63,969	302,767	559,390	-
1,856,140	413,812	3,076,627	7,883,363	(8,915,031)
\$1,890,515	\$2,262,145	\$4,884,869	20,117,789	(\$7,819,971)
			210,000	
			\$20,327,789	

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, 2018

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Operating revenues:			
Charges for services	\$220,892	\$2,026,009	\$1,986,709
Charges for sales, net of discounts	3,104,161	-	-
Total operating revenues	3,325,053	2,026,009	1,986,709
Operating expenses:			
Cost of sales, services and goods sold	1,628,229	1,101,389	1,708,596
Operating expense	811,535	537,932	231,302
Depreciation	290,992	171,180	2,500
Total operating expenses	2,730,756	1,810,501	1,942,398
Net income (loss) from operations	594,297	215,508	44,311
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends	18,700	14,500	19,600
Change in fair value	(4,600)	(3,700)	(4,900)
Intergovernmental	-	-	112,679
Sale of capital assets	-	-	-
Miscellaneous revenues	(613)	686	-
Interest and fiscal charges	(14,872)	(7,613)	-
Miscellaneous expense	-	-	-
Total nonoperating revenues (expenses)	(1,385)	3,873	127,379
Net income (loss) before transfers	592,912	219,381	171,690
Transfers in	891	-	-
Transfers out	(96,400)	(96,399)	(83,622)
Total transfers	(95,509)	(96,399)	(83,622)
Change in net position	497,403	122,982	88,068
Net position - January 1	6,255,529	4,204,346	1,802,447
Net position - December 31	\$6,752,932	\$4,327,328	\$1,890,515

Reconciliation to Statement of Activities:

Amount reported above

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

Adjustment to reflect consolidation of internal service fund activities

Amounts reported on the statement of activities

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

Statement 7

Business-Type Activities - Enterprise Funds			
Storm Sewer Utility Fund	Liquor Fund	Total Enterprise Funds	Internal Service Funds
\$458,107	\$ -	\$4,691,717	\$2,761,280
-	8,588,576	11,692,737	127,679
458,107	8,588,576	16,384,454	2,888,959
-	6,448,223	10,886,437	2,673,226
390,188	1,567,180	3,538,137	-
113,818	140,854	719,344	80,149
504,006	8,156,257	15,143,918	2,753,375
(45,899)	432,319	1,240,536	135,584
7,800	15,600	76,200	45,000
(2,000)	(3,900)	(19,100)	(11,200)
-	5,694	118,373	64,186
-	-	-	2,000
466	-	539	-
(7,664)	(60,644)	(90,793)	-
-	(360)	(360)	-
(1,398)	(43,610)	84,859	99,986
(47,297)	388,709	1,325,395	235,570
-	-	891	-
-	(146,944)	(423,365)	(88,917)
0	(146,944)	(422,474)	(88,917)
(47,297)	241,765	902,921	146,653
2,309,442	4,643,104	19,214,868	(7,966,624)
\$2,262,145	\$4,884,869	\$20,117,789	(\$7,819,971)
		Change in Net Position	Transfers
		\$902,921	(\$422,474)
		(17,203)	-
		\$885,718	(\$422,474)

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, 2018

	<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	\$3,277,562	\$2,019,713
Cash received from interfund goods and services provided	-	-
Cash paid to suppliers for goods and services	(1,977,481)	(1,406,609)
Cash payments to employees for services	(404,915)	(245,574)
Net cash flows provided by (used in) operating activities	<u>895,166</u>	<u>367,530</u>
Cash flows from noncapital financing activities:		
Transfers in	891	-
Transfers out	(96,400)	(96,399)
Intergovernmental	-	-
Interfund payable (repaid to) advanced by other funds	(65,000)	-
Increases in compensated absences payable	-	-
Decreases in compensated absences payable	-	-
Increases in other postemployment benefits payable	-	-
Net cash flows provided by (used in) noncapital financing activities	<u>(160,509)</u>	<u>(96,399)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(50,843)	(38,207)
Proceeds from the sale of assets	-	-
Principal payments - bonds	(115,000)	(53,288)
Interest and fiscal charges	(15,735)	(8,085)
Net cash flows provided by (used in) capital and related financing activities	<u>(181,578)</u>	<u>(99,580)</u>
Cash flows from investing activities:		
Investment income		
Interest and dividends	17,600	13,800
Change in fair value	(4,600)	(3,700)
Net cash flows provided by (used in) investing activities	<u>13,000</u>	<u>10,100</u>
Net increase (decrease) in cash and cash equivalents	566,079	181,651
Total cash and cash equivalents - January 1	<u>157,659</u>	<u>817,163</u>
Total cash and cash equivalents - December 31	<u>\$723,738</u>	<u>\$998,814</u>
Noncash capital and related financing activities	<u>\$ -</u>	<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	Total Enterprise Funds	Internal Service Funds
\$1,996,009	\$459,888	\$8,588,168	\$16,341,340	\$ -
-	-	-	-	3,696,941
(1,816,327)	(271,561)	(6,637,569)	(12,109,547)	(2,982,478)
(116,419)	(122,554)	(1,130,234)	(2,019,696)	(717,475)
63,263	65,773	820,365	2,212,097	(3,012)
-	-	-	891	-
(83,622)	-	(146,944)	(423,365)	(88,917)
112,679	-	5,694	118,373	64,186
-	-	-	(65,000)	-
-	-	-	-	884,863
-	-	-	-	(829,065)
-	-	-	-	30,010
29,057	0	(141,250)	(369,101)	61,077
-	(52,185)	-	(141,235)	(88,300)
-	-	-	-	2,000
-	(73,712)	(185,000)	(427,000)	-
-	(7,690)	(77,244)	(108,754)	-
0	(133,587)	(262,244)	(676,989)	(86,300)
19,700	7,500	13,800	72,400	43,000
(4,900)	(2,000)	(3,900)	(19,100)	(11,200)
14,800	5,500	9,900	53,300	31,800
107,120	(62,314)	426,771	1,219,307	3,565
1,336,260	445,982	1,346,242	4,103,306	4,070,980
\$1,443,380	\$383,668	\$1,773,013	\$5,322,613	\$4,074,545
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2018

	Business-Type Activities - Enterprise Funds	
	Water Utility Fund	Sewer Utility Fund
Reconciliation of operating income (loss) to net cash flows from operating activities		
Operating income (loss)	\$594,297	\$215,508
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	290,992	171,180
Miscellaneous revenues (expenses)	(613)	686
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(54,363)	(5,329)
(Increase) decrease in due from other governmental units	-	-
(Increase) decrease in prepayments	-	(1,653)
(Increase) decrease in inventory, at cost	6,872	-
(Increase) decrease in deferred pension outflows	-	-
Increase (decrease) in accounts payable	76,531	(11,138)
Increase (decrease) in accrued salaries and withholdings payable	(412)	2,010
Increase (decrease) in contracts payable - retained percentage	(38,436)	(3,734)
Increase (decrease) in due to other governmental units	17,598	-
Increase (decrease) in deposits payable	2,700	-
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in net pension liability	-	-
Increase (decrease) in deferred pension inflows	-	-
Total adjustments	300,869	152,022
Net cash flows from operating activities	\$895,166	\$367,530

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	Total Enterprise Funds	Internal Service Funds
\$44,311	(\$45,899)	\$432,319	\$1,240,536	\$135,584
2,500	113,818	140,854	719,344	80,149
-	466	(360)	179	-
(22,079)	1,315	-	(80,456)	-
31,379	-	(408)	30,971	(2,349)
-	-	-	(1,653)	6,945
-	-	185,941	192,813	(5,785)
-	-	-	-	1,346,523
6,422	(3,112)	58,203	126,906	18,834
730	(815)	5,868	7,381	3,715
-	-	-	(42,170)	-
-	-	(2,052)	15,546	-
-	-	-	2,700	-
-	-	-	-	259
-	-	-	-	(1,575,487)
-	-	-	-	(11,400)
18,952	111,672	388,046	971,561	(138,596)
\$63,263	\$65,773	\$820,365	\$2,212,097	(\$3,012)

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, 2018

Statement 9

Assets:

Cash and investments	\$ -
Due from other governmental units	-
Total assets	<u>\$0</u>

Liabilities:

Accounts payable	\$ -
Due to other governmental units	-
Total liabilities	<u>\$0</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 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 blended component units.

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 activities) 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 *Municipal State Aid Street Fund* is maintained according to state statute to account for maintenance and construction of municipal state aid street systems.

The *Capital Improvement – general government building fund* was established for improvements to city buildings.

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 *HRA (component unit) Parkview Villa North & South fund* was established to account for the revenue and expenditures of the senior housing complex.

The City reports the following major proprietary funds:

The *water fund* accounts for revenues 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 municipal service center, information systems, risk management and certain employee benefit 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 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 2018, liquor sales discounts were \$257,568. 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

Planning and Inspections fund

After-School Programs fund

Special Projects fund

Downtown Parking

Economic Development Authority (component unit):

Economic Development Authority administration 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, except for investments in any external investment pools that meet GASB 79 requirements, which are stated at amortized cost. 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 within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable. A detail of the fair value hierarchy of investments held by the City are disclosed in Note 2.

F. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund loans are classified as "interfund receivables/payables." 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. Sales of real estate held for resale are recognized as charges for services in the government-wide statements and sale of capital assets in the fund financials.

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. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

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 acquisition 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, are 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 to certain limits. 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 employee benefits 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 are deferred and amortized over the life of the bonds.

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 unless proceeds from the sale are committed or restricted.

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

Committed – consists 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 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

Deferred outflows 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.

Deferred inflows of resources: 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 pension and OPEB related deferred inflows of resources reported in the government-wide statement of net position. 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.

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

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net positions and results from actuarial calculations.

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 (\$23,788,339) difference are as follows:

Accrued interest payable	(\$256,209)
Other postemployment benefits payable	(1,145,513)
Bonds payable	<u>(22,386,617)</u>
Adjustment to fund balance - total governmental	
funds - to arrive at net position of governmental activities	<u><u>(\$23,788,339)</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 for capital assets.” The details of this (\$1,695,245) difference are as follows:

Total capital outlay in government fund financial statements	\$1,683,040
Adjustments for items not capitalized	(606,446)
Adjustments to the carrying value of real estate held for resale	(396,783)
Depreciation expense	<u>(2,375,056)</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>(\$1,695,245)</u></u>

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 (\$806,086) difference are as follows:

Debt issued:	
Refunding bonds	(\$2,070,000)
Plus premium on debt issued	(19,921)
Principal repayments:	
General obligation bonds	1,115,000
Revenue bonds	125,000
Amortization of deferred premiums	<u>43,835</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>(\$806,086)</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 \$30,309 difference are as follows:

Unavailable revenue - General property taxes:	
At December 31, 2017	(\$233,443)
At December 31, 2018	240,489
Unavailable revenue - Tax increment taxes:	
At December 31, 2017	(8,856)
At December 31, 2018	9,213
Unavailable revenue - Special assessments:	
At December 31, 2017	(1,967,466)
At December 31, 2018	1,990,372
Unavailable revenue - Loan receivable:	
At December 31, 2017	(6,916,000)
At December 31, 2018	<u>6,916,000</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>\$30,309</u></u>

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.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 2 DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds of the City. The City's total cash and investment balances as of December 31, 2018 are as follows:

	Carrying Amount At Fair Value
Investments	\$35,677,168
Deposits	2,375,928
Cash on hand	8,010
(Less) fiduciary fund cash	-
	<u>\$38,061,106</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.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. 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. The City has no additional deposit policies addressing custodial credit risk. At December 31, 2018, the bank balance of the City's deposits was insured by the FDIC or covered by pledged collateral held in the City's name.

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

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

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Deposits as of December 31, 2018 are as follows:

	Bank Balances	Carrying Amount At Fair Value
Demand deposits	\$1,402,590	\$1,170,744
Time deposits	<u>1,205,184</u>	<u>1,205,184</u>
Total	<u><u>\$2,607,774</u></u>	<u><u>\$2,375,928</u></u>

B. INVESTMENTS

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

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies described in Section 118A.05. This includes primarily money market funds rated in the top two rating categories by a national rating service, and companies whose only investments are described in items a) through h) of this note.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
 - (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - (3) a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
 - (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.
- d) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- e) 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.
- f) 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.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Investments as of December 31, 2018 are as follows:

	Weighted Average Maturities In Years	Carrying Amount At Fair Value	Percentage of Fair Value Per Issuer
United States Treasury Bills and Notes	0.2	\$3,490,510	10%
Notes issued by U.S. government agencies:			
Federal Home Loan Bank	3.7	1,991,985	6%
Federal National Mortgage Association	7.3	728,830	2%
Federal Home Loan Mortgage Corporation	3.6	9,651,418	27%
Federal Farm Credit Bank	2.0	989,120	3%
Negotiable Certificates of Deposit*	1.4	14,110,750	39%
Money market mutual funds:			
Evergreen U.S. Government Fund	Less than 1yr	3,187,555	9%
Federated Govt Oblig Instl	Less than 1yr	1,527,000	4%
Total investments		<u>\$ 35,677,168</u>	<u>100%</u>

* from various issuers, each less than 5% of total fair value

The City has the following recurring fair value measurements as of December 31, 2018:

- All others are values using Level 2 inputs, significant other observable inputs.
- Money market mutual funds are investments not categorized.

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:

- 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.
- 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, 2018, 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, 2018, 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. The City's investment policies do not further address credit risk, beyond the limitations imposed in MN Statutes section 118A.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

- 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, 2018.
- 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, 2018, investments in securities are held by the City's three broker-dealers in the City's name, with \$500,000 of those securities at each broker-dealer insured by SIPC. Each broker-dealer has provided additional protection by providing additional insurance. This additional insurance is subject to aggregate limits applied to all of the broker-dealer's accounts. Investments in money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

Note 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2018 are as follows:

	Major Funds		Nonmajor Funds				
	HRA (component unit) Parkview Villa North & South	Capital Improvement PIR Fund	2008A Taxable GO Housing Imp Area Bonds Fund	Anoka County Comm. Dev. Program Fund	EDA Administration (Component Unit)	Capital Improvement Development	Total
Special assessments receivable	\$ -	\$1,062,053	\$362,371	\$ -	\$ -	\$ -	\$1,424,424
Loan receivable	6,585,000	-	-	231,000	100,000	77,146	6,993,146
Total	<u>\$6,585,000</u>	<u>\$1,062,053</u>	<u>\$362,371</u>	<u>\$231,000</u>	<u>\$100,000</u>	<u>\$77,146</u>	<u>\$8,417,570</u>

On September 24, 2015, the Housing and Redevelopment Authority (HRA) sold a 150 unit senior apartment facility (Parkview Villa North and South) to Aeon, a regional non-profit housing entity. The terms of the sale included a 30 year \$6,585,000 long-term note receivable from Aeon due December 31, 2047. Once the note is collected, the HRA will remit \$5,200,000 to U.S. Department of Housing and Urban Development (HUD), for the dissolution and conversion of the Parkview Villa North portion of the facility as a Public Housing Agency project.

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	Loan Receivable	Total
Major Funds:					
General Fund	\$232,283	\$ -	\$ -	\$ -	\$232,283
Capital Improvements - PIR Funds	-	-	1,550,422	-	1,550,422
HRA Parkview Villa North & South	-	-	-	6,585,000	6,585,000
Nonmajor Governmental Funds:	8,206	9,213	439,950	331,000	788,369
Total unavailable revenue	<u>\$240,489</u>	<u>\$9,213</u>	<u>\$1,990,372</u>	<u>\$6,916,000</u>	<u>\$9,156,074</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets - not depreciated:				
Land	\$5,127,249	\$1,313,282	\$ -	\$6,440,531
Construction in progress	14,157,278	1,081,080	(13,967,634)	1,270,724
Total capital assets not being depreciated	19,284,527	2,394,362	(13,967,634)	7,711,255
Capital assets - being depreciated:				
Buildings	23,059,914	9,468,817	-	32,528,731
Equipment	9,199,971	1,106,045	(202,841)	10,103,175
Infrastructure	33,032,941	1,766,518	-	34,799,459
Total capital assets being depreciated	65,292,826	12,341,380	(202,841)	77,431,365
Less accumulated depreciation for:				
Buildings	9,904,881	919,807	-	10,824,688
Equipment	7,047,288	497,617	(178,648)	7,366,257
Infrastructure	18,346,814	1,037,781	-	19,384,595
Total accumulated depreciation	35,298,983	2,455,205	(178,648)	37,575,540
Capital assets being depreciated - net	29,993,843	9,886,175	(24,193)	39,855,825
Governmental activities capital assets - net	49,278,370	12,280,537	(13,991,827)	47,567,080
Business-type activities:				
Capital assets - not depreciated:				
Land	2,349,213	-	-	2,349,213
Construction in progress	13,513	75,657	(4,481)	84,689
Total capital assets not being depreciated	2,362,726	75,657	(4,481)	2,433,902
Capital assets - being depreciated:				
Buildings	5,679,892	2	-	5,679,894
Equipment	2,445,375	70,057	-	2,515,432
Infrastructure	19,308,003	-	-	19,308,003
Total capital assets being depreciated	27,433,270	70,059	0	27,503,329
Less accumulated depreciation for:				
Buildings	1,999,960	160,506	-	2,160,466
Equipment	1,736,090	93,514	-	1,829,604
Infrastructure	9,445,372	465,324	-	9,910,696
Total accumulated depreciation	13,181,422	719,344	0	13,900,766
Capital assets being depreciated - net	14,251,848	(649,285)	0	13,602,563
Business-type activities capital assets - net	16,614,574	(573,628)	(4,481)	16,036,465
Total capital assets - net	\$65,892,944	\$11,706,909	(\$13,996,308)	\$63,603,545

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Governmental activities:	
General government	\$36,667
Public safety	567,197
Public works	1,083,978
Culture and recreation	687,214
Community development	-
Depreciation on capital assets held by governmental internal service activities is charged to each function based on use:	
Municipal Service Center	65,888
Information Systems	14,261
	<u>14,261</u>
Total depreciation expense - capital assets held by governmental activities	<u><u>\$2,455,205</u></u>

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

Business-type activities:	
Water	\$290,992
Sewer	171,180
Refuse	2,500
Storm sewer	113,818
Liquor	140,854
	<u>140,854</u>
Total depreciation expense - capital assets held by business-type activities	<u><u>\$719,344</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2018 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
Municipal State Aid Street	\$ -	\$261,977
Capital Equipment Replacement General Gov't	83,000	-
Water	-	66,000
Storm Sewer	-	17,000
Nonmajor funds	438,937	176,960
Total	<u>\$521,937</u>	<u>\$521,937</u>

Included in these balances is an interfund loan from the Capital Equipment Replacement – General Government Fund to the Water Fund for \$66,000 and to the Storm Sewer Fund for \$17,000; to finance utility infrastructure improvements. All other interfund balances at December 31, 2018, reflect lending arrangements to cover deficit cash balances at yearend. Substantially all such other amounts are expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2018 are as follows:

	Transfers In							
	Major Funds					Nonmajor Funds		
	Governmental				Enterprise	Governmental		Total
	Municipal	Capital	Capital	Imprvmts Gen Govt Bldg	Water Utility	Other	Internal Service	
	State Aid	Imp PIR				Govtl Funds		
General	Street	Fund						
Transfers out:								
Major funds:								
Governmental:								
General	\$ -	\$501	\$92	\$1,423,000	\$891	\$ -	\$ -	\$1,424,484
Municipal State Aid Street	-	-	325,295	-	-	66,814	-	392,109
Capital Imprvmts PIR	-	-	-	-	-	82,372	-	82,372
HRA (Component Unit)	-	-	-	-	-	7,284	-	7,284
Enterprise:								
Water	96,400	-	-	-	-	-	-	96,400
Sewer	96,399	-	-	-	-	-	-	96,399
Refuse	83,622	-	-	-	-	-	-	83,622
Liquor	96,944	-	-	-	-	50,000	-	146,944
Nonmajor funds:	-							
Other governmental funds	100,110	-	-	362,651	-	2,752,532	-	3,215,293
Internal service funds	88,917	-	-	-	-	-	4,300	93,217
Total	\$562,392	\$501	\$325,387	\$1,785,651	\$891	\$2,959,002	\$4,300	\$5,638,124

2018 interfund transfers were primarily for the following purposes:

- To fund capital projects and equipment replacement and consolidate redundant project funds
- To fund debt service funds with pledged resources from the funds authorized to collect those resources

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

- c) To fund general government functions of the General Fund which are broadly applicable to all activities of the primary government.

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, 2018, 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 Public facilities series 2009A	None	\$3,005,000	2.00-4.75%	7/1/2009	2/1/2038	\$2,160,000
GO Library series 2015A	None	6,875,000	2.50-3.25%	3/4/2015	2/1/2036	6,350,000
GO Refunding series 2017B - Advanced Refunding	None	8,505,000	2.65-3.25%	7/6/2017	2/1/2038	8,275,000
GO Refunding series 2018A - Refunding	None	2,070,000	2.45-3.45%	12/27/2018	2/1/2038	2,070,000
Taxable GO tax increment bonds series 2009B	Tax increment	580,000	3.40-5.10%	7/1/2009	2/1/2021	220,000
Taxable GO housing imprvmt area series 2008A	Special assessments	975,000	5.00-6.05%	7/16/2008	2/1/2024	490,000
GO Public Facilities series 2009A	Special assessments	605,000	2.00-4.75%	7/1/2009	2/1/2019	30,000
GO Improvement series 2013A	Special assessments	235,000	0.40-2.50%	11/21/2013	2/1/2024	135,000
GO Improvement series 2013A - Refunding	Special assessments	328,021	0.40-2.50%	11/21/2013	2/1/2020	40,000
Business-type activities:						
GO Public Facilities series 2009A	Utility revenues	325,000	2.00-4.75%	7/1/2009	2/1/2019	40,000
GO Utility revenue series 2013A	Utility revenues	1,685,000	0.40-2.50%	11/21/2013	2/1/2024	1,180,000
GO Refunding series 2017A - Refunding	Liquor revenues	3,265,000	2.00-3.00%	7/6/2017	2/1/2029	3,080,000
Total general obligation bonds outstanding						<u>\$24,070,000</u>

CURRENT REFUNDING

On December 27th, 2018, the City issued \$2,070,000 of General Obligation Refunding Bonds, Series 2018A to refund the Public Facility Bonds, Series 2009A. The bonds bear an average coupon rate of 3.2 percent. These refunding bonds were issued to redeem certain outstanding 2009A General Obligation Public Facility Bonds in February 2019. The City refunded the 2009A General Obligation Public Facility bonds to reduce its future total debt service payments by \$242,123 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$185,002.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

As of December 31, 2018, 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
2019	\$2,955,000	\$534,154	\$475,000	\$90,328
2020	925,000	483,790	445,000	81,583
2021	945,000	452,257	450,000	72,918
2022	890,000	421,654	460,000	63,618
2023	920,000	392,056	475,000	53,709
2024	950,000	361,376	485,000	43,238
2025	760,000	335,332	285,000	33,600
2026	785,000	314,863	295,000	24,900
2027	815,000	294,107	300,000	17,325
2028	830,000	271,678	315,000	10,710
2029-2033	4,585,000	982,772	315,000	3,623
2034-2038	4,410,000	298,786	-	-
Total	<u>\$19,770,000</u>	<u>\$5,142,825</u>	<u>\$4,300,000</u>	<u>\$495,549</u>

REVENUE BONDS

The City issues revenue bonds for which the City pledges only the income derived from the acquired or constructed assets or redevelopment to pay the debt service. All of the bonds are serial bonds, which require semiannual payments of principal and/or interest from the date the bonds are issued. There are a number of limitations and restrictions contained in the bond indentures. The City is in compliance with all significant limitations and restrictions. Revenue bonds outstanding at December 31, 2018 are as follows:

	Pledged revenue	Original Issue	Interest Rate	Issue Date	Final Maturity	Balance End of Year
Governmental activities:						
Tax increment revenue series 2016 - Refunding	Tax increment	\$2,435,000	2.28-3.009%	6/30/2016	2/15/2032	<u>\$2,190,000</u>
Total revenue bonds outstanding						<u>\$2,190,000</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

As of December 31, 2018, the annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	Principal	Interest
2019	\$125,000	\$63,873
2020	130,000	61,957
2021	130,000	59,747
2022	135,000	57,295
2023	135,000	54,156
2024	140,000	50,200
2025	145,000	45,925
2026	145,000	40,850
2027	155,000	34,850
2028	160,000	28,550
2029-2032	790,000	53,475
Total	<u>\$2,190,000</u>	<u>\$550,878</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, 2018, and for 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	\$215,318	95%	\$127,752	\$82,372
Project-specific special assessments	Private redevelopment	583,514	95%	96,226	107,367
Project-specific tax increment	Public/Private redevelopment	2,977,964	83%	268,198	630,993
Water, sewer and storm- sewer net revenues	Utility system improvements	1,301,741	31%	252,450	827,623

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds repaid only with general taxes	\$17,650,000	\$2,070,000	(\$865,000)	\$18,855,000	\$2,740,000
General obligation bonds with other pledged revenues	1,165,000	-	(250,000)	915,000	215,000
Revenue bonds	2,315,000	-	(125,000)	2,190,000	125,000
Unamortized premium/discount	450,531	19,921	(43,835)	426,617	-
Total bonds payable	21,580,531	2,089,921	(1,283,835)	22,386,617	3,080,000
Due to other governmental units	5,200,000	-	-	5,200,000	-
Compensated absences	1,297,380	1,002,143	(946,345)	1,353,178	209,900
Net pension liability	9,635,048	-	(1,575,487)	8,059,561	-
Postemployment benefits other than pensions as restated	1,296,890	85,950	(129,968)	1,252,872	-
Total governmental activity long-term liabilities	<u>\$39,009,849</u>	<u>\$3,178,014</u>	<u>(\$3,935,635)</u>	<u>\$38,252,228</u>	<u>\$3,289,900</u>
Business-type activities:					
Bonds payable:					
General obligation bonds with other pledged revenues	\$4,710,000	\$ -	(\$410,000)	\$4,300,000	\$475,000
Unamortized premium/discount	73,105	-	(11,676)	61,429	-
Total bonds payable	<u>4,783,105</u>	<u>0</u>	<u>(421,676)</u>	<u>4,361,429</u>	<u>475,000</u>
Total business-type activity long-term liabilities	<u>\$4,783,105</u>	<u>\$0</u>	<u>(\$421,676)</u>	<u>\$4,361,429</u>	<u>\$475,000</u>

Compensated absences, net pension liability and other postemployment benefits are liquidated by the employee benefits fund, an internal service fund.

See note 3 for detail of due to other governmental units.

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, 2018 there was an estimated aggregate principal amount payable of approximately \$48,031,250 in bonds of this type.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 9 FUND EQUITY

A. CLASSIFICATIONS

At December 31, 2018, the City has various fund equities through legal restrictions and City Council authorizations. A summary of such classifications are as follows:

	General Fund	Municipal State Aid Street	Cap Imp Gen Govt Building	Cap Eqp Replacement Gen Govt	Cap Imp PIR	HRA (component unit) Parkview Villa No & So	Nonmajor Gov't	Total
2018 Fund Balance								
Nonspendable								
Prepaid items	\$136,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$11,938	\$148,900
Total nonspendable	<u>136,962</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,938</u>	<u>148,900</u>
Restricted for:								
Debt service	-	-	-	-	-	-	3,461,396	3,461,396
Streets	-	585,242	-	-	-	-	-	585,242
Tax Increment	-	-	-	-	-	-	1,991,737	1,991,737
Police Forfeiture	-	-	-	-	-	-	16,759	16,759
Grant sponsored Rec Programs	-	-	-	-	-	-	111,422	111,422
Housing & Redevelopment	-	-	-	-	-	-	54,836	54,836
Total restricted	<u>0</u>	<u>585,242</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,636,150</u>	<u>6,221,392</u>
Committed for:								
Downtown Parking Maintenance	-	-	-	-	-	-	308,762	308,762
Capital Improvements/Replacement	-	-	4,279,141	3,968,522	636,580	-	2,157,079	11,041,322
Cable TV Operations	-	-	-	-	-	-	980,913	980,913
Library Operations	-	-	-	-	-	-	650,988	650,988
Economic Redevelopment	-	-	-	-	-	-	3,798,649	3,798,649
Total committed	<u>0</u>	<u>0</u>	<u>4,279,141</u>	<u>3,968,522</u>	<u>636,580</u>	<u>0</u>	<u>7,896,391</u>	<u>16,780,634</u>
Assigned for:								
2019 Appropriation	61,477	-	-	-	-	-	-	61,477
Unassigned:	6,641,233	-	-	-	-	-	(177,101)	6,464,132
Total	<u>\$ 6,839,672</u>	<u>\$ 585,242</u>	<u>\$ 4,279,141</u>	<u>\$ 3,968,522</u>	<u>\$ 636,580</u>	<u>\$ 0</u>	<u>\$ 13,367,378</u>	<u>\$ 29,676,535</u>

B. DEFICIT FUND BALANCE

The following funds had fund deficits as of December 31, 2018. The City will finance these deficits through collections of tax increment and other revenues in future years.

Nonmajor Funds:

Debt Service Funds:

TIF Central Valu Center (\$2,638)

TIF Scattered Site (174,463)

(\$177,101)

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, 2018, both funds have met this goal.

Note 10 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

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

General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). 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.

Public Employees Police and Fire Fund (PEPFF)

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

Benefits provided

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989,

receive the higher of method 1 or method 2 formulas. Only method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated Plan members is 1.2% for each of the first ten years and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. The accrual for Minneapolis Employees Retirement Fund (MERF) members is 2% for each of the first 10 years of service and 2.5% for each additional year. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%. For retirements on or after January 1, 2024, the first benefit increase is delayed until retiree reaches Normal Retirement Age (not applicable to Rule 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as if June 30 will receive a pro rata increase.

2. PEPFF Benefits

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

Beginning in 2019, the COLA will be fixed at 1%. Under finding measurements from 2017, the 2.5% COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

B. CONTRIBUTIONS

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018. The City of Columbia Heights was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City of Columbia Heights' contributions to the GERF for the year ended December 31, 2018, were \$459,367. The City of Columbia Heights' contributions were equal to the required contributions as set by state statute.

PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City of Columbia Heights was required to contribute 16.20% of pay for PEPFF members in calendar year 2018. The City of Columbia Heights' regular contributions to the PEPFF for the year ended December 31, 2018, were \$503,189. The City of Columbia Heights' contributions were equal to the required contributions as set by state statute.

C. PENSION COSTS

GERF Pension Costs

At December 31, 2018, the City of Columbia Heights reported a liability of \$4,915,165 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to a State of Minnesota contribution to the fund in 2018. The State of Minnesota is considered a non-employer contribution entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$161,391. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Columbia Heights' proportion of the net pension liability was based on the City of Columbia Heights' contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City of Columbia Heights' proportion share was 0.0886% which was an increase of 0.0026% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City of Columbia Heights recognized pension expense of \$456,636 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$37,636 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's 2018 contribution to the GERF.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

At December 31, 2018, the City of Columbia Heights reported its proportionate share of the GERS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 130,097	\$ 145,457
Changes in actuarial assumptions	476,411	552,271
Differences between projected and actual investment earnings	-	493,525
Changes in proportions	186,131	73,018
Contributions paid to PERA subsequent to the measurement date	230,886	-
Total	<u>\$ 1,023,525</u>	<u>\$ 1,264,271</u>

\$230,886 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$194,083
2020	(215,639)
2021	(347,488)
2022	(102,588)
2023	-
Thereafter	-
	<u>\$ (471,632)</u>

PEPFF Pension Costs

At December 31, 2018, the City of Columbia Heights reported a liability of \$3,144,396 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.295% which was a decrease of 0.012% from its proportion measured as of June 30, 2017.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

For the year ended December 31, 2018, the City of Columbia Heights recognized pension expense of \$292,106 for its proportionate share of the PEPFF's pension expense. The City also recognized \$26,550 for the year ended December 31, 2018, as revenue (and an offsetting reduction in net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2018, the City of Columbia Heights reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	\$ 129,720	\$ 760,458
Changes in actuarial assumptions	4,252,303	5,011,752
Differences between projected and actual investment earnings	-	675,961
Changes in proportions	262,502	512,619
Contributions paid to PERA subsequent to the measurement date	252,310	-
Total	<u>\$ 4,896,835</u>	<u>\$ 6,960,790</u>

\$252,310 reported as deferred outflows of resources related to pensions resulting from the City of Columbia Heights' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Adjustments to Pension Expense
2019	(\$138,177)
2020	(276,098)
2021	(507,614)
2022	(1,310,720)
2023	(83,656)
Thereafter	-
	<u>\$ (2,316,265)</u>

D. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

	GERF	PEPFF
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% per year after 26 years of service	3.25% per year after 25 years of service
Investment Rate of Return	7.50%	7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the GERF and PEPFF. Salary growth assumptions in the GERF decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the PEPFF, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the General Employees Plan are reviewed every four to six years. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2018:

General Employess Fund

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

Police and Fire Fund

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	39%	5.10%
International Stocks	19%	5.30%
Bonds	20%	0.75%
Alternative Assets	20%	5.90%
Cash	2%	0.00%

E. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. PENSION LIABILITY SENSITIVITY

The following presents the City of Columbia Heights' proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Sensitivity of Net Pension Liability at Current Single Discount Rate				
	General Employees Fund		Police and Fire Fund	
1% Higher	8.50%	\$ 2,378,815	8.50%	\$ 169,507
Current Discount Rate	7.50%	4,915,165	7.50%	3,144,396
1% Lower	6.50%	7,987,772	6.50%	6,741,783

G. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2018 is as follows:

GERF	\$ 494,272
PEPFF	<u>292,106</u>
Total	<u><u>\$786,378</u></u>

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St Paul, Minnesota, 55103-2088; or by calling (651)296-7460 or (800)652-9026.

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 2018, state aid was contributed to the plan. This state aid revenue and the related contribution expense/expenditure of \$102,567 are recognized in the accompanying financial statements for the year ended December 31, 2018.

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.

The defined contribution plan consists of individual accounts paying a lump-sum benefit, plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. 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. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.0025) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City of Columbia Heights for the last three fiscal years were:

For the Year Ended:	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
December 31, 2018	\$ 465	\$ 465	5%	5%	5%
December 31, 2017	\$ 680	\$ 680	5%	5%	5%
December 31, 2016	\$ 1,470	\$ 1,470	5%	5%	5%

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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. FUNDING POLICY

Participants under the implicit rate subsidy provision are required to contribute 100% of the stated premium billed by the insurer. For 2018, 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.

C. PARTICIPANTS

As of January 1, 2018 actuarial valuation, participants of the plan consisted of:

Active Employees	117
Inactive employees or beneficiaries currently receiving benefits	25
Total	<u>142</u>

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,252,872 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2017. Changes in the total OPEB liability during 2018 were:

Balance- beginning of year	<u>\$ 1,296,890</u>
Changes for the year:	
Service Cost	40,684
Interest	45,267
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(86,181)
Benefit payments	<u>(43,788)</u>
Net changes	<u>(44,018)</u>
Balance- end of year	<u>\$1,252,872</u>

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%	
Salary increases (Average)	3.50%	
Discount rate	4.11%	
Investment rate of return	N/A	
<u>Healthcare cost trend rates:</u>		<u>Valuation Trend</u>
First year (FYE 2017):		-2.50%
Second year (FYE 2018):		5.50%
Third year (FYE 2019):		7.00%
Ultimate year (FYE 2032):		4.00%
Years to ultimate year:		14
Retirees' share of benefit-related costs	100%	

Since the plan is funded on a pay-as-you-go basis, the discount rate was based on the 20 year AA rated municipal bond rate as of December 31, 2018.

Mortality rates were based on the RP-2014 Total Dataset Mortality tables with Scale MP-2014 and Scale MP-2017.

Based on past experience of the plan, 60% of future retirees are assumed to continue medical coverage until age 65. 80% of police/fire employees are assumed to continue medical coverage until age 65.

F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (3.11%) or 1% higher (5.11%) than the current discount rate:

	1% Decrease (3.11%)	Discount Rate (4.11%)	1% Increase (5.11%)
Total OPEB liability	\$ 1,384,617	\$ 1,252,872	\$ 1,137,666

G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (4.5% decreasing to 3%) or 1% higher (6.5% decreasing to 5%) than the current healthcare cost trend rates.

	1% Decrease (4.5% decreasing to 3%)	Health Cost Trend Rates (5.5% Decreasing to 4%)	1% Increase (6.5% decreasing to 5%)
Total OPEB liability	\$ 1,124,179	\$ 1,252,872	\$ 1,402,265

H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2018, the City recognized \$73,798 of OPEB expense. At December 31, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 0
Change of assumptions and other inputs	\$ 0	\$ 74,029

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2019	(\$ 12,152)
2020	(12,152)
2021	(12,152)
2022	(12,152)
2023	(12,152)
Thereafter	(13,269)
	<u>(\$ 74,029)</u>

Note 13 TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT

A. 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.

B. TAX ABATEMENTS – PAY-AS-YOU-GO TAX INCREMENT

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

The City has four tax increment pay-as-you-go agreements. The agreements are not a general obligation of the City and are payable solely from available tax increment. Accordingly, these agreements are not reflected in the financial statements of the City. Details of the pay-as-you-go notes are as follows:

TIF District K2, Barnick:

Issued in 1994 in the principal sum of \$50,417 with no interest. Principal and interest shall be paid on August 1, 1995 and each February 1 and August 1 thereafter to and including February 1, 2020. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer when tax increment received in the prior six months is greater than \$3,680.56. The payment reimburses the developer for land acquisition. Principal and interest payments will be completed February 1, 2020. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 1, 2020. The current year abatement (TIF note payments) was \$3,020. At December 31, 2018, the principal amount outstanding on the note was \$35,432.

TIF District R8, Crest View Project:

Issued in 2005 in the principal sum of \$780,000 with an interest rate of 11% per annum. Principal and interest shall be paid on November 1, 2005 and each February 1 and August 1 thereafter to and including February 1, 2023. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 89.78% of all tax increment received in the prior six months. The payment reimburses the developer for land acquisition, site preparation, demolition & removal, soil corrections & remediation, utility work, sidewalks, curb & gutter work, earthwork, and landscaping. Principal and interest payments will be completed February 1, 2023. The current year abatement (TIF note payments) amounted to \$31,643. At December 31, 2018, the principal amount outstanding on the note was \$732,801.

TIF District R8, Townhouse View Project (Columbia Court Townhomes):

Issued in 2002 in the principal sum of \$175,100 with an interest rate of 9.5% per annum. Principal and interest shall be paid on August 1, 2003 and each February 1 and August 1 thereafter to and including February 1, 2023. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to 89.78% of all tax increment received in the prior six months. The payment reimburses the developer for land acquisition, site preparation, demolition & removal, soil corrections & remediation, utility work, sidewalks, curb & gutter work, earthwork, and landscaping. Principal and interest payments will be completed February 1, 2023. The current year abatement (TIF note payments) amounted to \$13,790. At December 31, 2018, the principal amount outstanding on the note was \$175,100.

TIF District T6, Huset Park Development:

Issued in 2007 in the principal sum of \$6,650,000 plus allowable increase of \$598,782 with an interest rate of 6.00% per annum. Principal and interest shall be paid on February 15, 2009 and each August 15 and February 15 thereafter to and including February 15, 2032. Payments are payable solely from available tax increment derived from the developed/redeveloped property and paid to the City. The pay-as-you-go note provides for payment to the developer equal to all tax increment received in the prior six months that is in excess of the bond payment BTS paying agent fee and \$16,500 per payment period for additional base TIF. The payment reimburses the developer for relocation, demolition, environmental costs, grading & site preparation, onsite roads & utilities, economic development authority costs, land acquisition, and interest on any listed items to the extent such cost represents interest on any valid evidence of indebtedness under federal income tax principles. Principal and interest payments will be completed February 15, 2032. The City shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on February 15, 2032. The current year abatement (TIF note payments) amounted to \$205,588. At December 31, 2018, the principal amount outstanding on the note was \$7,248,782.

Note 14 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. CONTRACTUAL COMMITMENTS

CONSTRUCTION

The City has entered into contractual commitments for street construction projects that are in process at yearend. At December 31, 2018, the City's obligation for such projects was approximately \$40,000.

The City has entered into an agreement for shared maintenance of certain public parking with an area business. At December 31, 2018, the City's obligation for improvements to the parking ramp are \$300,000.

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:

Statement No. 83 *Certain Asset Retirement Obligations*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Statement No. 84 *Fiduciary Activities*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87 *Leases*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 90 *Majority Equity Interests*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

Note 16 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2018, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 established new accounting and financial reporting requirements for governments whose employees are provided OPEB. See note 12 for further information.

The comparative financial statements of prior years have been adjusted to apply the new standards respectively. The following financial statement line items of the Employer Benefit Fund for fiscal year 2017 were affected by the change in accounting principle.

	As Reported under GASB No. 45	As Reported under GASB No. 75	Effect of Change
Operating revenues	\$987,583	\$987,583	\$ -
Operating expenses	2,070,768	1,842,905	(227,863)
Net income from operations	(1,083,185)	(855,322)	227,863
Nonoperating revenues	29,623	29,623	-
Net income (loss) before transfer and special items	(1,053,562)	(825,699)	227,863
Transfer out	(1,594,501)	(1,594,501)	-
Special items	(8,271,444)	(8,271,444)	-
Change in net position	<u>\$ (10,919,507)</u>	<u>\$ (10,691,644)</u>	<u>\$ 227,863</u>

REQUIRED SUPPLEMENTARY INFORMATION

- This page intentionally left blank -

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

Statement 10

Page 1 of 2

	2018				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Taxes	\$9,481,000	\$9,481,000	\$9,601,516	\$120,516	\$8,981,751
Licenses and permits	237,800	237,800	233,994	(3,806)	234,162
Intergovernmental	946,800	962,210	1,006,512	44,302	992,733
Charges for services	569,000	571,140	603,081	31,941	592,355
Fines and forfeitures	96,000	96,000	93,251	(2,749)	80,949
Investment income:					
Interest and dividends	82,000	82,000	121,687	39,687	88,675
Change in fair value	-	-	(30,248)	(30,248)	(4,550)
Other revenues	17,900	31,340	29,000	(2,340)	12,123
Total revenues	11,430,500	11,461,490	11,658,793	197,303	10,978,198
Expenditures:					
General government:					
Council	156,938	156,938	136,693	20,245	133,629
Manager	567,724	567,724	523,810	43,914	462,354
Clerk	111,778	111,778	106,383	5,395	62,266
Legal	176,300	176,300	175,934	366	176,141
Finance	891,800	891,800	871,107	20,693	842,490
Assessing	126,012	126,012	123,459	2,553	124,277
General government buildings	154,000	154,000	141,186	12,814	143,410
Contingencies	35,000	35,000	4,053	30,947	7,995
Total general government	2,219,552	2,219,552	2,082,625	136,927	1,952,562
Public safety:					
Police	4,663,379	4,674,819	4,387,845	286,974	4,281,559
Fire	1,637,329	1,656,879	1,711,236	(54,357)	1,601,081
Capital outlay	-	-	-	-	414
Total public safety	6,300,708	6,331,698	6,099,081	232,617	5,883,054
Public works:					
Engineering	395,381	395,381	404,880	(9,499)	381,644
Maintenance	1,321,738	1,321,738	1,271,214	50,524	1,153,419
Capital outlay	10,000	10,000	15,657	(5,657)	99,817
Total public works	1,727,119	1,727,119	1,691,751	35,368	1,634,880
Other departments:					
Parks and recreation	1,874,059	1,874,059	1,785,380	88,679	1,679,350
Capital outlay	-	-	-	-	13,564
Total recreation	1,874,059	1,874,059	1,785,380	88,679	1,692,914
Total expenditures	12,121,438	12,152,428	11,658,837	493,591	11,163,410
Revenues over (under) expenditures	(690,938)	(690,938)	(44)	690,894	(185,212)

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

Statement 10**Page 2 of 2**

	2018			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Budgeted Amounts		Actual Amounts		
	Original	Final			
Other financing sources (uses):					
Transfers in	\$473,500	\$473,500	\$562,392	\$88,892	\$474,417
Transfers out	(1,423,000)	(1,423,000)	(1,424,484)	(1,484)	(31,624)
Total other financing sources (uses)	(949,500)	(949,500)	(862,092)	87,408	442,793
Net change in fund balance	(\$1,640,438)	(\$1,640,438)	(862,136)	\$778,302	257,581
Fund balance - January 1			7,701,808		7,444,227
Fund balance - December 31			\$6,839,672		\$7,701,808

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 11

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Last Ten Years

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$39,449	\$40,684
Interest	46,400	45,267
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	45,106	(86,181)
Benefit payments	<u>(43,938)</u>	<u>(43,788)</u>
Net change in total OPEB liability	87,017	(44,018)
Total OPEB liability - beginning	<u>1,209,873</u>	<u>1,296,891</u>
Total OPEB liability - ending	<u>\$1,296,890</u>	<u>\$1,252,873</u>
 Covered-employee payroll	 \$7,604,667	 \$7,304,846
 Total OPEB liability as a percentage of covered-employee payroll	 17.1%	 17.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2017 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 12

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF PLAN NET PENSION LIABILITY -

GENERAL EMPLOYEES RETIREMENT FUND

Last Ten Years

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0873%	\$4,524,339	\$ -	\$4,524,339	\$5,065,173	89.3%	78.2%
2016	2016	0.0849%	6,893,459	90,022	6,983,481	5,265,065	132.6%	68.9%
2017	2017	0.0860%	5,490,183	69,015	5,559,198	5,538,743	100.4%	75.9%
2018	2018	0.0886%	4,915,165	161,391	5,076,556	5,958,300	85.2%	79.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 13

SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND

Last Ten Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$388,736	\$388,736	\$ -	\$5,183,147	7.5%
December 31, 2016	406,405	406,405	-	5,418,727	7.5%
December 31, 2017	428,288	428,288	-	5,710,502	7.5%
December 31, 2018	459,367	459,367	-	6,124,888	7.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBIA HEIGHTS, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION****Statement 14****SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF PLAN NET PENSION LIABILITY -****PUBLIC EMPLOYEES POLICE AND FIRE FUND**

Last Ten Years

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	0.3140%	\$3,567,778	\$2,816,543	126.7%	86.6%
June 30, 2016	December 31, 2016	0.3200%	12,842,157	3,080,202	416.9%	63.9%
June 30, 2017	December 31, 2017	0.3070%	4,144,865	3,156,438	131.3%	85.4%
June 30, 2018	December 31, 2018	0.2950%	3,144,396	3,108,859	101.1%	88.8%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

Statement 15

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND

Last Ten Years

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
December 31, 2015	\$478,016	\$478,016	\$ -	\$2,950,716	16.2%
December 31, 2016	500,328	500,328	-	3,088,446	16.2%
December 31, 2017	516,268	516,268	-	3,186,840	16.2%
December 31, 2018	503,189	503,189	-	3,106,104	16.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

Note A LEGAL COMPLIANCE – 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
 - After-School Programs Fund
 - Special Projects Fund
 - Downtown Parking Fund
 - Planning and Inspections Fund
 - Economic Development Authority (Component Unit):
 - Economic Development Authority Administration Fund

Expenditures occurred in excess of appropriations in the following funds:

- Economic Development Authority Administration Fund exceeded the budget by \$23,692. However, this deficit was charged against fund balance of the fund.
- Downtown Parking Fund exceeded the budget by \$690. However, actual revenue exceeded the budget by \$9,452.

Note B OPEB INFORMATION

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

2018 Changes

Changes in Actuarial Assumptions:

- The discount rate was changed from 3.44 percent to 4.11 percent based on the 20 year AA rated municipal bond rates.
- Decrement assumptions (i.e. withdrawal, retirement and mortality rates) have been updated to be the assumptions used in the July 1, 2018 General Employees Retirement Fund and July 1, 2018 Public Employees Police and Fire Fund actuarial valuations.

Note C PENSION INFORMATION

PERA – General Employees Retirement Fund

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes

Changes in Actuarial Assumptions:

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

2016 Changes

Changes in Actuarial Assumptions:

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

PERA – Public Employees Police and Fire Fund

2018 Changes

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Actuarial Assumptions:

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

CITY OF COLUMBIA HEIGHTS, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2018

- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

2016 Changes

Changes in Actuarial Assumptions:

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

- This page intentionally left blank -

NONMAJOR GOVERNMENTAL FUNDS

- This page intentionally left blank -

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.)

- This page intentionally left blank -

CITY OF COLUMBIA HEIGHTS, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

Statement 16

Assets	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Cash and investments	\$3,933,911	\$5,177,978	\$3,602,567	\$12,714,456
Receivables:				
Accounts	58,559	-	-	58,559
Special assessments	-	440,911	-	440,911
Taxes	13,161	20,458	-	33,619
Loans	331,000	-	77,146	408,146
Interest	12,800	6,700	12,400	31,900
Due from other governmental units	996	-	-	996
Interfund receivable	2,641	174,319	261,977	438,937
Prepayments	11,938	-	-	11,938
Real estate held for resale	43,090	135,310	311,976	490,376
Total assets	\$4,408,096	\$5,955,676	\$4,266,066	\$14,629,838
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$61,860	\$53,768	\$118	115,746
Accrued salaries and withholdings payable	52,691	-	-	52,691
Contracts payable	11,651	-	-	11,651
Due to other governmental units	5,201	-	-	5,201
Interfund payable	247	176,713	-	176,960
Unearned revenue	40,458	-	-	40,458
Deposits	-	-	71,384	71,384
Total liabilities	172,108	230,481	71,502	474,091
Deferred inflows of resources:				
Unavailable revenue	339,206	449,163	-	788,369
Total deferred inflows of resources	339,206	449,163	0	788,369
Fund balance:				
Nonspendable	11,938	-	-	11,938
Restricted	183,017	5,453,133	-	5,636,150
Committed	3,701,827	-	4,194,564	7,896,391
Unassigned	-	(177,101)	-	(177,101)
Total fund balance	3,896,782	5,276,032	4,194,564	13,367,378
Total liabilities, deferred inflows of resources, and fund balance	\$4,408,096	\$5,955,676	\$4,266,066	\$14,629,838

CITY OF COLUMBIA HEIGHTS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Statement 17
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2018

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$1,361,017	\$703,590	\$ -	\$2,064,607
Tax increment collections	-	731,835	-	731,835
Special assessments	-	105,367	-	105,367
Licenses and permits	235,523	-	-	235,523
Intergovernmental	23,285	550,000	180,746	754,031
Charges for services	354,667	-	-	354,667
Fines and forfeitures	19,302	-	-	19,302
Investment income:				
Interest and dividends	64,000	41,972	63,800	169,772
Change in fair value	(16,001)	(8,500)	(15,800)	(40,301)
Other revenues	110,992	-	3,135	114,127
Total revenues	<u>2,152,785</u>	<u>2,124,264</u>	<u>231,881</u>	<u>4,508,930</u>
Expenditures:				
Current:				
General government	75,156	-	-	75,156
Public safety	56,083	-	-	56,083
Culture and recreation	988,481	-	93,864	1,082,345
Community development	770,135	17,433	50,849	838,417
Capital outlay:				
Public safety	22,474	-	-	22,474
Public works	-	-	10,683	10,683
Culture and recreation	-	-	550,380	550,380
Community development	-	260,278	134,848	395,126
Debt service:				
Principal retirement	-	1,240,000	-	1,240,000
Interest and fiscal charges	-	672,741	-	672,741
Issuance costs	-	55,615	-	55,615
Developer incentives	-	254,166	-	254,166
Total expenditures	<u>1,912,329</u>	<u>2,500,233</u>	<u>840,624</u>	<u>5,253,186</u>
Revenues over (under) expenditures	<u>240,456</u>	<u>(375,969)</u>	<u>(608,743)</u>	<u>(744,256)</u>
Other financing sources (uses):				
Transfers in	228,398	2,492,510	238,094	2,959,002
Transfers out	(365,088)	(2,410,138)	(440,067)	(3,215,293)
Refunding bond issued	-	2,070,000	-	2,070,000
Bond premium	-	19,921	-	19,921
Sale of capital assets	-	97,049	-	97,049
Total other financing sources (uses)	<u>(136,690)</u>	<u>2,269,342</u>	<u>(201,973)</u>	<u>1,930,679</u>
Net change in fund balance	103,766	1,893,373	(810,716)	1,186,423
Fund balance - January 1	<u>3,793,016</u>	<u>3,382,659</u>	<u>5,005,280</u>	<u>12,180,955</u>
Fund balance - December 31	<u><u>\$3,896,782</u></u>	<u><u>\$5,276,032</u></u>	<u><u>\$4,194,564</u></u>	<u><u>\$13,367,378</u></u>

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.

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.

Twenty-first Century Arts Fund 262 – established to account for revenues and expenditures associated with a grant received through 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.

Downtown Parking Fund 228 – established to account for revenues and expenditures associated with the municipal parking in the downtown area.

Planning & Inspections 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.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2018

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261	Twenty-first Century Arts Fund 262
Assets					
Cash and investments	\$923,938	\$26,663	\$689,966	\$110,823	\$ -
Receivables:					
Accounts	58,479	-	-	-	-
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Interest	2,800	-	2,900	400	-
Due from other governmental units	-	-	-	-	996
Interfund receivable	-	-	-	247	-
Prepayments	-	-	11,938	-	-
Real estate held for resale	-	-	-	-	-
Total assets	\$985,217	\$26,663	\$704,804	\$111,470	\$996
Liabilities, Deferred Inflows of Resources, and Fund Balance					
Liabilities:					
Accounts payable	\$2,412	\$ -	\$12,962	\$48	\$315
Accrued salaries and withholdings payable	1,892	-	24,757	-	224
Contracts payable	-	-	-	-	-
Due to other governmental units	-	-	4,159	-	210
Interfund payable	-	-	-	-	247
Unearned revenue	-	9,904	-	-	-
Total liabilities	4,304	9,904	41,878	48	996
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	0	0	0	0	0
Fund balance:					
Nonspendable	-	-	11,938	-	-
Restricted	-	16,759	-	111,422	-
Committed	980,913	-	650,988	-	-
Total fund balance	980,913	16,759	662,926	111,422	0
Total liabilities, deferred inflows of resources, and fund balance	\$985,217	\$26,663	\$704,804	\$111,470	\$996

Contributed Projects - Recreation - Fund 881	Contributed Projects - Other - Fund 883	Special Projects Fund 226	Downtown Parking Fund 228	Planning and Inspections Fund 201	Anoka County Comm. Dev. Programs Fund 202	EDA Administration Fund 204 (Component Unit)	Total Nonmajor Special Revenue Funds
\$176,390	\$232,886	\$911,415	\$10,313	\$417,096	\$11,746	\$422,675	\$3,933,911
-	-	-	-	80	-	-	58,559
-	-	-	-	-	-	13,161	13,161
-	-	-	-	-	231,000	100,000	331,000
500	700	2,800	100	1,400	-	1,200	12,800
-	-	-	-	-	-	-	996
-	-	-	-	-	-	2,394	2,641
-	-	-	-	-	-	-	11,938
-	-	-	-	-	43,090	-	43,090
<u>\$176,890</u>	<u>\$233,586</u>	<u>\$914,215</u>	<u>\$10,413</u>	<u>\$418,576</u>	<u>\$285,836</u>	<u>\$539,430</u>	<u>\$4,408,096</u>
\$116	\$37	\$44,750	\$ -	\$572	\$ -	\$648	\$61,860
-	-	-	-	18,614	-	7,204	52,691
-	-	10,000	1,651	-	-	-	11,651
-	-	-	-	832	-	-	5,201
-	-	-	-	-	-	-	247
-	-	30,554	-	-	-	-	40,458
<u>116</u>	<u>37</u>	<u>85,304</u>	<u>1,651</u>	<u>20,018</u>	<u>0</u>	<u>7,852</u>	<u>172,108</u>
-	-	-	-	-	231,000	108,206	339,206
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>231,000</u>	<u>108,206</u>	<u>339,206</u>
-	-	-	-	-	-	-	11,938
-	-	-	-	-	54,836	-	183,017
<u>176,774</u>	<u>233,549</u>	<u>828,911</u>	<u>8,762</u>	<u>398,558</u>	<u>-</u>	<u>423,372</u>	<u>3,701,827</u>
<u>176,774</u>	<u>233,549</u>	<u>828,911</u>	<u>8,762</u>	<u>398,558</u>	<u>54,836</u>	<u>423,372</u>	<u>3,896,782</u>
<u>\$176,890</u>	<u>\$233,586</u>	<u>\$914,215</u>	<u>\$10,413</u>	<u>\$418,576</u>	<u>\$285,836</u>	<u>\$539,430</u>	<u>\$4,408,096</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, 2018

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261	Twenty-first Century Arts Fund 262
Revenues:					
Taxes	\$ -	\$ -	\$919,244	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	20,830
Fees/program revenues	191,415	-	15,102	7,580	4,768
Rents	-	-	-	-	-
Fines and forfeitures	-	8,641	10,661	-	-
Investment income:					
Interest and dividends	13,300	-	14,700	1,900	-
Change in fair value	(3,300)	-	(3,600)	(500)	-
Other revenues:					
Contributions	-	-	-	-	-
Miscellaneous	37,418	-	75	-	-
Total revenues	<u>238,833</u>	<u>8,641</u>	<u>956,182</u>	<u>8,980</u>	<u>25,598</u>
Expenditures:					
Personal services	28,990	-	604,496	10,020	17,601
Supplies	4,519	8,240	93,419	450	904
Other services and charges	41,647	-	203,753	9,026	7,093
Capital outlay	-	22,474	-	-	-
Total expenditures	<u>75,156</u>	<u>30,714</u>	<u>901,668</u>	<u>19,496</u>	<u>25,598</u>
Revenues over (under) expenditures	<u>163,677</u>	<u>(22,073)</u>	<u>54,514</u>	<u>(10,516)</u>	<u>0</u>
Other financing sources (uses):					
Transfers in	73,300	-	11,000	-	-
Transfers out	(64,389)	-	(14,711)	-	-
Total other financing sources (uses)	<u>8,911</u>	<u>0</u>	<u>(3,711)</u>	<u>0</u>	<u>0</u>
Net change in fund balance	172,588	(22,073)	50,803	(10,516)	0
Fund balance - January 1	<u>808,325</u>	<u>38,832</u>	<u>612,123</u>	<u>121,938</u>	<u>-</u>
Fund balance - December 31	<u>\$980,913</u>	<u>\$16,759</u>	<u>\$662,926</u>	<u>\$111,422</u>	<u>\$0</u>

Contributed Projects - Recreation - Fund 881	Contributed Projects - Other - Fund 883	Special Projects Fund 226	Downtown Parking Fund 228	Planning and Inspections Fund 201	Anoka County Comm. Dev. Programs Fund 202	EDA Administration Fund 204 (Component Unit)	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$441,773	\$1,361,017
-	-	-	-	235,523	-	-	235,523
-	-	-	-	1,455	-	1,000	23,285
-	-	63,218	-	-	-	1,030	283,113
-	-	37,302	34,252	-	-	-	71,554
-	-	-	-	-	-	-	19,302
2,600	3,500	14,000	300	7,300	200	6,200	64,000
(700)	(900)	(3,500)	(100)	(1,800)	(101)	(1,500)	(16,001)
32,130	37,820	-	-	-	-	-	69,950
-	369	-	-	473	-	2,707	41,042
34,030	40,789	111,020	34,452	242,951	99	451,210	2,152,785
-	-	-	-	450,859	-	180,724	1,292,690
13,479	46,325	-	312	7,273	-	23	174,944
2,550	1,518	81,995	25,378	28,058	-	21,203	422,221
-	-	-	-	-	-	-	22,474
16,029	47,843	81,995	25,690	486,190	0	201,950	1,912,329
18,001	(7,054)	29,025	8,762	(243,239)	99	249,260	240,456
-	-	4,116	-	139,982	-	-	228,398
-	-	-	-	(16,005)	-	(269,983)	(365,088)
0	0	4,116	0	123,977	0	(269,983)	(136,690)
18,001	(7,054)	33,141	8,762	(119,262)	99	(20,723)	103,766
158,773	240,603	795,770	-	517,820	54,737	444,095	3,793,016
\$176,774	\$233,549	\$828,911	\$8,762	\$398,558	\$54,836	\$423,372	\$3,896,782

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - CABLE TELEVISION FUND 225

Statement 20

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Franchise fees	\$188,000	\$188,000	\$191,415	\$3,415	\$207,996
Investment income:					
Interest and dividends	4,400	4,400	13,300	8,900	7,400
Change in fair value	-	-	(3,300)	(3,300)	(400)
Other revenues:					
Miscellaneous	35,000	35,000	37,418	2,418	37,206
Total revenues	227,400	227,400	238,833	11,433	252,202
Expenditures:					
Personal services	46,368	46,368	28,990	17,378	5,347
Supplies	5,500	5,500	4,519	981	-
Other services and charges	69,074	69,074	41,647	27,427	20,266
Capital outlay	5,000	5,000	-	5,000	-
Total expenditures	125,942	125,942	75,156	50,786	25,613
Revenues over expenditures	101,458	101,458	163,677	62,219	226,589
Other financing sources (uses):					
Transfers in	-	-	73,300	73,300	-
Transfers out	(64,389)	(64,389)	(64,389)	-	(63,700)
Total other financing sources (uses)	(64,389)	(64,389)	8,911	73,300	(63,700)
Net change in fund balance	\$37,069	\$37,069	172,588	\$135,519	162,889
Fund balance - January 1			808,325		645,436
Fund balance - December 31			\$980,913		\$808,325

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - POLICE FORFEITURE FUND 265

Statement 21

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Forfeitures	\$8,641	\$15,770
Expenditures:		
Supplies	8,240	569
Capital outlay	22,474	-
Total expenditures	<u>30,714</u>	<u>569</u>
Revenues over (under) expenditures	(22,073)	15,201
Other financing sources (uses):		
Transfers out	<u>-</u>	<u>(23,000)</u>
Net change in fund balance	(22,073)	(7,799)
Fund balance - January 1	<u>38,832</u>	<u>46,631</u>
Fund balance - December 31	<u><u>\$16,759</u></u>	<u><u>\$38,832</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - LIBRARY FUND 240

Statement 22

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Taxes	\$919,244	\$919,244	\$919,244	\$ -	\$845,111
Charges for services	9,400	9,400	15,102	5,702	13,774
Fines	13,000	13,000	10,661	(2,339)	12,049
Investment income:					
Interest and dividends	-	-	14,700	14,700	12,000
Change in fair value	-	-	(3,600)	(3,600)	(600)
Other revenues:					
Miscellaneous	-	-	75	75	18
Total revenues	<u>941,644</u>	<u>941,644</u>	<u>956,182</u>	<u>14,538</u>	<u>882,352</u>
Expenditures:					
Personal services	638,145	638,145	604,496	33,649	564,043
Supplies	106,100	106,100	93,419	12,681	92,982
Other services and charges	193,688	193,688	203,753	(10,065)	175,264
Total expenditures	<u>937,933</u>	<u>937,933</u>	<u>901,668</u>	<u>36,265</u>	<u>832,289</u>
Revenues over expenditures	3,711	3,711	54,514	50,803	50,063
Other financing sources (uses):					
Transfers in	11,000	11,000	11,000	-	11,000
Transfers out	<u>(14,711)</u>	<u>(14,711)</u>	<u>(14,711)</u>	-	<u>(14,317)</u>
Total other financing sources (uses)	<u>(3,711)</u>	<u>(3,711)</u>	<u>(3,711)</u>	0	<u>(3,317)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	50,803	<u>\$50,803</u>	46,746
Fund balance - January 1			<u>612,123</u>		<u>565,377</u>
Fund balance - December 31			<u>\$662,926</u>		<u>\$612,123</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - AFTER-SCHOOL PROGRAMS FUND 261

Statement 23

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Program revenue	\$20,000	\$20,000	\$7,580	(\$12,420)	\$20,454
Investment income:					
Interest and dividends	2,000	2,000	1,900	(100)	1,400
Change in fair value	-	-	(500)	(500)	(100)
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>8,980</u>	<u>(13,020)</u>	<u>21,754</u>
Expenditures:					
Personal services	22,562	22,562	10,020	12,542	20,939
Supplies	3,000	3,000	450	2,550	2,783
Other services and charges	<u>18,000</u>	<u>18,000</u>	<u>9,026</u>	<u>8,974</u>	<u>14,570</u>
Total expenditures	<u>43,562</u>	<u>43,562</u>	<u>19,496</u>	<u>24,066</u>	<u>38,292</u>
Revenues over (under) expenditures	<u>(\$21,562)</u>	<u>(\$21,562)</u>	(10,516)	<u>\$11,046</u>	(16,538)
Fund balance - January 1			<u>121,938</u>		<u>138,476</u>
Fund balance - December 31			<u>\$111,422</u>		<u>\$121,938</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - CONTRIBUTED PROJECTS-RECREATION FUND 881

Statement 24

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Investment income:		
Interest and dividends	\$2,600	\$1,700
Change in fair value	(700)	(100)
Other revenue:		
Contributions	<u>32,130</u>	<u>12,800</u>
Total revenues	<u>34,030</u>	<u>14,400</u>
Expenditures:		
Supplies	13,479	8,821
Other services and charges	<u>2,550</u>	<u>300</u>
Total expenditures	<u>16,029</u>	<u>9,121</u>
Revenues over expenditures	18,001	5,279
Fund balance - January 1	<u>158,773</u>	<u>153,494</u>
Fund balance - December 31	<u>\$176,774</u>	<u>\$158,773</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - CONTRIBUTED PROJECTS - OTHER FUND 883

Statement 25

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Investment income:		
Interest and dividends	\$3,500	\$2,200
Change in fair value	(900)	(100)
Contributions	37,820	43,065
Miscellaneous	369	1,069
Total revenues	<u>40,789</u>	<u>46,234</u>
Expenditures:		
Supplies	46,325	6,246
Other services and charges	<u>1,518</u>	<u>1,006</u>
Total expenditures	<u>47,843</u>	<u>7,252</u>
Revenues over (under) expenditures	(7,054)	38,982
Fund balance - January 1	<u>240,603</u>	<u>201,621</u>
Fund balance - December 31	<u>\$233,549</u>	<u>\$240,603</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND 226

Statement 26

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
Revenues:					
Fees/program revenue	\$ -	\$20,000	\$63,218	\$43,218	\$200,392
Rents	25,000	-	37,302	37,302	67,836
Investment income:					
Interest and dividends	-	-	14,000	14,000	8,200
Change in fair value	-	-	(3,500)	(3,500)	(400)
Total revenues	<u>25,000</u>	<u>20,000</u>	<u>111,020</u>	<u>91,020</u>	<u>276,028</u>
Expenditures:					
Other services and charges	<u>95,000</u>	<u>90,000</u>	<u>81,995</u>	<u>8,005</u>	<u>18,512</u>
Revenues over (under) expenditures	(70,000)	(70,000)	29,025	99,025	257,516
Other financing sources (uses):					
Transfers in	-	-	4,116	4,116	-
Transfers out	-	-	-	-	(127,000)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>4,116</u>	<u>4,116</u>	<u>(127,000)</u>
Net change in fund balance	<u>(\$70,000)</u>	<u>(\$70,000)</u>	33,141	<u>\$103,141</u>	130,516
Fund balance - January 1			<u>795,770</u>		<u>665,254</u>
Fund balance - December 31			<u>\$828,911</u>		<u>\$795,770</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - PLANNING AND INSPECTIONS FUND 201

Statement 27

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Licenses and permits	\$327,000	\$367,000	\$235,523	(\$131,477)	\$404,014
Fees/program revenues	-	-	1,455	1,455	1,500
Investment income:					
Interest and dividends	2,000	2,000	7,300	5,300	4,300
Change in fair value	-	-	(1,800)	(1,800)	(200)
Miscellaneous	700	700	473	(227)	5,190
Total revenues	329,700	369,700	242,951	(126,749)	414,804
Expenditures:					
Personal services	434,779	474,779	450,859	23,920	417,100
Supplies	1,400	1,400	7,273	(5,873)	6,540
Other services and charges	17,497	17,497	28,058	(10,561)	22,330
Total expenditures	453,676	493,676	486,190	7,486	445,970
Revenues over (under) expenditures	(123,976)	(123,976)	(243,239)	(119,263)	(31,166)
Other financing sources (uses):					
Transfers in	139,982	139,982	139,982	-	120,666
Transfers out	(16,006)	(16,006)	(16,005)	1	(15,550)
Total other financing sources (uses):	123,976	123,976	123,977	1	105,116
Net change in fund balance	\$0	\$0	(119,262)	(\$119,262)	73,950
Fund balance - January 1			517,820		443,870
Fund balance - December 31			\$398,558		\$517,820

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - ANOKA COUNTY COMM. DEV. PROGRAMS FUND 202

Statement 28

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Intergovernmental	\$ -	\$366,771
Investment income:		
Interest and dividends	200	300
Change in fair value	(101)	-
Total revenues	<u>99</u>	<u>367,071</u>
Expenditures:		
Other services and charges	-	617
Capital outlay	-	366,771
Total expenditures	<u>0</u>	<u>367,388</u>
Revenues over (under) expenditures	99	(317)
Fund balance - January 1	<u>54,737</u>	<u>55,054</u>
Fund balance - December 31	<u>\$54,836</u>	<u>\$54,737</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - TWENTY-FIRST CENTURY ARTS FUND 262

Statement 29

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

	2018	2017
Revenues:		
Intergovernmental	\$20,830	\$1,269
Fees/program revenue	4,768	280
Total revenues	25,598	1,549
Expenditures:		
Personal services	17,601	1,155
Supplies	904	153
Other services and charges	7,093	241
Total expenditures	25,598	1,549
Revenues over (under) expenditures	0	0
Fund balance - January 1	-	-
Fund balance - December 31	\$0	\$0

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - DOWNTOWN PARKING FUND 228

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2018

With Comparative Amounts For The Year Ended December 31, 2017

Statement 30

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Rents	\$ -	\$25,000	\$34,252	(9,252)	\$ -
Investment income:					
Interest and dividends	-	-	300	(300)	-
Change in fair value	-	-	(100)	100	-
Total revenues	<u>0</u>	<u>25,000</u>	<u>34,452</u>	<u>(9,452)</u>	<u>0</u>
Expenditures:					
Supplies	-	-	312	(312)	-
Other services and charges	<u>25,000</u>	<u>25,000</u>	<u>25,378</u>	<u>(378)</u>	<u>-</u>
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,690</u>	<u>(690)</u>	<u>0</u>
Revenues over expenditures	<u>(\$25,000)</u>	<u>\$0</u>	8,762	<u>\$8,762</u>	-
Fund balance - January 1			<u>-</u>		<u>-</u>
Fund balance - December 31			<u>\$8,762</u>		<u>\$0</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND-EDA ADMINISTRATION FUND 204

Statement 31**SCHEDULE OF REVENIES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

(COMPONENT UNIT)

For The Year Ended December 31, 2018

With Comparative Actual Amounts For The Year Ended December 31, 2017

	2018				
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Revenues:					
Taxes	\$444,692	\$444,692	\$441,773	(\$2,919)	\$291,487
Intergovernmental	-	-	1,000	1,000	-
Fees/program revenues	1,550	1,550	1,030	(520)	530
Investment income:					
Interest and dividends	2,000	2,000	6,200	4,200	4,100
Change in fair value	-	-	(1,500)	(1,500)	(200)
Miscellaneous	-	-	2,707	2,707	-
Total revenues	<u>448,242</u>	<u>448,242</u>	<u>451,210</u>	<u>2,968</u>	<u>295,917</u>
Expenditures:					
Personal services	163,774	163,774	180,724	(16,950)	151,609
Supplies	-	-	23	(23)	144
Other services and charges	<u>14,484</u>	<u>14,484</u>	<u>21,203</u>	<u>(6,719)</u>	<u>20,771</u>
Total expenditures	<u>178,258</u>	<u>178,258</u>	<u>201,950</u>	<u>(23,692)</u>	<u>172,524</u>
Revenues over (under) expenditures	269,984	269,984	249,260	(20,724)	123,393
Other financing sources (uses):					
Transfers out	<u>(269,984)</u>	<u>(269,984)</u>	<u>(269,983)</u>	<u>1</u>	<u>(136,216)</u>
Net change in fund balance	<u>\$0</u>	<u>\$0</u>	(20,723)	<u>(\$20,723)</u>	(12,823)
Fund balance - January 1			<u>444,095</u>		<u>456,918</u>
Fund balance - December 31			<u>\$423,372</u>		<u>\$444,095</u>

- This page intentionally left blank -

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, 2018

	2008A Taxable GO Housing Improvement Area Bonds Fund 315	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	GO Library Bonds 2015A Fund 346	GO Public Safety Ctr. Bonds 2017B Fund 347	GO Public Facilities Bonds 2018A Fund 348
Assets							
Cash and investments	\$228,829	\$ -	\$2,276,584	\$95,769	\$392,041	\$453,876	\$4,306
Receivables:							
Taxes	-	-	2,314	-	1,907	2,509	-
Assessments	440,911	-	-	-	-	-	-
Interest	500	-	900	100	400	400	-
Interfund receivable	-	-	-	-	-	-	-
Real estate for resale	-	-	-	-	-	-	-
Total assets	<u>\$670,240</u>	<u>\$0</u>	<u>\$2,279,798</u>	<u>\$95,869</u>	<u>\$394,348</u>	<u>\$456,785</u>	<u>\$4,306</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	-	-	-	-	-	-
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Deferred inflows of resources:							
Unavailable revenue	439,950	-	-	-	-	-	-
Total deferred inflows of resources	<u>439,950</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance:							
Restricted	230,290	-	2,279,798	95,869	394,348	456,785	4,306
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>230,290</u>	<u>0</u>	<u>2,279,798</u>	<u>95,869</u>	<u>394,348</u>	<u>456,785</u>	<u>4,306</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$670,240</u>	<u>\$0</u>	<u>\$2,279,798</u>	<u>\$95,869</u>	<u>\$394,348</u>	<u>\$456,785</u>	<u>\$4,306</u>

EDA Component Unit

Tax Increment Bonds Fund 376	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	TIF Central Valu Center Fund 374	TIF Scattered Site Fund 391	Total Nonmajor Debt Service Funds
\$221,837	\$149,918	\$89,380	\$556,746	\$708,592	\$ -	\$100	\$5,177,978
-	243	-	1,046	12,439	-	-	20,458
-	-	-	-	-	-	-	440,911
600	400	200	1,400	1,800	-	-	6,700
174,319	-	-	-	-	-	-	174,319
135,310	-	-	-	-	-	-	135,310
<u>\$532,066</u>	<u>\$150,561</u>	<u>\$89,580</u>	<u>\$559,192</u>	<u>\$722,831</u>	<u>\$0</u>	<u>\$100</u>	<u>\$5,955,676</u>
\$1,626	\$726	\$23,667	\$951	\$26,310	\$244	\$244	\$53,768
-	-	-	-	-	2,394	174,319	176,713
<u>1,626</u>	<u>726</u>	<u>23,667</u>	<u>951</u>	<u>26,310</u>	<u>2,638</u>	<u>174,563</u>	<u>230,481</u>
-	170	-	643	8,400	-	-	449,163
<u>0</u>	<u>170</u>	<u>0</u>	<u>643</u>	<u>8,400</u>	<u>0</u>	<u>0</u>	<u>449,163</u>
530,440	149,665	65,913	557,598	688,121	-	-	5,453,133
-	-	-	-	-	(2,638)	(174,463)	(177,101)
<u>530,440</u>	<u>149,665</u>	<u>65,913</u>	<u>557,598</u>	<u>688,121</u>	<u>(2,638)</u>	<u>(174,463)</u>	<u>5,276,032</u>
<u>\$532,066</u>	<u>\$150,561</u>	<u>\$89,580</u>	<u>\$559,192</u>	<u>\$722,831</u>	<u>\$0</u>	<u>\$100</u>	<u>\$5,955,676</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, 2018

	2008A Taxable GO Housing Improvement Area Bonds Fund 315	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	GO Library Bonds 2015A Fund 346	GO Public Safety Ctr. Bonds 2017B Fund 347	GO Public Facilities Bonds 2018A Fund 348
Revenues:							
Taxes	\$ -	\$ -	\$237,031	\$ -	\$210,283	\$256,276	\$ -
Tax increment collections	-	-	-	-	-	-	-
Special assessments	105,367	-	-	-	-	-	-
Intergovernmental	-	-	-	-	250,000	300,000	-
Investment income:							
Interest and dividends	2,700	-	4,300	600	2,000	2,100	-
Change in fair value	(700)	-	(1,100)	(200)	(500)	(500)	-
Total revenues	107,367	0	240,231	400	461,783	557,876	0
Expenditures:							
Community development:							
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal retirement	65,000	250,000	195,000	45,000	265,000	230,000	-
Interest and fiscal charges	32,274	5,375	100,402	3,788	191,613	251,770	-
Issuance costs	-	-	-	-	-	-	55,615
Developer incentives	-	-	-	-	-	-	-
Total expenditures	97,274	255,375	295,402	48,788	456,613	481,770	55,615
Revenues over (under) expenditures	10,093	(255,375)	(55,171)	(48,388)	5,170	76,106	(55,615)
Other financing sources (uses):							
Transfers in	-	-	2,047,939	64,433	-	380,138	-
Transfers out	-	(380,138)	-	-	-	-	(2,030,000)
Refunding bond issued	-	-	-	-	-	-	2,070,000
Bond premium	-	-	-	-	-	-	19,921
Sale of capital assets	-	-	-	-	-	-	-
Total other financing sources (uses)	0	(380,138)	2,047,939	64,433	0	380,138	59,921
Net change in fund balance	10,093	(635,513)	1,992,768	16,045	5,170	456,244	4,306
Fund balance - January 1	220,197	635,513	287,030	79,824	389,178	541	-
Fund balance - December 31	\$230,290	\$0	\$2,279,798	\$95,869	\$394,348	\$456,785	\$4,306

EDA Component Unit

Tax Increment Bonds Fund 376	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	TIF Central Valu Center Fund 374	TIF Scattered Site Fund 391	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$703,590
-	27,821	50,564	186,068	432,825	-	34,557	731,835
-	-	-	-	-	-	-	105,367
-	-	-	-	-	-	-	550,000
10,772	2,200	1,100	7,000	9,100	-	100	41,972
(700)	(500)	(300)	(1,700)	(2,300)	-	-	(8,500)
10,072	29,521	51,364	191,368	439,625	0	34,657	2,124,264
3,871	2,969	3,195	3,195	3,715	244	244	17,433
92,635	-	-	167,643	-	-	-	260,278
-	-	-	65,000	125,000	-	-	1,240,000
-	-	-	13,831	65,916	-	7,772	672,741
-	-	-	-	-	-	-	55,615
-	3,145	45,433	-	205,588	-	-	254,166
96,506	6,114	48,628	249,669	400,219	244	8,016	2,500,233
(86,434)	23,407	2,736	(58,301)	39,406	(244)	26,641	(375,969)
-	-	-	-	-	-	-	2,492,510
-	-	-	-	-	-	-	(2,410,138)
-	-	-	-	-	-	-	2,070,000
-	-	-	-	-	-	-	19,921
34,781	-	-	62,268	-	-	-	97,049
34,781	0	0	62,268	0	0	0	2,269,342
(51,653)	23,407	2,736	3,967	39,406	(244)	26,641	1,893,373
582,093	126,258	63,177	553,631	648,715	(2,394)	(201,104)	3,382,659
\$530,440	\$149,665	\$65,913	\$557,598	\$688,121	(\$2,638)	(\$174,463)	\$5,276,032

- 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 Redevelopment Project Fund 408 – used to fund land acquisition and other activities for redevelopment, primarily in the City’s commercial areas.

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.

Capital Improvement Development Fund 420 – used to account for improvements to various development areas within the City.

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

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.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
 SUBCOMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2018

	EDA (Component Unit) Redevelopment Project Fund 408	Capital Improvement Parks Fund 412
Assets		
Cash and investments	\$796,696	\$326,074
Interfund receivable	-	-
Receivables:		
Loans	-	-
Interest	2,300	1,500
Real estate held for resale	224,961	-
Total assets	<u>\$1,023,957</u>	<u>\$327,574</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	118	-
Deposits	-	-
Total liabilities	<u>118</u>	<u>0</u>
Fund balance:		
Committed	1,023,839	327,574
Total fund balance	<u>1,023,839</u>	<u>327,574</u>
Total liabilities and fund balance	<u>\$1,023,957</u>	<u>\$327,574</u>

Capital Improvement Development Fund 420	Infrastructure Replacement Fund 430	Capital Equipment Cable TV Fund 440	Capital Building Library Fund 450	Total Nonmajor Capital Project Funds
\$1,326,992	\$1,152,805	\$ -	\$ -	\$3,602,567
-	261,977	-	-	261,977
77,146	-	-	-	77,146
4,200	4,400	-	-	12,400
87,015	-	-	-	311,976
<u>\$1,495,353</u>	<u>\$1,419,182</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,266,066</u>
-	-	-	-	118
71,384	-	-	-	71,384
<u>71,384</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>71,502</u>
1,423,969	1,419,182	-	-	4,194,564
<u>1,423,969</u>	<u>1,419,182</u>	<u>0</u>	<u>0</u>	<u>4,194,564</u>
<u>\$1,495,353</u>	<u>\$1,419,182</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,266,066</u>

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, 2018

	EDA (Component Unit) Redevelopment Project Fund 408	Capital Improvement Parks Fund 412
Revenues:		
Intergovernmental	\$ -	\$130,746
Investment income:		
Interest and dividends	11,900	7,300
Change in fair value	(2,900)	(1,800)
Other revenue	-	-
Total revenues	<u>9,000</u>	<u>136,246</u>
Expenditures:		
Current:		
Other services and charges	17,393	-
Capital outlay	<u>134,848</u>	<u>466,052</u>
Total expenditures	<u>152,241</u>	<u>466,052</u>
Revenue over (under) expenditures	<u>(143,241)</u>	<u>(329,806)</u>
Other financing sources (uses):		
Transfers in	121,280	-
Transfers out	-	-
Total other financing sources (uses)	<u>121,280</u>	<u>0</u>
Net change in fund balance	(21,961)	(329,806)
Fund balance - January 1	<u>1,045,800</u>	<u>657,380</u>
Fund balance - December 31	<u><u>\$1,023,839</u></u>	<u><u>\$327,574</u></u>

Capital Improvement Development Fund 420	Infrastructure Replacement Fund 430	Capital Equipment Cable TV Fund 440	Capital Building Library Fund 450	Total Nonmajor Capital Project Funds
\$ -	\$50,000	\$ -	\$ -	\$180,746
21,100	22,300	1,200	-	63,800
(5,300)	(5,500)	(300)	-	(15,800)
135	-	-	3,000	3,135
15,935	66,800	900	3,000	231,881
33,456	93,864	-	-	144,713
-	10,683	-	84,328	695,911
33,456	104,547	0	84,328	840,624
(17,521)	(37,747)	900	(81,328)	(608,743)
-	116,814	-	-	238,094
(4,116)	-	(73,300)	(362,651)	(440,067)
(4,116)	116,814	(73,300)	(362,651)	(201,973)
(21,637)	79,067	(72,400)	(443,979)	(810,716)
1,445,606	1,340,115	72,400	443,979	5,005,280
\$1,423,969	\$1,419,182	\$0	\$0	\$4,194,564

- This page intentionally left blank -

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, 2018

With Comparative Totals for December 31, 2017

Statement 36

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total	
						2018	2017
Assets:							
Current assets:							
Cash and cash equivalents	\$16	\$514,535	\$1	\$209,186	\$ -	\$723,738	\$157,659
Receivables:							
Accounts (net of allowance for uncollectables)	725,772	-	-	-	-	725,772	671,409
Interest	1,600	1,500	-	600	-	3,700	2,600
Interfund receivable	5,065	7,000	-	-	(12,065)	-	-
Inventory - at cost	8,283	-	-	-	-	8,283	15,155
Total current assets	740,736	523,035	1	209,786	(12,065)	1,461,493	846,823
Noncurrent assets:							
Capital assets:							
Land	45,223	-	-	-	-	45,223	45,223
Construction in process	17,981	-	7,741	-	-	25,722	4,481
Buildings	1,305,172	-	-	-	-	1,305,172	1,305,172
Equipment	572,291	-	-	-	-	572,291	542,691
Infrastructure	9,963,688	-	-	-	-	9,963,688	9,963,688
Total capital assets	11,904,355	0	7,741	0	0	11,912,096	11,861,255
Less: accumulated depreciation	(5,774,090)	-	-	-	-	(5,774,090)	(5,483,100)
Total capital assets (net of accumulated depreciation)	6,130,265	-	7,741	-	-	6,138,006	6,378,155
Total noncurrent assets	6,130,265	0	7,741	0	0	6,138,006	6,378,155
Total assets	6,871,001	523,035	7,742	209,786	(12,065)	7,599,499	7,224,978
Liabilities :							
Current liabilities:							
Accounts payable	46,183	12,481	31,145	-	-	89,809	13,278
Accrued salaries and withholdings payable	16,613	-	-	-	-	16,613	17,025
Contracts payable - retained percentage	-	-	-	-	-	-	38,436
Due to other governmental units	137,331	-	-	-	-	137,331	119,733
Interfund payable	7,000	-	5,065	66,000	(12,065)	66,000	131,000
Accrued interest payable	-	-	-	4,114	-	4,114	4,977
Deposits	2,700	-	-	-	-	2,700	-
Bonds payable - current	-	-	-	120,000	-	120,000	115,000
Total current liabilities	209,827	12,481	36,210	190,114	(12,065)	436,567	439,449
Noncurrent liabilities:							
Bonds payable - noncurrent	-	-	-	410,000	-	410,000	530,000
Total noncurrent liabilities	0	0	0	410,000	0	410,000	530,000
Total liabilities	209,827	12,481	36,210	600,114	(12,065)	846,567	969,449
Net position:							
Net investments in capital assets	6,130,265	-	7,741	(530,000)	-	5,608,006	5,733,155
Restricted	-	-	-	132,598	-	132,598	129,187
Unrestricted	530,909	510,554	(36,209)	7,074	-	1,012,328	393,187
Total net position	\$6,661,174	\$510,554	(\$28,468)	(\$390,328)	\$0	\$6,752,932	\$6,255,529

CITY OF COLUMBIA HEIGHTS, MINNESOTA

WATER UTILITY FUND

Statement 37

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total	
						2018	2017
Operating revenues:							
Charges for services:							
Customer services	\$86,627	\$ -	\$ -	\$ -	\$ -	\$86,627	\$93,496
Penalties	134,265	-	-	-	-	134,265	89,007
Charges for sales:							
Water	3,011,967	-	-	-	-	3,011,967	2,858,302
Meter	17,644	74,550	-	-	-	92,194	89,449
Other	-	-	-	-	-	-	7,302
Total operating revenues	3,250,503	74,550	0	0	0	3,325,053	3,137,556
Operating expenses:							
Cost of sales	1,628,229	-	-	-	-	1,628,229	1,546,326
Distribution	696,478	-	73,745	-	-	770,223	1,152,441
Administration	41,312	-	-	-	-	41,312	71,918
Depreciation	290,992	-	-	-	-	290,992	288,435
Total operating expenses	2,657,011	0	73,745	0	0	2,730,756	3,059,120
Net income (loss) from operations	593,492	74,550	(73,745)	0	0	594,297	78,436
Nonoperating revenues (expenses):							
Investment income:							
Interest and dividends	8,100	7,700	-	2,900	-	18,700	10,600
Change in fair value	(2,000)	(1,900)	-	(700)	-	(4,600)	(500)
Miscellaneous revenues (expenses)	(613)	-	-	-	-	(613)	3,384
Interest and fiscal charges	-	-	-	(14,872)	-	(14,872)	(19,312)
Total nonoperating revenues (expenses)	5,487	5,800	0	(12,672)	0	(1,385)	(5,828)
Net income (loss) before transfers	598,979	80,350	(73,745)	(12,672)	0	592,912	72,608
Transfers in	17,981	25,000	314,873	145,000	(501,963)	891	185,293
Transfers out	(580,382)	(17,981)	-	-	501,963	(96,400)	(92,900)
Total transfers	(562,401)	7,019	314,873	145,000	0	(95,509)	92,393
Change in net position	36,578	87,369	241,128	132,328	0	497,403	165,001
Net position - January 1	6,624,596	423,185	(269,596)	(522,656)	-	6,255,529	6,090,528
Net position - December 31	\$6,661,174	\$510,554	(\$28,468)	(\$390,328)	\$0	\$6,752,932	\$6,255,529

CITY OF COLUMBIA HEIGHTS, MINNESOTA
WATER UTILITY FUND
Statement 38
SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$3,277,562	\$3,234,312
Cash paid to suppliers for goods and services	(1,977,481)	(2,604,338)
Cash payments to employees for services	(404,915)	(712,736)
Net cash flows from operating activities	895,166	(82,762)
Cash flows from noncapital financing activities:		
Transfers in	891	185,293
Transfers out	(96,400)	(92,900)
Interfund payable (repaid to) advanced by other funds	(65,000)	-
Net cash flows from noncapital financing activities	(160,509)	92,393
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(50,843)	(5,014)
Principal payments - bonds	(115,000)	(185,754)
Interest and fiscal charges	(15,735)	(20,362)
Net cash flows from capital and related financing activities	(181,578)	(211,130)
Cash flows from investing activities:		
Investment income:		
Interest and dividends	17,600	9,630
Change in fair value	(4,600)	(500)
Net cash flows from investing activities	13,000	9,130
Net increase (decrease) in cash and cash equivalents	566,079	(192,369)
Cash and cash equivalents - January 1	157,659	350,028
Cash and cash equivalents - December 31	\$723,738	\$157,659
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$594,297	\$78,436
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	290,992	288,435
Miscellaneous revenues	(613)	3,384
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in accounts receivable	(54,363)	(20,298)
(Increase) decrease in due from other governmental units	-	14,781
(Increase) decrease in inventory, at cost	6,872	(6,546)
(Increase) decrease in deferred pension outflows	-	108,819
Increase (decrease) in accounts payable	76,531	(10,868)
Increase (decrease) in accrued salaries and withholdings payable	(412)	(4,547)
Increase (decrease) in contracts payable -retained percentage	(38,436)	20,506
Increase (decrease) in due to other governmental units	17,598	(245,670)
Increase (decrease) in deposits payable	2,700	-
Increase (decrease) in compensated absences payable	-	(15,082)
Increase (decrease) in net pension liability	-	(261,951)
Increase (decrease) in deferred pension inflows	-	(32,161)
Total adjustments	300,869	(161,198)
Net cash flows from operating activities	\$895,166	(\$82,762)

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total	
						2018	2017
Assets:							
Current assets:							
Cash and cash equivalents	\$1,001	\$379,314	\$578,312	\$40,187	\$ -	\$998,814	\$817,163
Receivables:							
Accounts (net of allowance for uncollectibles)	518,238	-	-	-	-	518,238	512,909
Interest	-	1,200	1,600	-	-	2,800	2,100
Interfund receivables	-	-	28,986	-	(28,986)	-	-
Prepayments	93,435	-	-	-	-	93,435	91,782
Total current assets	612,674	380,514	608,898	40,187	(28,986)	1,613,287	1,423,954
Noncurrent assets:							
Capital assets:							
Land	36,586	-	-	-	-	36,586	36,586
Construction in progress	17,981	-	-	-	-	17,981	-
Buildings	403,659	-	-	-	-	403,659	403,659
Equipment	1,000,469	-	-	-	-	1,000,469	980,241
Infrastructure	6,677,171	-	-	-	-	6,677,171	6,677,171
Total capital assets	8,135,866	0	0	0	0	8,135,866	8,097,657
Less: accumulated depreciation	(5,054,050)	-	-	-	-	(5,054,050)	(4,882,868)
Net capital assets	3,081,816	0	0	0	0	3,081,816	3,214,789
Total noncurrent assets	3,081,816	0	0	0	0	3,081,816	3,214,789
Total assets	3,694,490	380,514	608,898	40,187	(28,986)	4,695,103	4,638,743
Liabilities:							
Current liabilities:							
Accounts payable	3,214	12,481	-	-	-	15,695	26,833
Accrued salaries and withholdings payable	10,075	-	-	-	-	10,075	8,065
Contracts payable - retained percentage	-	-	-	-	-	-	3,734
Interfund payable	28,986	-	-	-	(28,986)	-	-
Accrued interest payable	-	-	-	3,005	-	3,005	3,477
Compensated absences payable - current	-	-	-	-	-	-	-
Bonds payable - current	-	-	-	53,400	-	53,400	53,288
Total current liabilities	42,275	12,481	0	56,405	(28,986)	82,175	95,397
Noncurrent liabilities:							
Bonds payable - noncurrent	-	-	-	285,600	-	285,600	339,000
Total liabilities	42,275	12,481	0	342,005	(28,986)	367,775	434,397
Net position:							
Net investment in capital assets	3,081,816	-	-	(339,000)	-	2,742,816	2,822,501
Restricted	-	-	-	60,056	-	60,056	60,660
Unrestricted	570,399	368,033	608,898	(22,874)	-	1,524,456	1,321,185
Total net position	\$3,652,215	\$368,033	\$608,898	(\$301,818)	\$0	\$4,327,328	\$4,204,346

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SEWER UTILITY FUND

Statement 40

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total	
						2018	2017
Operating revenues:							
Charges for services:							
Sewer service charges	\$2,023,524	\$ -	\$ -	\$ -	\$ -	\$2,023,524	\$1,924,370
Other	2,485	-	-	-	-	2,485	-
Total operating revenues	2,026,009	0	0	0	0	2,026,009	\$1,924,370
Operating expenses:							
Disposal	1,101,389	-	-	-	-	1,101,389	1,053,318
Collection	410,727	-	85,890	-	-	496,617	657,247
Administration	41,315	-	-	-	-	41,315	72,016
Depreciation	171,180	-	-	-	-	171,180	179,692
Total operating expenses	1,724,611	0	85,890	0	0	1,810,501	1,962,273
Net income (loss) from operations	301,398	0	(85,890)	0	0	215,508	(37,903)
Nonoperating revenues (expenses):							
Investment income							
Interest and dividends	-	6,300	8,200	-	-	14,500	8,798
Change in fair value	-	(1,600)	(2,100)	-	-	(3,700)	(400)
Interest and fiscal charges	-	-	-	(7,613)	-	(7,613)	(6,675)
Miscellaneous	686	-	-	-	-	686	687
Total nonoperating revenues (expenses)	686	4,700	6,100	(7,613)	0	3,873	2,410
Net income (loss) before transfers	302,084	4,700	(79,790)	(7,613)	0	219,381	(35,493)
Transfers in	38,210	25,000	167,630	62,000	(292,840)	-	185,293
Transfers out	(351,029)	(38,210)	-	-	292,840	(96,399)	(92,800)
Total transfers	(312,819)	(13,210)	167,630	62,000	0	(96,399)	92,493
Change in net position	(10,735)	(8,510)	87,840	54,387	-	122,982	57,000
Net position - January 1	3,662,950	376,543	521,058	(356,205)	-	4,204,346	4,147,346
Net position - December 31	\$3,652,215	\$368,033	\$608,898	(\$301,818)	\$0	\$4,327,328	\$4,204,346

CITY OF COLUMBIA HEIGHTS, MINNESOTA

SEWER UTILITY FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 41

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$2,019,713	\$2,002,298
Cash paid to suppliers for goods and services	(1,406,609)	(1,696,042)
Cash payments to employees for services	(245,574)	(497,359)
Net cash flows from operating activities	<u>367,530</u>	<u>(191,103)</u>
Cash flows from noncapital financing activities:		
Transfers in	-	185,293
Transfers out	(96,399)	(92,800)
Net cash flows from noncapital financing activities	<u>(96,399)</u>	<u>92,493</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(38,207)	-
Principal payments - bonds	(53,288)	(35,000)
Interest and fiscal charges	(8,085)	(5,389)
Net cash flows from capital and related financing activities	<u>(99,580)</u>	<u>(40,389)</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	13,800	8,320
Change in fair value	(3,700)	(400)
Net cash flows from investing activities	<u>10,100</u>	<u>7,920</u>
Net increase (decrease) in cash and cash equivalents	181,651	(131,079)
Cash and cash equivalents - January 1	817,163	948,242
Cash and cash equivalents - December 31	<u>\$998,814</u>	<u>\$817,163</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>\$215,508</u>	<u>(\$37,903)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	171,180	179,692
Miscellaneous revenues	686	687
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in accounts receivable	(5,329)	(27,572)
(Increase) decrease in prepayments	(1,653)	(4,006)
(Increase) decrease in deferred pension outflows	-	108,819
Increase (decrease) in accounts payable	(11,138)	(78,049)
Increase (decrease) in accrued salaries and withholdings payable	2,010	2,045
Increase (decrease) in contracts payable -retained percentage	(3,734)	(926)
Increase (decrease) compensated absences payable	-	(39,778)
Increase (decrease) in net pension liability	-	(261,951)
Increase (decrease) in deferred pension inflows	-	(32,161)
Total adjustments	<u>152,022</u>	<u>(153,200)</u>
Net cash flows from operating activities	<u>\$367,530</u>	<u>(\$191,103)</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
REFUSE UTILITY FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals for December 31, 2017

Statement 42

	2018	2017
Assets:		
Current assets:		
Cash and cash equivalents	\$1,443,380	\$1,336,260
Receivables:		
Accounts (net of allowance for uncollectibles)	550,349	528,270
Interest	3,900	4,000
Due from other governmental units	6,433	37,812
Total current assets	<u>2,004,062</u>	<u>1,906,342</u>
Noncurrent assets:		
Capital assets:		
Buildings	56,000	56,000
Equipment	<u>112,893</u>	<u>112,893</u>
Total capital assets	<u>168,893</u>	<u>168,893</u>
Less: accumulated depreciation	<u>(134,518)</u>	<u>(132,018)</u>
Total capital assets (net of accumulated depreciation)	<u>34,375</u>	<u>36,875</u>
Total noncurrent assets	<u>34,375</u>	<u>36,875</u>
 Total assets	 <u>2,038,437</u>	 <u>1,943,217</u>
Liabilities:		
Current liabilities:		
Accounts payable	143,810	137,388
Accrued salaries and withholdings payable	<u>4,112</u>	<u>3,382</u>
Total current liabilities	<u>147,922</u>	<u>140,770</u>
Net position:		
Net investments in capital assets	34,375	36,875
Unrestricted	<u>1,856,140</u>	<u>1,765,572</u>
 Total net position	 <u><u>\$1,890,515</u></u>	 <u><u>\$1,802,447</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REFUSE UTILITY FUND

Statement 43

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Operating revenues:		
Refuse service charges	\$1,986,709	\$1,914,728
Operating expenses:		
Collection and disposal	1,708,596	1,674,172
Administration	83,687	240,645
Recycling	117,384	96,331
Hazardous waste	10,621	12,816
Depreciation	2,500	2,780
Miscellaneous	19,610	4,704
Total operating expenses	1,942,398	2,031,448
Net income (loss) from operations	44,311	(116,720)
Nonoperating revenues:		
Investment income		
Interest and dividends	19,600	16,500
Change in fair value	(4,900)	(800)
Intergovernmental	112,679	103,517
Total nonoperating revenues	127,379	119,217
Net income before transfers	171,690	2,497
Transfers in	-	53,638
Transfers out	(83,622)	(80,400)
Total transfers	(83,622)	(26,762)
Change in net position	88,068	(24,265)
Net position - January 1	1,802,447	1,826,712
Net position - December 31	\$1,890,515	\$1,802,447

CITY OF COLUMBIA HEIGHTS, MINNESOTA

REFUSE UTILITY FUND

Statement 44**SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2018

With Comparative Totals for Year Ended December 31, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$1,996,009	\$1,940,846
Cash paid to suppliers for goods and services	(1,816,327)	(1,950,857)
Cash payments to employees for services	(116,419)	(163,365)
Net cash flows from operating activities	63,263	(173,376)
Cash flows from noncapital financing activities:		
Transfers in	-	53,638
Transfers out	(83,622)	(80,400)
Intergovernmental	112,679	103,517
Net cash flows from noncapital financing activities	29,057	76,755
Cash flows from investing activities:		
Investment income:		
Interest and dividends	19,700	15,200
Change in fair value	(4,900)	(800)
Net cash flows from investing activities	14,800	14,400
Net increase (decrease) in cash and cash equivalents	107,120	(82,221)
Cash and cash equivalents - January 1	1,336,260	1,418,481
Cash and cash equivalents - December 31	\$1,443,380	\$1,336,260
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income	\$44,311	(\$116,720)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	2,500	2,780
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in accounts receivable	(22,079)	(17,912)
(Increase) decrease in due from other governmental units	31,379	12,530
(Increase) decrease in deferred pension outflows	-	31,500
Increase (decrease) in accounts payable	6,422	3,623
Increase (decrease) in accrued salaries and withholdings payable	730	-
Increase (decrease) compensated absences payable	-	(4,039)
Increase (decrease) in net pension liability	-	(75,828)
Increase (decrease) in deferred pension inflows	-	(9,310)
Total adjustments	18,952	(56,656)
Net cash flows from operating activities	\$63,263	(\$173,376)

CITY OF COLUMBIA HEIGHTS, MINNESOTA
STORM SEWER UTILITY FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals for December 31, 2017

Statement 45

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Total	
					2018	2017
Assets:						
Current assets:						
Cash and cash equivalents	\$301,045	\$ -	\$1,502	\$81,121	\$383,668	\$445,982
Receivables:						
Accounts (net of allowance for uncollectibles)	116,564	-	-	-	116,564	117,879
Interest	800	-	500	200	1,500	1,200
Total current assets	<u>418,409</u>	<u>0</u>	<u>2,002</u>	<u>81,321</u>	<u>501,732</u>	<u>565,061</u>
Noncurrent assets:						
Capital assets:						
Land	260,690	-	-	-	260,690	260,690
Equipment	398,758	-	-	-	398,758	378,529
Infrastructure	2,667,144	-	-	-	2,667,144	2,667,144
Construction in process	-	-	40,986	-	40,986	9,031
Total capital assets	<u>3,326,592</u>	<u>0</u>	<u>40,986</u>	<u>0</u>	<u>3,367,578</u>	<u>3,315,394</u>
Less: accumulated depreciation	<u>(1,232,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,232,214)</u>	<u>(1,118,397)</u>
Net capital assets	<u>2,094,378</u>	<u>0</u>	<u>40,986</u>	<u>0</u>	<u>2,135,364</u>	<u>2,196,997</u>
Total noncurrent assets	<u>2,094,378</u>	<u>0</u>	<u>40,986</u>	<u>0</u>	<u>2,135,364</u>	<u>2,196,997</u>
Total assets	<u>2,512,787</u>	<u>0</u>	<u>42,988</u>	<u>81,321</u>	<u>2,637,096</u>	<u>2,762,058</u>
Liabilities:						
Current liabilities:						
Accounts payable	1,244	-	-	-	1,244	4,356
Accrued salaries and withholdings payable	3,272	-	-	-	3,272	4,087
Interfund payable	-	-	-	17,000	17,000	34,000
Accrued interest payable	-	-	-	2,435	2,435	2,461
Bonds payable - current	-	-	-	56,600	56,600	56,712
Total current liabilities	<u>4,516</u>	<u>0</u>	<u>0</u>	<u>76,035</u>	<u>80,551</u>	<u>101,616</u>
Noncurrent liabilities:						
Bonds payable - noncurrent	-	-	-	294,400	294,400	351,000
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>294,400</u>	<u>294,400</u>	<u>351,000</u>
Total liabilities	<u>4,516</u>	<u>0</u>	<u>0</u>	<u>370,435</u>	<u>374,951</u>	<u>452,616</u>
Net position:						
Net investment in capital assets	2,094,378	-	40,986	(351,000)	1,784,364	1,789,285
Restricted	-	-	-	63,969	63,969	81,462
Unrestricted	413,893	-	2,002	(2,083)	413,812	438,695
Total net position	<u>\$2,508,271</u>	<u>\$0</u>	<u>\$42,988</u>	<u>(\$289,114)</u>	<u>\$2,262,145</u>	<u>\$2,309,442</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

STORM SEWER UTILITY FUND

Statement 46

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES

IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total	
						2018	2017
Operating revenues:							
Storm sewer service charges	\$458,107	\$ -	\$ -	\$ -	\$ -	\$458,107	\$438,974
Operating expenses:							
Collection	221,212	-	166,557	-	-	387,769	251,444
Administration	2,419	-	-	-	-	2,419	2,967
Depreciation	113,818	-	-	-	-	113,818	112,588
Total operating expenses	337,449	0	166,557	0	0	504,006	366,999
Net income (loss) from operations	120,658	0	(166,557)	0	0	(45,899)	71,975
Nonoperating revenues (expenses):							
Investment income							
Interest and dividends	4,000	-	2,700	1,100	-	7,800	4,900
Change in fair value	(1,000)	-	(700)	(300)	-	(2,000)	(200)
Interest and fiscal charges	-	-	-	(7,664)	-	(7,664)	(10,606)
Sale of capital assets	-	-	-	-	-	-	16,282
Miscellaneous revenue	466	-	-	-	-	466	288
Total nonoperating revenues (expenses)	3,466	0	2,000	(6,864)	0	(1,398)	10,664
Net income (loss) before transfers	124,124	0	(164,557)	(6,864)	0	(47,297)	82,639
Transfers in	20,229	18,864	-	44,000	(83,093)	-	48,762
Transfers out	(62,864)	(20,229)	-	-	83,093	-	-
Total transfers	(42,635)	(1,365)	0	44,000	0	0	48,762
Change in net position	81,489	(1,365)	(164,557)	37,136	0	(47,297)	131,401
Net position - January 1	2,426,782	1,365	207,545	(326,250)	-	2,309,442	2,178,041
Net position - December 31	\$2,508,271	\$0	\$42,988	(\$289,114)	\$0	\$2,262,145	\$2,309,442

CITY OF COLUMBIA HEIGHTS, MINNESOTA**STORM SEWER UTILITY FUND****SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 47

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$459,888	\$475,148
Cash paid to suppliers for goods and services	(271,561)	(280,389)
Cash payments to employees for services	(122,554)	(51,619)
Net cash flows from operating activities	<u>65,773</u>	<u>143,140</u>
Cash flows from noncapital financing activities:		
Transfers in	-	48,762
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(52,185)	(125,330)
Principal payments - bonds	(73,712)	(111,611)
Interest and fiscal charges	(7,690)	(12,166)
Net cash flows from capital and related financing activities	<u>(133,587)</u>	<u>(249,107)</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	7,500	4,760
Change in fair value	(2,000)	(200)
Net cash flows from investing activities	<u>5,500</u>	<u>4,560</u>
Net increase (decrease) in cash and cash equivalents	(62,314)	(52,645)
Cash and cash equivalents - January 1	<u>445,982</u>	<u>498,627</u>
Cash and cash equivalents - December 31	<u><u>\$383,668</u></u>	<u><u>\$445,982</u></u>
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	<u>(\$45,899)</u>	<u>\$71,975</u>
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	113,818	112,588
Miscellaneous revenue	466	-
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in accounts receivable	1,315	(9,033)
(Increase) decrease in due from other governmental units	-	16,570
(Increase) decrease in deferred pension outflows	-	28,637
Increase (decrease) in accounts payable	(3,112)	2,659
Increase (decrease) in accrued salaries and withholdings payable	(815)	(704)
Increase (decrease) compensated absences payable	-	(2,153)
Increase (decrease) in net pension liability	-	(68,935)
Increase (decrease) in deferred pension inflows	-	(8,464)
Total adjustments	<u>111,672</u>	<u>71,165</u>
Net cash flows from operating activities	<u><u>\$65,773</u></u>	<u><u>\$143,140</u></u>

- This page intentionally left blank -

CITY OF COLUMBIA HEIGHTS, MINNESOTA
LIQUOR FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals for December 31, 2017

Statement 48

	Operating Account	Debt Service Account	Total	
			2018	2017
Assets:				
Current assets:				
Cash and cash equivalents	\$1,463,385	\$309,628	\$1,773,013	\$1,346,242
Receivables:				
Interest	2,600	500	3,100	1,300
Due from other governmental units	2,348	-	2,348	1,940
Inventory - at cost	2,168,304	-	2,168,304	2,354,245
Total current assets	3,636,637	310,128	3,946,765	3,703,727
Noncurrent assets:				
Capital assets:				
Land	2,006,714	-	2,006,714	2,006,714
Buildings	3,915,062	-	3,915,062	3,915,062
Equipment	431,020	-	431,020	431,020
Total capital assets	6,352,796	0	6,352,796	6,352,796
Less: Accumulated depreciation	(1,705,892)	-	(1,705,892)	(1,565,039)
Net capital assets	4,646,904	0	4,646,904	4,787,757
Total noncurrent assets	4,646,904	0	4,646,904	4,787,757
Total assets	8,283,541	310,128	8,593,669	8,491,484
Liabilities:				
Current liabilities:				
Accounts payable	398,821	-	398,821	340,618
Accrued salaries and withholdings payable	46,558	-	46,558	40,690
Due to other governmental units	97,343	-	97,343	99,395
Accrued interest payable	-	24,649	24,649	29,572
Bonds payable - current	-	245,000	245,000	185,000
Total current liabilities	542,722	269,649	812,371	695,275
Noncurrent liabilities:				
Bonds payable - noncurrent	-	2,835,000	2,835,000	3,080,000
Premium/discount on bonds payable	-	61,429	61,429	73,105
Total noncurrent liabilities	0	2,896,429	2,896,429	3,153,105
Total liabilities	542,722	3,166,078	3,708,800	3,848,380
Net position:				
Net investment in capital assets	4,646,904	(3,141,429)	1,505,475	1,449,652
Restricted for debt service	-	302,767	302,767	272,999
Unrestricted	3,093,915	(17,288)	3,076,627	2,920,453
Total net position	\$7,740,819	(\$2,855,950)	\$4,884,869	\$4,643,104

CITY OF COLUMBIA HEIGHTS, MINNESOTA**LIQUOR FUND****SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND****CHANGES IN FUND NET POSITION**

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Operating Accounts		
	Top Valu	Top Valu II	Heights Liquor
Operating revenues:			
Charges for sales:			
Liquor	\$1,530,925	\$1,115,510	\$596,486
Beer	1,688,067	1,402,021	511,757
Wine	582,419	491,226	67,891
Other	228,601	199,841	173,832
Total operating revenues	<u>4,030,012</u>	<u>3,208,598</u>	<u>1,349,966</u>
Operating expenses:			
Cost of goods sold	3,025,479	2,406,334	1,016,410
Operating expense	749,882	608,081	209,217
Depreciation	78,665	60,620	1,569
Total operating expenses	<u>3,854,026</u>	<u>3,075,035</u>	<u>1,227,196</u>
Net income from operations	<u>\$175,986</u>	<u>\$133,563</u>	<u>\$122,770</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends			
Change in fair value			
Intergovernmental			
Interest and fiscal charges			
Issuance costs			
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	Total	
			2018	2017
\$3,242,921	\$ -	\$ -	\$3,242,921	\$3,181,242
3,601,845	-	-	3,601,845	3,551,724
1,141,536	-	-	1,141,536	1,153,587
602,274	-	-	602,274	535,899
<u>8,588,576</u>	<u>0</u>	<u>0</u>	<u>8,588,576</u>	<u>8,422,452</u>
6,448,223	-	-	6,448,223	6,289,295
1,567,180	-	-	1,567,180	1,467,458
140,854	-	-	140,854	146,700
<u>8,156,257</u>	<u>0</u>	<u>0</u>	<u>8,156,257</u>	<u>7,903,453</u>
432,319	0	0	432,319	518,999
13,200	2,400	-	15,600	5,755
(3,300)	(600)	-	(3,900)	(200)
5,694	-	-	5,694	3,987
-	(60,644)	-	(60,644)	(128,257)
-	-	-	-	(33,417)
(360)	-	-	(360)	(654)
<u>15,234</u>	<u>(58,844)</u>	<u>0</u>	<u>(43,610)</u>	<u>(152,786)</u>
447,553	(58,844)	0	388,709	366,213
-	268,000	(268,000)	-	711,918
(414,944)	-	268,000	(146,944)	(160,200)
<u>(414,944)</u>	<u>268,000</u>	<u>0</u>	<u>(146,944)</u>	<u>551,718</u>
32,609	209,156	0	241,765	917,931
<u>7,708,210</u>	<u>(3,065,106)</u>	<u>0</u>	<u>4,643,104</u>	<u>3,725,173</u>
<u>\$7,740,819</u>	<u>(\$2,855,950)</u>	<u>\$0</u>	<u>\$4,884,869</u>	<u>\$4,643,104</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA**LIQUOR FUND****SUBCOMBINING SCHEDULE OF CASH FLOWS**

For Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 50**Page 1 of 2**

	2018	2017
Cash flows from operating activities:		
Cash received from customers	\$8,588,168	\$8,422,714
Cash paid to suppliers for goods and services	(6,637,569)	(6,149,412)
Cash payments to employees for services	(1,130,234)	(1,842,266)
Net cash flows from operating activities	<u>820,365</u>	<u>431,036</u>
Cash flows from noncapital financing activities		
Transfers in	-	711,918
Transfers out	(146,944)	(160,200)
Intergovernmental	5,694	3,987
Net cash flows from noncapital financing activities	<u>(141,250)</u>	<u>555,705</u>
Cash flows from capital and related financing activities:		
Refunding bond issued	-	3,265,000
Principal payments - bonds	(185,000)	(3,895,000)
Interest and fiscal charges - including capitalized interest	(77,244)	(145,179)
Net cash flows from capital and related financing activities	<u>(262,244)</u>	<u>(775,179)</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	13,800	4,535
Change in fair value	(3,900)	(200)
Net cash flows from investing activities	<u>9,900</u>	<u>4,335</u>
Net increase (decrease) in cash and cash equivalents	426,771	215,897
Cash and cash equivalents - January 1	<u>1,346,242</u>	<u>1,130,345</u>
Cash and cash equivalents - December 31	<u><u>\$1,773,013</u></u>	<u><u>\$1,346,242</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

LIQUOR FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 50

Page 2 of 2

	2018	2017
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$432,319	\$518,999
Adjustments to reconcile operating income to net cash flows from operating activities:		
Depreciation expense	140,854	146,700
Miscellaneous expense	(360)	(654)
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in accounts receivable	-	54
(Increase) decrease in due from other governmental units	(408)	208
(Increase) decrease in deferred pension outflows	-	418,095
(Increase) decrease in inventory, at cost	185,941	497,271
Increase (decrease) in accounts payable	58,203	63,095
Increase (decrease) in accrued salaries and withholdings payable	5,868	(1,490)
Increase (decrease) in due to other governmental units	(2,052)	5,018
Increase (decrease) in compensated absences payable	-	(86,247)
Increase (decrease) in net pension liability	-	(1,006,445)
Increase (decrease) in deferred pension inflows	-	(123,568)
Total adjustments	388,046	(87,963)
Net cash flows from operating activities	\$820,365	\$431,036

- 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.

Municipal Service Center Fund

Central Garage - 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.

Building Maintenance – used to account for the costs of staff charged with maintaining City facilities. All costs are recorded in this fund and are financed by transfers from user departments.

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.

Risk Management 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.

Employee Benefits Fund – used to account for long-term obligations for compensated absences, pensions, and other post-employment benefits earned by employees' services.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2018

Statement 51

	Municipal Service Center	Information Systems	Risk Management	Employee Benefits Fund	Total Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$900,010	\$613,297	\$1,208,060	\$1,353,178	\$4,074,545
Due from other governmental units	2,349	-	-	-	2,349
Interest receivable	3,200	2,100	3,800	-	9,100
Prepayments	-	9,965	62,363	-	72,328
Inventory - at cost	51,792	-	-	-	51,792
Total current assets	957,351	625,362	1,274,223	1,353,178	4,210,114
Noncurrent assets:					
Capital assets:					
Land	15,779	-	-	-	15,779
Construction in proress	31,677	-	-	-	31,677
Buildings	1,978,957	-	-	-	1,978,957
Equipment	218,834	302,583	-	-	521,417
Total capital assets	2,245,247	302,583	0	0	2,547,830
Less: accumulated depreciation	(1,194,727)	(258,043)	-	-	(1,452,770)
Net capital assets	1,050,520	44,540	0	0	1,095,060
Total noncurrent assets	1,050,520	44,540	0	0	1,095,060
Total assets	2,007,871	669,902	1,274,223	1,353,178	5,305,174
Deferred outflows of resources:					
Related to pensions	-	-	-	5,920,360	5,920,360
Liabilities:					
Current liabilities:					
Accounts payable	39,358	3,658	-	-	43,016
Accrued salaries and withholdings payable	16,363	12,529	-	-	28,892
Unearned revenue	8,896	-	-	-	8,896
Compensated absences payable - current	-	-	-	209,900	209,900
Total current liabilities	64,617	16,187	0	209,900	290,704
Noncurrent liabilities:					
Compensated absences payable - noncurrent	-	-	-	1,143,278	1,143,278
Other postemployment benefits payable	-	-	-	1,252,872	1,252,872
Net pension liability	-	-	-	8,059,561	8,059,561
Total noncurrent liabilities	0	0	0	10,455,711	10,455,711
Total liabilities	64,617	16,187	0	10,665,611	10,746,415
Deferred inflows of resources:					
Related to pensions	-	-	-	8,299,090	8,299,090
Net position:					
Net investments in capital assets	1,050,520	44,540	-	-	1,095,060
Unrestricted	892,734	609,175	1,274,223	(11,691,163)	(8,915,031)
Total net position	\$1,943,254	\$653,715	\$1,274,223	(\$11,691,163)	(\$7,819,971)

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, 2018

Statement 52

	Municipal Service Center	Information Systems	Risk Management	Employee Benefits Fund	Intrafund Eliminations	Total Internal Service Funds
Operating revenues:						
Charges for services:						
Services to departments	\$374,334	\$336,613	\$674,547	\$1,006,344	\$ -	\$2,391,838
Use of space	332,351	-	-	-	-	332,351
Recovery of damages	-	-	37,091	-	-	37,091
Charges for sales:					-	
Sales of motor fuel	127,679	-	-	-	-	127,679
Total operating revenues	<u>834,364</u>	<u>336,613</u>	<u>711,638</u>	<u>1,006,344</u>	<u>0</u>	<u>2,888,959</u>
Operating expenses:						
Cost of services and space	749,810	376,998	686,242	860,176	-	2,673,226
Depreciation	65,888	14,261	-	-	-	80,149
Total operating expenses	<u>815,698</u>	<u>391,259</u>	<u>686,242</u>	<u>860,176</u>	<u>0</u>	<u>2,753,375</u>
Net income (loss) from operations	<u>18,666</u>	<u>(54,646)</u>	<u>25,396</u>	<u>146,168</u>	<u>0</u>	<u>135,584</u>
Nonoperating revenues (expenses):						
Investment income						
Interest and dividends	15,600	10,500	18,900	-	-	45,000
Change in fair value	(3,900)	(2,600)	(4,700)	-	-	(11,200)
Intergovernmental	-	-	-	64,186	-	64,186
Sale of capital assets	2,000	-	-	-	-	2,000
Total nonoperating revenues (expenses)	<u>13,700</u>	<u>7,900</u>	<u>14,200</u>	<u>64,186</u>	<u>0</u>	<u>99,986</u>
Net income (loss) before transfers	<u>32,366</u>	<u>(46,746)</u>	<u>39,596</u>	<u>210,354</u>	<u>0</u>	<u>235,570</u>
Transfers in	4,300	-	-	-	(4,300)	-
Transfers out	(88,917)	-	(4,300)	-	4,300	(88,917)
Total transfers	<u>(84,617)</u>	<u>0</u>	<u>(4,300)</u>	<u>0</u>	<u>0</u>	<u>(88,917)</u>
Change in net position	(52,251)	(46,746)	35,296	210,354	0	146,653
Net position - January 1	<u>1,995,505</u>	<u>700,461</u>	<u>1,238,927</u>	<u>(11,901,517)</u>	<u>-</u>	<u>(7,966,624)</u>
Net position - December 31	<u>\$1,943,254</u>	<u>\$653,715</u>	<u>\$1,274,223</u>	<u>(\$11,691,163)</u>	<u>\$0</u>	<u>(\$7,819,971)</u>

	Municipal Service Center	Information Systems	Risk Management	Employee Benefits Fund	Intrafund Eliminations	Total Internal Service Funds
Cash flows from operating activities:						
Cash received from interfund goods and services provided	\$834,364	\$336,613	\$674,547	\$1,814,326	\$ -	\$3,659,850
Cash received for damages	-	-	37,091	-	-	37,091
Cash paid to suppliers for goods and services	(330,369)	(63,318)	(680,269)	(1,908,522)	-	(2,982,478)
Cash payments to employees for services	(407,120)	(310,355)	-	-	-	(717,475)
Net cash flows provided by (used in) operating activities	96,875	(37,060)	31,369	(94,196)	0	(3,012)
Cash flows from noncapital financing activities:						
Intergovernmental				64,186	-	64,186
Increases in compensated absences payable	-	-	-	884,863	-	884,863
Decreases in compensated absences payable	-	-	-	(829,065)	-	(829,065)
Increases in other postemployment benefits payable	-	-	-	30,010	-	30,010
Transfers in	4,300	-	-	-	(4,300)	-
Transfers out	(88,917)	-	(4,300)	-	4,300	(88,917)
Net cash flows provided by (used in) noncapital financing activities	(84,617)	0	(4,300)	149,994	0	61,077
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(37,877)	(50,423)	-	-	-	(88,300)
Proceeds from the sale of assets	2,000	-	-	-	-	2,000
Net cash flows from capital and related financing activities	(35,877)	(50,423)	0	0	0	(86,300)
Cash flows from investing activities:						
Investment income:						
Interest and dividends	14,600	10,200	18,200	-	-	43,000
Change in fair value	(3,900)	(2,600)	(4,700)	-	-	(11,200)
Net cash flows provided by (used in) investing activities	10,700	7,600	13,500	0	0	31,800
Net increase (decrease) in cash and cash equivalents	(12,919)	(79,883)	40,569	55,798	0	3,565
Cash and cash equivalents - January 1	912,929	693,180	1,167,491	1,297,380	-	4,070,980
Cash and cash equivalents - December 31	\$900,010	\$613,297	\$1,208,060	\$1,353,178	\$0	\$4,074,545
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$18,666	(\$54,646)	\$25,396	\$146,168	\$ -	\$135,584
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation expense	65,888	14,261	-	-	-	80,149
Changes in assets and liabilities:						
(Increase) decrease in prepayments	-	972	5,973	-	-	6,945
(Increase) decrease in inventory, at cost	(5,785)	-	-	-	-	(5,785)
(Increase) decrease in due from other governmental units	(2,349)	-	-	-	-	(2,349)
(Increase) decrease in deferred pension outflows	-	-	-	1,346,523	-	1,346,523
Increase (decrease) in accounts payable	18,419	415	-	-	-	18,834
Increase (decrease) in accrued salaries and withholdings payable	1,777	1,938	-	-	-	3,715
Increase (decrease) in compensated absences payable	-	-	-	-	-	-
Increase (decrease) in deferred revenue	259	-	-	-	-	259
Increase (decrease) in net pension liability	-	-	-	(1,575,487)	-	(1,575,487)
Increase (decrease) in deferred inflows of resources	-	-	-	(11,400)	-	(11,400)
Total adjustments	78,209	17,586	5,973	(240,364)	0	(138,596)
Net cash flows provided by (used in) operating activities	\$96,875	(\$37,060)	\$31,369	(\$94,196)	\$0	(\$3,012)
Noncash capital and related financing activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF COLUMBIA HEIGHTS, MINNESOTA
MUNICIPAL SERVICE CENTER
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals For December 31, 2017

Statement 54

	Central Garage Operating Account	Capital Equipment Replacement Account	Building Maintenance Operating Account	Total	
				2018	2017
Assets:					
Current assets:					
Cash and cash equivalents	\$805,078	\$34,058	\$60,874	\$900,010	\$912,929
Due from other governmental units	2,349	-	-	2,349	-
Interest receivable	2,500	200	500	3,200	2,200
Inventory - at cost	51,792	-	-	51,792	46,007
Total current assets	861,719	34,258	61,374	957,351	961,136
Noncurrent assets:					
Capital assets:					
Land	15,779	-	-	15,779	15,779
Construction in progress	31,677	-	-	31,677	-
Buildings	1,978,957	-	-	1,978,957	1,978,957
Equipment	218,834	-	-	218,834	234,265
Total capital assets	2,245,247	0	0	2,245,247	2,229,001
Less: Accumulated depreciation	(1,194,727)	-	-	(1,194,727)	(1,150,470)
Net capital assets	1,050,520	0	0	1,050,520	1,078,531
Total noncurrent assets	1,050,520	0	0	1,050,520	1,078,531
Total assets	1,912,239	34,258	61,374	2,007,871	2,039,667
Liabilities:					
Current liabilities:					
Accounts payable	38,241	-	1,117	39,358	20,939
Accrued salaries and withholdings payable	9,700	-	6,663	16,363	14,586
Unearned revenue	8,896	-	-	8,896	8,637
Total current liabilities	56,837	0	7,780	64,617	44,162
Net position:					
Net investments in capital assets	1,050,520	-	-	1,050,520	1,078,531
Unrestricted	804,882	34,258	53,594	892,734	916,974
Total net position	\$1,855,402	\$34,258	\$53,594	\$1,943,254	\$1,995,505

CITY OF COLUMBIA HEIGHTS, MINNESOTA

MUNICIPAL SERVICE CENTER

Statement 55

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND

CHANGES IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Central Garage Operating Account	Capital Equipment Replacement Account	Building Maintenance Operating Account	Intrafund Eliminations	Total	
					2018	2017
Operating revenues:						
Charges for services:						
Services to departments	\$168,834	\$ -	\$205,500	\$ -	\$374,334	\$323,797
Use of space	332,351	-	-	-	332,351	313,865
Charges for sales:						
Sales of motor fuel	127,679	-	-	-	127,679	100,963
Total operating revenues	<u>628,864</u>	<u>0</u>	<u>205,500</u>	<u>0</u>	<u>834,364</u>	<u>738,625</u>
Operating expenses:						
Cost of services and space	561,822	-	187,988	-	749,810	694,422
Depreciation	65,888	-	-	-	65,888	68,201
Total operating expenses	<u>627,710</u>	<u>0</u>	<u>187,988</u>	<u>0</u>	<u>815,698</u>	<u>762,623</u>
Net income (loss) from operations	<u>1,154</u>	<u>-</u>	<u>17,512</u>	<u>-</u>	<u>18,666</u>	<u>(23,998)</u>
Nonoperating revenues:						
Investment income:						
Interest and dividends	12,300	1,000	2,300	-	15,600	9,300
Change in fair value	(3,100)	(200)	(600)	-	(3,900)	(500)
Sale of capital assets	-	2,000	-	-	2,000	-
Total nonoperating revenues	<u>9,200</u>	<u>2,800</u>	<u>1,700</u>	<u>0</u>	<u>13,700</u>	<u>8,800</u>
Net income (loss) before transfers	<u>10,354</u>	<u>2,800</u>	<u>19,212</u>	<u>0</u>	<u>32,366</u>	<u>(15,198)</u>
Transfers in	35,977	4,000	-	(35,677)	4,300	224,304
Transfers out	(4,000)	(31,677)	(88,917)	35,677	(88,917)	-
Total transfers	<u>31,977</u>	<u>(27,677)</u>	<u>(88,917)</u>	<u>0</u>	<u>(84,617)</u>	<u>224,304</u>
Change in net position	42,331	(24,877)	(69,705)	-	(52,251)	209,106
Net position - January 1	<u>1,813,071</u>	<u>59,135</u>	<u>123,299</u>	<u>0</u>	<u>1,995,505</u>	<u>1,786,399</u>
Net position - December 31	<u>\$1,855,402</u>	<u>\$34,258</u>	<u>\$53,594</u>	<u>\$0</u>	<u>\$1,943,254</u>	<u>\$1,995,505</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

MUNICIPAL SERVICE CENTER

Statement 56**SUBCOMBINING SCHEDULE OF CASH FLOWS**

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from interfund goods & services provided	\$834,364	\$738,625
Cash paid to suppliers for goods and services	(330,369)	(335,317)
Cash payments to employees for services	(407,120)	(641,046)
Net cash flows from operating activities	96,875	(237,738)
Cash flows from noncapital financing activities:		
Transfers in	4,300	224,304
Transfers out	(88,917)	-
Net cash flows from noncapital financing activities:	(84,617)	224,304
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(37,877)	-
Proceeds from the sale of assets	2,000	-
Net cash flows from capital and related financing activities	(35,877)	0
Cash flows from investing activities:		
Investment income:		
Interest and dividends	14,600	8,500
Change in fair value	(3,900)	(500)
Net cash flows from investing activities	10,700	8,000
Net increase (decrease) in cash and cash equivalents	(12,919)	(5,434)
Cash and cash equivalents - January 1	912,929	918,363
Cash and cash equivalents - December 31	\$900,010	\$912,929
Reconciliation of operating income to net cash flows from operating activities:		
Operating income (loss)	\$18,666	(\$23,998)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	65,888	68,201
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in inventory, at cost	(5,785)	(450)
(Increase) decrease in due from other governmental units	(2,349)	10
(Increase) decrease in deferred pension outflows	-	131,729
Increase (decrease) in accounts payable	18,419	(8,536)
Increase (decrease) in accrued salaries and withholdings payable	1,777	1,489
Increase (decrease) in compensated absences payable	-	(50,402)
Increase (decrease) in unearned revenue	259	252
Increase (decrease) in net pension liability	-	(317,100)
Increase (decrease) in deferred pension inflows	-	(38,933)
Total adjustments	78,209	(213,740)
Net cash flows from operating activities	\$96,875	(\$237,738)

CITY OF COLUMBIA HEIGHTS, MINNESOTA
INFORMATION SYSTEMS FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals For December 31, 2017

Statement 57

	Operating Account	Capital Equipment Replacement Account	Total	
			2018	2017
Assets:				
Current assets:				
Cash and cash equivalents	\$240,474	\$372,823	\$613,297	\$693,180
Interest receivable	800	1,300	2,100	1,800
Prepaid expenses	9,965	-	9,965	10,937
Total current assets	<u>251,239</u>	<u>374,123</u>	<u>625,362</u>	<u>705,917</u>
Noncurrent assets:				
Capital assets:				
Equipment	302,583	-	302,583	252,160
Less: accumulated depreciation	(258,043)	-	(258,043)	(243,782)
Net capital assets	<u>44,540</u>	<u>0</u>	<u>44,540</u>	<u>8,378</u>
Total noncurrent assets	<u>44,540</u>	<u>0</u>	<u>44,540</u>	<u>8,378</u>
Total assets	<u>295,779</u>	<u>374,123</u>	<u>669,902</u>	<u>714,295</u>
Liabilities:				
Current liabilities:				
Accounts payable	3,658	-	3,658	3,243
Accrued salaries and withholdings payable	12,529	-	12,529	10,591
Total current liabilities	<u>16,187</u>	<u>0</u>	<u>16,187</u>	<u>13,834</u>
Net position:				
Net investments in capital assets	44,540	-	44,540	8,378
Unrestricted	<u>235,052</u>	<u>374,123</u>	<u>609,175</u>	<u>692,083</u>
Total net position	<u>\$279,592</u>	<u>\$374,123</u>	<u>\$653,715</u>	<u>\$700,461</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

INFORMATION SYSTEMS FUND

Statement 58

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND

CHANGES IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Operating Account	Capital Equipment Replacement Account	Intrafund Eliminations	Total	
				2018	2017
Operating revenues:					
Charges for services	\$335,000	\$1,613	\$ -	\$336,613	\$335,000
Total operating revenues	<u>335,000</u>	<u>1,613</u>	<u>0</u>	<u>336,613</u>	<u>335,000</u>
Operating expenses:					
Cost of services	359,194	17,804	-	376,998	342,067
Depreciation	<u>14,261</u>	<u>-</u>	<u>-</u>	<u>14,261</u>	<u>15,467</u>
Total operating expenses	<u>373,455</u>	<u>17,804</u>	<u>0</u>	<u>391,259</u>	<u>357,534</u>
Net income (loss) from operations	<u>(38,455)</u>	<u>(16,191)</u>	<u>0</u>	<u>(54,646)</u>	<u>(22,534)</u>
Nonoperating revenues:					
Investment income					
Interest and dividends	4,100	6,400	-	10,500	7,500
Change in fair value	<u>(1,000)</u>	<u>(1,600)</u>	<u>-</u>	<u>(2,600)</u>	<u>(300)</u>
Total nonoperating revenues	<u>3,100</u>	<u>4,800</u>	<u>0</u>	<u>7,900</u>	<u>7,200</u>
Net income (loss) before transfers	<u>(35,355)</u>	<u>(11,391)</u>	<u>0</u>	<u>(46,746)</u>	<u>(15,334)</u>
Transfers in	50,423	-	(50,423)	-	185,293
Transfers out	<u>-</u>	<u>(50,423)</u>	<u>50,423</u>	<u>-</u>	<u>-</u>
Total transfers	<u>50,423</u>	<u>(50,423)</u>	<u>0</u>	<u>0</u>	<u>185,293</u>
Change in net position	15,068	(61,814)	0	(46,746)	169,959
Net position - January 1	<u>264,524</u>	<u>435,937</u>	<u>-</u>	<u>700,461</u>	<u>530,502</u>
Net position - December 31	<u>\$279,592</u>	<u>\$374,123</u>	<u>\$0</u>	<u>\$653,715</u>	<u>\$700,461</u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA

INFORMATION SYSTEMS FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 59

	2018	2017
Cash flows from operating activities:		
Cash received from interfund goods & services provided	\$336,613	\$335,000
Cash paid to suppliers for goods and services	(63,318)	(68,465)
Cash payments to employees for services	(310,355)	(493,674)
Net cash flows from operating activities	(37,060)	(227,139)
Cash flows from noncapital financing activities:		
Transfers in	-	185,293
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(50,423)	-
Cash flows from investing activities:		
Investment income:		
Interest and dividends	10,200	7,000
Change in fair value	(2,600)	(300)
Net cash flows from investing activities	7,600	6,700
Net increase (decrease) in cash and cash equivalents	(79,883)	(35,146)
Cash and cash equivalents - January 1	693,180	728,326
Cash and cash equivalents - December 31	\$613,297	\$693,180
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	(\$54,646)	(\$22,534)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	14,261	15,467
Changes in assets, liabilities, deferred outflows and inflows:		
(Increase) decrease in prepayments	972	(6,682)
(Increase) decrease in deferred pension outflows	-	108,819
Increase (decrease) in accounts payable	415	(4,802)
Increase (decrease) in accrued salaries and withholdings payable	1,938	512
Increase (decrease) in compensated absences payable	-	(23,807)
Increase (decrease) in net pension liability	-	(261,951)
Increase (decrease) in deferred pension inflows	-	(32,161)
Total adjustments	17,586	(204,605)
Net cash flows from operating activities	(\$37,060)	(\$227,139)

CITY OF COLUMBIA HEIGHTS, MINNESOTA
RISK MANAGEMENT FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals For December 31, 2017

Statement 60

	<u>2018</u>	<u>2017</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$1,208,060	\$1,167,491
Interest receivable	3,800	3,100
Prepayments	<u>62,363</u>	<u>68,336</u>
Total assets	<u>1,274,223</u>	<u>1,238,927</u>
Liabilities	<u>-</u>	<u>-</u>
Net position:		
Unrestricted	<u>1,274,223</u>	<u>1,238,927</u>
Total net position	<u><u>\$1,274,223</u></u>	<u><u>\$1,238,927</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA**RISK MANAGEMENT FUND****Statement 61****SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND****CHANGES IN FUND NET POSITION**

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Operating revenues:		
Insurance allocation	\$674,547	\$663,937
Recovery of damages	37,091	91,092
Total operating revenues	711,638	755,029
Operating expenses:		
Cost of services:		
Premiums	656,810	681,534
Claims	29,432	75,286
Total operating expenses	686,242	756,820
Net income (loss) from operations	25,396	(1,791)
Nonoperating revenues:		
Investment income		
Interest and dividends	18,900	12,700
Change in fair value	(4,700)	(600)
Total nonoperating revenues	14,200	12,100
Net income before transfers	39,596	10,309
Transfers out	(4,300)	-
Change in net position	35,296	10,309
Net position - January 1	1,238,927	1,228,618
Net position - December 31	\$1,274,223	\$1,238,927

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

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	2018	2017
Cash flows from operating activities:		
Cash received from interfund services provided	\$674,547	\$663,937
Cash received for damages	37,091	91,092
Cash paid to suppliers for goods and services	(680,269)	(760,876)
Net cash flows from operating activities	<u>31,369</u>	<u>(5,847)</u>
Cash flows from noncapital financing activities:		
Transfers out	<u>(4,300)</u>	<u>-</u>
Cash flows from investing activities:		
Investment income:		
Interest and dividends	18,200	11,600
Change in fair value	(4,700)	(600)
Net cash flows from investing activities	<u>13,500</u>	<u>11,000</u>
Net increase in cash and cash equivalents	40,569	5,153
Cash and cash equivalents - January 1	<u>1,167,491</u>	<u>1,162,338</u>
Cash and cash equivalents - December 31	<u><u>\$1,208,060</u></u>	<u><u>\$1,167,491</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	<u>\$25,396</u>	<u>(\$1,791)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in prepayments	5,973	(2,056)
Increase (decrease) in accounts payable	-	(2,000)
Total adjustments	<u>5,973</u>	<u>(4,056)</u>
Net cash flows from operating activities	<u><u>\$31,369</u></u>	<u><u>(\$5,847)</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA
EMPLOYEE BENEFITS FUND
SUBCOMBINING SCHEDULE OF NET POSITION
December 31, 2018
With Comparative Totals For December 31, 2017

Statement 63

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total	
				2018	2017
Assets:					
Current assets:					
Cash and cash equivalents	\$1,353,178	\$ -	\$ -	\$1,353,178	\$1,297,380
Total assets	1,353,178	0	0	1,353,178	1,297,380
Deferred outflows of resources:					
Related to pensions	-	5,920,360	-	5,920,360	7,266,883
Liabilities:					
Current liabilities:					
Compensated absences payable - current	209,900	-	-	209,900	103,600
Total current liabilities	209,900	0	0	209,900	103,600
Noncurrent liabilities:					
Compensated absences payable - noncurrent	1,143,278	-	-	1,143,278	1,193,780
Other postemployment benefits payable	-	-	1,252,872	1,252,872	1,296,890
Related to pensions	-	8,059,561	-	8,059,561	9,635,048
Total noncurrent liabilities	1,143,278	8,059,561	1,252,872	10,455,711	12,125,718
Total liabilities	1,353,178	8,059,561	1,252,872	10,665,611	12,229,318
Deferred inflows of resources:					
Related to pensions	-	8,225,061	74,029	8,299,090	8,236,461
Net position:					
Unrestricted	-	(10,364,262)	(1,326,901)	(11,691,163)	(11,901,516)
Total net position	\$0	(\$10,364,262)	(\$1,326,901)	(\$11,691,163)	(\$11,901,516)

CITY OF COLUMBIA HEIGHTS, MINNESOTA

EMPLOYEE BENEFITS FUND

Statement 64

SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total	
				2018	2017
Operating revenues:					
Charges for services	\$ -	\$962,556	\$43,788	\$1,006,344	\$987,583
Operating expenses:					
Cost of services and space	-	786,378	73,798	860,176	1,842,905
Net income (loss) from operations	-	176,178	(30,010)	146,168	(855,322)
Nonoperating revenues:					
Intergovernmental	-	64,186	-	64,186	29,623
Net income (loss) before transfers and special items	0	240,364	(30,010)	210,354	(825,699)
Transfers out	-	-	-	-	(1,594,501)
Special item	-	-	-	-	(8,271,444)
Total transfers and special items	0	0	0	0	(9,865,945)
Change in net position	-	240,364	(30,010)	210,354	(10,691,644)
Net position - January 1	-	(10,604,626)	(1,296,891)	(11,901,517)	(1,209,873)
Net position - December 31	\$0	(\$10,364,262)	(\$1,326,901)	(\$11,691,163)	(\$11,901,517)

CITY OF COLUMBIA HEIGHTS, MINNESOTA

EMPLOYEE BENEFITS FUND

SUBCOMBINING SCHEDULE OF CASH FLOWS

For The Year Ended December 31, 2018

With Comparative Totals For The Year Ended December 31, 2017

Statement 65

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total	
				2018	2017
Cash flows from operating activities:					
Cash received from interfund services provided	\$ -	\$1,770,538	\$43,788	\$1,814,326	\$2,582,084
Cash paid to suppliers for goods and services	-	(1,834,724)	(73,798)	(1,908,522)	(1,332,087)
Net cash flows from operating activities	0	(64,186)	(30,010)	(94,196)	1,249,997
Cash flows from noncapital financing activities:					
Intergovernmental	-	64,186	-	64,186	29,623
Increases in compensated absences payable	884,863	-	-	884,863	1,058,692
Decreases in compensated absences payable	(829,065)	-	-	(829,065)	(795,218)
Increases in other postemployment benefits payable	-	-	30,010	30,010	314,881
Transfers out	-	-	-	-	(1,594,501)
Net cash flows from noncapital financing activities:	55,798	64,186	30,010	149,994	(986,523)
Net increase (decrease) in cash and cash equivalents	55,798	0	0	55,798	263,474
Cash and cash equivalents - January 1	1,297,380	-	-	1,297,380	1,033,906
Cash and cash equivalents - December 31	\$1,353,178	\$0	\$0	\$1,353,178	\$1,297,380
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ -	\$176,178	(\$30,010)	\$146,168	\$855,322
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
(Increase) decrease in deferred pension outflows	-	1,346,523	-	1,346,523	3,991,723
Increase (decrease) in net pension liability	-	(1,575,487)	-	(1,575,487)	(7,846,407)
Increase (decrease) in other postemployment benefits payable	-	-	-	-	(227,863)
Increase (decrease) in deferred pension inflows	-	(11,400)	-	(11,400)	6,187,866
Total adjustments	0	(240,364)	0	(240,364)	2,105,319
Net cash flows from operating activities	\$0	(\$64,186)	(\$30,010)	(\$94,196)	\$2,960,641

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, 2018

Statement 66

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>Permit Surcharge Fund</u>				
Assets:				
Cash and investments	\$378,603	\$24,432	(\$403,035)	\$ -
Total assets	<u>\$378,603</u>	<u>\$24,432</u>	<u>(\$403,035)</u>	<u>\$0</u>
Liabilities:				
Due to other governmental units	\$378,603	\$ -	(\$378,603)	\$ -
Total liabilities	<u>\$378,603</u>	<u>\$0</u>	<u>(\$378,603)</u>	<u>\$0</u>
<u>Tri-City GIS Fund</u>				
Assets:				
Cash and investments	\$8,740	\$130,804	(\$139,544)	\$ -
Due from other governmental units	1,338	-	(1,338)	-
Total assets	<u>\$10,078</u>	<u>\$130,804</u>	<u>(\$140,882)</u>	<u>\$0</u>
Liabilities:				
Accounts payable	\$8,444	\$131,595	(\$140,039)	\$ -
Due to other governmental units	1,634	-	(1,634)	-
Total liabilities	<u>\$10,078</u>	<u>\$131,595</u>	<u>(\$141,673)</u>	<u>\$0</u>
<u>Total</u>				
Assets:				
Cash and investments	\$387,343	\$155,236	(\$542,579)	\$ -
Due from other governmental units	1,338	-	(1,338)	-
Total assets	<u>\$388,681</u>	<u>\$155,236</u>	<u>(\$543,917)</u>	<u>\$0</u>
Liabilities:				
Accounts payable	\$8,444	\$131,595	(\$140,039)	\$ -
Due to other governmental units	380,237	-	(380,237)	-
Total liabilities	<u>\$388,681</u>	<u>\$131,595</u>	<u>(\$520,276)</u>	<u>\$0</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 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)

	2009	2010	2011	2012
Governmental activities:				
Invested in capital assets, net of related debt	\$24,163,911	\$26,279,178	\$28,095,261	\$27,666,461
Restricted	2,458,743	2,034,030	3,213,455	2,624,466
Unrestricted	22,423,351	23,142,534	21,119,179	21,241,595
Total governmental activities net position	<u>\$49,046,005</u>	<u>\$51,455,742</u>	<u>\$52,427,895</u>	<u>\$51,532,522</u>
Business-type activities:				
Invested in capital assets, net of related debt	\$7,459,474	\$8,044,184	\$9,331,167	\$9,819,666
Restricted	648,435	438,275	381,465	161,503
Unrestricted	6,014,140	6,725,383	5,918,147	6,680,609
Total business-type activities net position	<u>\$14,122,049</u>	<u>\$15,207,842</u>	<u>\$15,630,779</u>	<u>\$16,661,778</u>
Primary government:				
Invested in capital assets, net of related debt	\$31,623,385	\$34,323,362	\$37,426,428	\$37,486,127
Restricted	3,107,178	2,472,305	3,594,920	2,785,969
Unrestricted	28,437,491	29,867,917	27,037,326	27,922,204
Total primary government net position	<u>\$63,168,054</u>	<u>\$66,663,584</u>	<u>\$68,058,674</u>	<u>\$68,194,300</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

2013	2014	2015	2016	2017	2018
\$27,358,490	\$26,049,057	\$27,168,555	\$29,429,299	\$30,852,838	\$28,080,462
2,025,652	3,752,839	4,710,968	5,120,811	3,145,032	5,032,456
22,222,578	23,157,208	15,717,275	12,708,802	15,789,925	16,318,914
<u>\$51,606,720</u>	<u>\$52,959,104</u>	<u>\$47,596,798</u>	<u>\$47,258,912</u>	<u>\$49,787,795</u>	<u>\$49,431,832</u>
\$10,365,407	\$10,729,457	\$11,928,401	\$11,965,156	\$11,831,468	\$11,675,036
643,320	543,822	533,756	571,852	498,838	559,390
6,690,111	7,269,897	6,098,230	6,533,748	7,111,765	8,093,363
<u>\$17,698,838</u>	<u>\$18,543,176</u>	<u>\$18,560,387</u>	<u>\$19,070,756</u>	<u>\$19,442,071</u>	<u>\$20,327,789</u>
\$37,723,897	\$36,778,514	\$39,096,956	\$41,394,455	\$42,684,306	\$39,755,498
2,668,972	4,296,661	5,244,724	5,692,663	3,643,870	5,591,846
28,912,689	30,427,105	21,815,505	19,242,550	22,901,690	24,412,277
<u>\$69,305,558</u>	<u>\$71,502,280</u>	<u>\$66,157,185</u>	<u>\$66,329,668</u>	<u>\$69,229,866</u>	<u>\$69,759,621</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$1,761,334	\$2,013,750	\$2,039,680	\$1,977,594
Public safety	4,591,977	5,473,224	5,549,678	5,708,009
Public works	2,794,189	2,777,966	2,654,047	3,200,572
Culture and recreation	2,182,856	2,479,519	2,576,409	2,500,719
Community development	2,385,405	2,295,574	1,630,350	2,157,966
Interest on long-term debt	961,392	959,320	909,858	845,879
Total governmental activities expenses	<u>14,677,153</u>	<u>15,999,353</u>	<u>15,360,022</u>	<u>16,390,739</u>
Business-type activities:				
Water	1,927,811	2,000,101	2,370,076	2,311,858
Sewer	1,737,134	1,478,518	1,710,381	1,464,269
Refuse	1,290,528	1,426,486	1,561,659	1,601,648
Storm sewer	376,884	272,355	298,577	329,998
Liquor	7,701,961	7,910,951	8,155,888	8,371,610
Total business-type activities expenses	<u>13,034,318</u>	<u>13,088,411</u>	<u>14,096,581</u>	<u>14,079,383</u>
Total primary government expenses	<u>\$27,711,471</u>	<u>\$29,087,764</u>	<u>\$29,456,603</u>	<u>\$30,470,122</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	\$169,850	\$192,005	\$189,641	\$204,391
Public safety	637,653	715,205	697,656	736,927
Public works	34,149	44,211	48,303	139,305
Culture and recreation	256,969	269,825	159,829	137,978
Community development	1,019,191	1,114,848	962,276	961,420
Operating grants and contributions:				
General government	1,505	-	-	-
Public safety	434,402	559,482	563,914	556,387
Public works	161,401	166,468	176,578	189,039
Culture and recreation	102,517	93,474	76,864	57,337
Community development	211,400	241,919	112,895	23,010
Capital grants and contributions:				
General government	-	194,842	38,399	-
Public safety	19,520	16,026	11,303	-
Public works	1,683,024	2,848,179	1,314,547	797,921
Culture and recreation	1,500	15,724	-	-
Community development	199,505	541,826	175,467	204,349
Total governmental activities program revenues	<u>4,932,586</u>	<u>7,014,034</u>	<u>4,527,672</u>	<u>4,008,064</u>

Table 2
Page 1 of 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$1,976,207	\$2,104,025	\$2,128,964	\$2,239,601	\$2,087,930	\$2,252,456
5,683,769	5,801,747	6,265,485	7,891,721	6,927,308	6,584,189
2,843,102	3,052,844	3,529,547	3,653,777	3,452,239	4,841,290
2,553,760	2,565,755	2,926,004	2,982,919	3,057,306	3,821,503
2,010,040	1,943,576	1,555,640	877,622	1,147,550	1,398,103
808,933	761,967	948,493	958,465	973,688	688,884
15,875,811	16,229,914	17,354,133	18,604,105	17,646,021	19,586,425
2,371,414	2,336,475	2,367,954	2,535,133	3,090,927	2,748,803
1,538,970	1,789,260	1,621,506	1,770,538	1,977,662	1,820,151
1,628,966	1,695,997	1,753,406	1,860,602	2,037,098	1,944,325
307,876	315,809	541,926	490,608	380,844	511,836
8,341,309	8,148,788	8,125,188	8,274,354	8,098,980	8,227,772
14,188,535	14,286,329	14,409,980	14,931,235	15,585,511	15,252,887
\$30,064,346	\$30,516,243	\$31,764,113	\$33,535,340	\$33,231,532	\$34,839,312
\$385,728	\$194,201	\$206,531	\$289,304	\$262,466	\$264,782
706,168	752,694	703,489	670,144	712,314	766,450
39,141	89,392	51,991	273,698	504,412	154,219
163,931	234,494	227,224	240,331	255,498	289,066
976,030	987,722	1,001,740	1,059,585	1,045,924	373,610
-	-	-	-	1,993	37,636
511,527	404,486	485,439	499,319	619,900	516,775
233,748	557,112	1,314,378	1,119,332	518,923	881,029
56,069	31,521	18,422	18,134	56,844	20,830
-	-	96,274	-	-	2,455
-	-	-	-	-	-
-	-	15,350	145,849	4,237	-
855,227	183,706	811,654	929,746	1,693,222	1,059,322
-	-	252,260	694,619	369,771	-
1,026,706	422,773	364,791	100,000	1,500	-
4,954,275	3,858,101	5,549,543	6,040,061	6,047,004	4,366,174

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

	Fiscal Year			
	2009	2010	2011	2012
Business-type activities:				
Charges for services:				
Water	\$2,471,257	\$2,503,506	\$2,530,803	\$2,777,383
Sewer	1,465,496	1,594,322	1,523,852	1,581,516
Refuse	1,383,979	1,542,312	1,682,178	1,761,860
Storm sewer	370,590	345,086	350,618	353,343
Liquor	7,962,884	8,158,259	8,494,962	8,804,233
Operating grants and contributions:				
Water	-	-	-	-
Sewer	-	-	-	-
Refuse	50,105	36,653	66,163	62,471
Storm sewer	-	-	-	-
Liquor	-	-	-	-
Capital grants and contributions:				
Sewer	-	-	-	-
Refuse	-	-	-	50,000
Storm sewer	-	-	-	-
Total business-type activities program revenues	<u>13,704,311</u>	<u>14,180,138</u>	<u>14,648,576</u>	<u>15,390,806</u>
Total primary government program revenues	<u>\$18,636,897</u>	<u>\$21,194,172</u>	<u>\$19,176,248</u>	<u>\$19,398,870</u>
Net (expense) revenue:				
Governmental activities	(\$9,744,567)	(\$8,985,319)	(\$10,832,350)	(\$12,382,675)
Business-type activities	669,993	1,091,727	551,995	1,311,423
Total primary government net (expense) revenue	<u>(9,074,574)</u>	<u>(7,893,592)</u>	<u>(10,280,355)</u>	<u>(11,071,252)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	8,046,318	8,825,502	9,069,092	9,363,598
Tax increment collections	1,244,684	812,965	558,861	553,050
Unrestricted grants and contributions	1,731,185	1,176,934	1,278,195	1,003,552
Investment earnings	475,345	487,612	598,880	295,950
Miscellaneous	82,704	-	34,485	7,338
Transfers	383,990	92,044	264,990	263,814
Total governmental activities	<u>11,964,226</u>	<u>11,395,057</u>	<u>11,804,503</u>	<u>11,487,302</u>
Business-type activities:				
Investment earnings	92,672	86,110	135,932	63,321
Transfers	(383,990)	(92,044)	(264,990)	(263,814)
Total business-type activities	<u>(291,318)</u>	<u>(5,934)</u>	<u>(129,058)</u>	<u>(200,493)</u>
Total primary government	<u>\$11,672,908</u>	<u>\$11,389,123</u>	<u>\$11,675,445</u>	<u>\$11,286,809</u>
Change in net position:				
Governmental activities	\$2,219,659	\$2,409,738	\$972,153	(\$895,373)
Business-type activities	378,675	1,085,793	422,937	1,110,930
Total primary government	<u>\$2,598,334</u>	<u>\$3,495,531</u>	<u>\$1,395,090</u>	<u>\$215,557</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$3,020,174	\$2,805,072	\$2,730,516	\$2,961,086	\$3,140,940	\$3,325,053
1,618,786	1,627,078	1,699,397	1,836,908	1,925,057	2,026,695
1,826,226	1,887,038	1,896,230	1,867,504	1,914,728	1,986,709
368,925	366,384	375,663	399,604	455,544	458,573
8,747,084	8,415,371	8,399,943	8,468,098	8,422,452	8,588,576
1,971	-	-	-	-	-
-	-	-	-	-	-
68,565	91,421	96,518	99,454	103,517	112,679
14,335	-	-	-	-	-
-	-	-	-	3,987	5,694
-	-	-	70,645	-	-
-	-	-	-	-	-
-	47,369	747,334	-	-	-
15,666,066	15,239,733	15,945,601	15,703,299	15,966,225	16,503,979
\$20,620,341	\$19,097,834	\$21,495,144	\$21,743,360	\$22,013,229	\$20,870,153
(\$10,921,536)	(\$12,371,813)	(\$11,804,590)	(\$12,564,044)	(\$11,599,017)	(\$15,220,251)
1,477,531	953,404	1,535,621	772,064	380,714	1,251,092
(9,444,005)	(11,418,409)	(10,268,969)	(11,791,980)	(11,218,303)	(13,969,159)
9,827,378	10,310,867	10,512,483	10,752,430	11,029,020	11,673,168
532,524	463,837	491,639	556,880	604,510	732,192
1,000,513	1,496,804	1,682,480	1,588,094	1,547,164	1,676,553
(664,694)	1,091,263	342,384	232,036	318,554	354,373
11,842	-	(679,895)	9,226	574,800	5,528
288,171	361,426	369,099	422,365	(231,537)	422,474
10,995,734	13,724,197	12,718,190	13,561,031	13,842,511	14,864,288
(152,300)	252,360	62,521	40,670	44,453	57,100
(288,171)	(361,426)	(369,099)	(422,365)	231,537	(422,474)
(440,471)	(109,066)	(306,578)	(381,695)	275,990	(365,374)
\$10,555,263	\$13,615,131	\$12,411,612	\$13,179,336	\$14,118,501	\$14,498,914
\$74,198	\$1,352,384	\$913,600	\$996,987	\$2,243,494	(\$355,963)
1,037,060	844,338	1,229,043	390,369	656,704	885,718
\$1,111,258	\$2,196,722	\$2,142,643	\$1,387,356	\$2,900,198	\$529,755

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

	Fiscal Year			
	2009	2010	2011	2012
General fund:				
Reserved	\$71,898	\$77,204	\$ -	\$ -
Unreserved	4,724,253	5,265,035	-	-
Nonspendable	-	-	80,767	87,341
Restricted	-	-	-	-
Committed	-	-	132,595	74,594
Assigned	-	-	-	-
Unassigned	-	-	5,655,693	5,914,974
Total general fund	<u>\$4,796,151</u>	<u>\$5,342,239</u>	<u>\$5,869,055</u>	<u>\$6,076,909</u>
All other governmental funds:				
Reserved	\$1,643,915	\$1,550,071	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	2,332,610	3,190,618	-	-
Debt service funds	3,177,586	3,713,774	-	-
Capital projects funds	13,173,074	11,642,407	-	-
Nonspendable	-	-	2,353,164	2,763,852
Restricted	-	-	3,440,649	4,186,081
Committed	-	-	12,774,440	10,988,368
Assigned	-	-	-	-
Unassigned	-	-	(1,041)	(2,782)
Total all other governmental funds	<u>\$20,327,185</u>	<u>\$20,096,870</u>	<u>\$18,567,212</u>	<u>\$17,935,519</u>

Note:

The implementation of GASB 54 in 2011 resulted in a significant change in the City's fund balance classifications.

Table 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
92,638	94,892	94,848	109,841	105,975	136,962
-	-	-	-	-	-
50,237	30,548	-	-	-	-
-	-	44,000	105,000	1,604,438	61,477
6,254,402	7,248,380	6,873,054	7,318,303	5,991,395	6,641,233
<u>\$6,397,277</u>	<u>\$7,373,820</u>	<u>\$7,011,902</u>	<u>\$7,533,144</u>	<u>\$7,701,808</u>	<u>\$6,839,672</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,750,114	1,522,537	2,724	2,852	2,689	11,938
3,879,706	4,368,851	9,821,307	6,582,938	4,347,012	6,221,392
12,229,481	13,593,609	12,902,165	12,417,310	15,778,762	16,780,634
-	-	-	-	70,000	-
(39,344)	(75,389)	(92,040)	(209,781)	(203,498)	(177,101)
<u>\$17,819,957</u>	<u>\$19,409,608</u>	<u>\$22,634,156</u>	<u>\$18,793,319</u>	<u>\$19,994,965</u>	<u>\$22,836,863</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$9,218,038	\$9,631,635	\$9,683,433	\$9,948,228
Special assessments	879,092	1,020,334	729,327	775,714
Licenses and permits	435,618	479,148	378,357	396,226
Intergovernmental	3,777,355	4,936,443	2,820,419	2,314,195
Charges for services	1,513,667	1,650,772	1,652,655	1,663,782
Fines and forfeitures	139,955	188,693	170,089	161,882
Investment earnings	456,145	469,312	562,180	275,750
Other revenues	102,901	273,446	70,173	63,674
Total revenues	16,522,771	18,649,783	16,066,633	15,599,451
Expenditures:				
Current:				
General government	1,646,974	1,926,982	1,880,257	1,813,433
Public safety	4,418,436	4,968,433	5,037,548	5,250,881
Public works	1,736,999	1,731,700	1,509,527	2,011,507
Culture and recreation	2,003,635	2,194,853	2,306,693	2,184,214
Community development	2,115,628	1,351,368	1,321,431	1,434,329
Capital outlay:				
General government	45,708	-	144,029	209,176
Public safety	8,997,400	237,272	95,281	158,448
Public works	951,240	2,925,174	1,882,787	557,820
Culture and recreation	2,256,958	194,380	140,867	18,107
Community development	139,118	1,202,998	40,549	636,294
Debt service:				
Principal retirement	783,974	765,736	1,659,022	972,000
Interest and fiscal charges	835,167	981,281	935,405	861,139
Issuance costs	56,189	-	-	-
Developer incentives	125,857	141,005	181,638	116,072
Total expenditures	26,113,283	18,621,182	17,135,034	16,223,420
Revenues over (under) expenditures	(9,590,512)	28,601	(1,068,401)	(623,969)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$10,416,523	\$10,774,987	\$11,022,424	\$11,313,376	\$11,653,834	\$12,397,958
667,719	458,670	1,116,734	1,048,926	545,629	640,997
412,208	415,032	626,547	672,000	638,176	469,517
2,719,400	2,766,383	4,079,184	3,989,308	4,192,273	3,466,510
1,710,767	1,702,900	1,440,361	1,429,050	1,875,088	1,100,448
148,023	140,571	124,067	104,645	108,768	112,553
(611,794)	1,011,063	318,284	215,336	290,454	320,573
104,577	73,815	189,073	463,354	116,643	165,609
15,567,423	17,343,421	18,916,674	19,235,995	19,420,865	18,674,165
1,791,379	1,939,689	1,950,062	2,107,655	2,012,379	2,200,506
5,171,322	5,270,798	5,595,115	5,570,221	5,914,460	6,213,179
1,644,075	1,916,874	2,220,057	2,227,108	2,216,178	3,395,095
2,233,446	2,247,452	2,581,993	2,605,616	2,700,291	2,867,725
1,205,273	1,544,419	1,136,220	685,180	803,035	838,417
13,868	21,642	-	-	28,000	-
70,960	103,707	608,932	182,696	230,144	222,395
896,223	79,225	1,727,488	1,275,862	2,365,538	404,086
39,768	100,248	4,173,606	6,284,441	575,894	659,776
566,901	413,179	507,472	531,707	71,164	396,783
1,559,730	662,000	1,036,716	3,310,670	1,047,635	1,240,000
833,890	770,535	826,921	910,586	667,863	672,741
-	-	85,016	107,325	108,255	55,615
163,972	55,123	164,188	91,646	307,654	254,166
16,190,807	15,124,891	22,613,786	25,890,713	19,048,490	19,420,484
(623,384)	2,218,530	(3,697,112)	(6,654,718)	372,375	(746,319)

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

	Fiscal Year			
	2009	2010	2011	2012
Other financing sources (uses):				
Bonds issued	\$4,190,000	\$ -	\$ -	\$ -
Payment to refunded bond escrow agent	-	-	-	-
Bond premium (discount)	-	-	-	-
Transfers in	458,231	407,272	411,736	298,814
Transfers out	(99,224)	(120,100)	(302,881)	(110,000)
Sale of capital assets	95,781	-	40,999	11,315
Special item	-	-	-	-
Total other financing sources (uses)	4,644,788	287,172	149,854	200,129
Net change in fund balance	<u>(\$4,945,724)</u>	<u>\$315,773</u>	<u>(\$918,547)</u>	<u>(\$423,840)</u>
Expenditures capitalized for governmental activities reporting purposes	\$12,364,511	\$3,637,559	\$2,270,210	\$943,602
Debt service as a percentage of noncapital expenditures (A) (B)	11.8%	11.7%	17.5%	12.0%
Debt service as a percentage of total expenditures (A) (B)	6.2%	9.4%	15.1%	11.3%

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

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$563,021	\$ -	\$6,875,000	\$2,435,000	\$8,505,000	\$2,070,000
-	-	-	-	(8,559,429)	-
-	-	293,651	79,890	163,700	19,921
326,740	405,728	429,099	435,697	1,594,501	512,282
(113,569)	(124,302)	(120,000)	(88,917)	(1,168,201)	(891)
51,997	66,236	9,135	284,536	651,281	124,769
-	-	(927,142)	-	-	-
828,189	347,662	6,559,743	3,146,206	1,186,852	2,726,081
<u>\$204,805</u>	<u>\$2,566,192</u>	<u>\$2,862,631</u>	<u>(\$3,508,512)</u>	<u>\$1,559,227</u>	<u>\$1,979,762</u>
\$952,108	\$417,503	\$6,602,755	\$7,797,656	\$3,099,578	\$679,811
15.7%	9.7%	11.6%	23.3%	10.8%	10.2%
14.8%	9.5%	8.2%	16.3%	9.0%	9.8%

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				
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%
2015	8,872,294	1,824,746	(465,433)	10,231,607	(569,588)	4,339,040	14,001,059	70.811%	1,093,861,500	1.280%
2016	9,262,683	1,861,323	(523,754)	10,600,252	(555,804)	4,149,906	14,194,354	74.841%	1,132,257,300	1.254%
2017	10,024,437	1,994,028	(567,640)	11,450,825	(580,154)	4,468,959	15,339,630	68.546%	1,214,009,300	1.26%
2018	11,317,981	2,036,605	(684,352)	12,670,234	(603,705)	4,613,838	16,680,367	67.645%	1,335,438,300	1.25%

(A) 2012-2018 taxable market values used to calculate tax capacity values in this table are reduced by the market value homestead exclusion, which is new for 2012.

(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)	
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%
2015	70.811%	32.562%	35.964%	10.811%	150.148%
2016	74.841%	29.442%	36.637%	11.016%	151.936%
2017	68.546%	27.633%	34.633%	10.304%	141.116%
2018	67.645%	27.900%	33.269%	9.871%	138.685%

(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, Columbia Heights Housing and Redevelopment Authority and the Mississippi Watershed Management.

Source: Anoka County Auditor's Tax Certificate

- This page intentionally left blank -

Taxpayer	2018			2009		
	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	\$164,868	1	1.23%	\$230,994	1	1.48%
Crestview Corporation	123,678	2	0.93%	107,128	6	0.68%
Jones Family Investments LLC	118,488	3	0.89%	N/A	N/A	N/A
Burlington Northern	114,956	4	0.86%	N/A	N/A	N/A
Parkview Limited Partnership	107,938	5	0.81%	N/A	N/A	N/A
Columbia Park Properties	93,474	6	0.70%	112,868	4	0.72%
Xcel Energy/ Northern States Power Co	84,798	7	0.63%	N/A	N/A	N/A
Hy-Vee, Inc	75,776	8	0.57%	N/A	N/A	N/A
Lynde Investment Co MN Partnership	73,933	9	0.55%	79,319	9	0.51%
Health Care Reit Inc	71,898	10	0.54%	N/A	N/A	N/A
Columbia Heights Center LLC	N/A	N/A	N/A	89,152	7	0.57%
Centro Bradley SPE 5 LLC	N/A	N/A	N/A	150,450	2	0.96%
New Heights Development LLC	N/A	N/A	N/A	80,796	8	0.52%
Consolidated Realty of Mpls	N/A	N/A	N/A	111,265	5	0.71%
Equity Partners LLC	N/A	N/A	N/A	N/A	N/A	N/A
Jeff's Bobby & Steve's Auto World	N/A	N/A	N/A	75,746	10	0.48%
Stadium Village Properties LLC	N/A	N/A	N/A	112,892	3	0.72%
Total	<u>\$1,029,807</u>		<u>7.71%</u>	<u>\$1,150,610</u>		<u>7.35%</u>
Total All Property	<u>\$13,354,586</u>			<u>\$15,815,909</u>		

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

(B) 2018 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

Fiscal Year	Gross Tax Levy (A)	County Adjustments to Levy (B)	State Market Value Homestead Credit (A)	Adjusted Tax Levy
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
2015	10,233,706	207	-	10,233,913
2016	10,455,756	196	-	10,455,952
2017	10,796,022	(188)	-	10,795,834
2018	11,325,010		-	11,325,010

(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
\$7,021,605	96.79%	\$230,252	\$7,251,857	99.96%
8,279,065	96.95%	257,272	8,536,337	99.96%
8,578,784	97.28%	236,538	8,815,322	99.97%
8,932,564	97.77%	198,472	9,131,036	99.94%
9,379,873	98.36%	147,847	9,527,720	99.91%
9,778,631	98.66%	112,625	9,891,256	99.79%
10,103,675	98.73%	109,476	10,213,151	99.80%
10,335,418	98.85%	91,944	10,427,362	99.73%
10,560,010	97.82%	-	10,560,010	97.82%
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
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	2,211,730	2,737,000	18,618,730
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
2015	18,733,863	410,000	1,379,305	2,549,000	23,072,168
2016	18,330,232	350,000	1,132,635	2,435,000	22,247,867
2017	18,100,531	285,000	880,000	2,315,000	21,580,531
2018	19,281,617	220,000	695,000	2,190,000	22,386,617

(A) Based on population and income data in Table 14.

(B) In 2017, Liquor Facility Lease Revenue Bonds were refunded with pledged revenue General Obligation Bonds

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 Revenues	Liquor Facility Lease Revenue Bonds (B)	Total Business-Type Activities	Total All Debt	Percentage of Personal Income (A)	Per Capita (A)
\$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	24,337,000	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	4.9%	1,201
2,085,695	4,080,000	6,165,695	29,237,863	6.1%	1,486
1,777,365	3,895,000	5,672,365	27,920,232	5.8%	1,422
4,783,105	-	4,783,105	26,363,636	5.3%	1,319
4,361,429	-	4,361,429	26,748,046	5.0%	1,327

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)
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%
2015	20,249,305	1,174,473	19,074,832	1.74%
2016	19,812,867	1,580,529	18,232,338	1.61%
2017 (C)	19,265,531	1,035,920	18,229,611	1.50%
2018 (C), (D)	20,196,617	3,184,433	17,012,184	1.27%

(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.

(C) In 2017 Liquor Facility Lease Revenue Bonds were refunded with pledged revenue General Obligation Bonds

(D) Includes \$2,070,000 restricted from refunding issued December 2018 for February 2019 redemption.

Table 10

Business-type General Obligation Bonds With Pledged Revenues	Less: Business-type Restricted for Repayment	Subtotal of Business-type Net General Obligation Bonded Debt	Percentage of Business-type Revenue	Total Net General Bonded Debt	Per Capita (A)
\$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
2,085,695	533,756	1,551,939	23.2%	20,626,771	1,044
1,777,365	571,852	1,205,513	17.1%	19,437,851	990
4,783,105	499,838	4,283,267	27.0%	22,512,878	1,126
4,361,429	559,390	3,802,039	23.2%	20,814,223	1,033

CITY OF COLUMBIA HEIGHTS, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2018

Table 11

Governmental Unit (A)	Debt Outstanding	Estimated Percentage Applicable (B)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Anoka County	\$82,535,000	4.5492%	\$3,754,682
Independent School District 13	10,625,000	72.7383%	7,728,444
Metropolitan Council	185,340,000	0.0423%	78,399
Subtotal - overlapping debt			11,561,525
City direct debt - governmental activities			21,580,531
Total direct and overlapping debt			\$33,142,056

(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 2018

Assessor's Estimated Market Value (A)	\$1,335,438,300
Debt limitation percentage (A)	3%
Debt limit	40,063,149
Net debt applicable to limit (B)	19,281,617
Legal debt margin	\$20,781,532
Legal debt margin as a percentage of limit	51.87%

Legal Debt Margin Calculation for Fiscal Years 2009 Through 2017

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
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%
2014	28,634,250	12,260,000	16,374,250	57.18%
2015	32,815,845	18,460,000	14,355,845	43.75%
2016	33,967,719	18,330,232	15,637,487	46.04%
2017	36,420,279	18,100,531	18,319,748	50.30%

- (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.
- (C) The City's debt is also limited by their Charter, Section 72. Per this Section, the limit on debt is 10% of the 2017/2018 Assessor's Estimated Market Value, or \$133,543,830. The City's outstanding debt, including revenue subject to the City Charter is \$19,281,618, which remains below the allowed City Charter debt limit.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Economic Development Authority			
Tax Increment Revenue Bonds Series 2007/2016:	(A)		
Tax increment revenue from applicable parcels	\$267,142	\$241,854	\$211,533
Bond Proceeds	-	-	-
Intergovernmental:			
Market Value TIF credit	<u>19,554</u>	<u>28,118</u>	<u>34,351</u>
Net available revenue	<u>\$286,696</u>	<u>\$269,972</u>	<u>\$245,884</u>
Debt service:			
Principal	9,000	43,000	48,000
Interest	<u>152,363</u>	<u>151,063</u>	<u>148,788</u>
Total debt service	<u>\$161,363</u>	<u>\$194,063</u>	<u>\$196,788</u>
Coverage	178%	139%	125%
Economic Development Authority			
Lease Revenue Bonds Series 2007B:	(C)		
Annual appropriation of liquor net revenues	\$497,200	\$364,000	\$390,000
Investment income	71	1,105	1,500
Issuance costs and administration (expense)	(B) <u>(2,000)</u>	<u>(2,556)</u>	<u>(2,000)</u>
Net available revenue	<u>\$495,271</u>	<u>\$362,549</u>	<u>\$389,500</u>
Debt service:			
Principal	\$ -	\$140,000	\$150,000
Interest	<u>240,305</u>	<u>237,155</u>	<u>230,630</u>
Total debt service	<u>\$240,305</u>	<u>\$377,155</u>	<u>\$380,630</u>
Coverage	206%	96%	102%

(A) 2016 Tax Increment Revenue bonds were issued to refund 2007 bonds.

(B) Restated issuance costs for years after 2010, to implement change in accounting principal.

(C) Lease Revenue Bond Series 2007B was refunded to a General Obligation bond in 2017.

Note: Details regarding the City's outstanding debt can be found in Note 7 of the financial statements.

Table 13

2012	2013	2014	2015	2016	2017	2018
\$175,832	\$170,496	\$162,056	\$196,024	\$329,617	\$388,276	\$432,825
-	-	-	-	2,435,000	-	-
-	-	-	-	-	-	-
<u>\$175,832</u>	<u>\$170,496</u>	<u>\$162,056</u>	<u>\$196,024</u>	<u>\$2,764,617</u>	<u>\$388,276</u>	<u>\$432,825</u>
53,000	58,000	62,000	68,000	2,549,000	120,000	125,000
146,263	143,488	140,488	137,238	133,688	73,898	65,916
<u>\$199,263</u>	<u>\$201,488</u>	<u>\$202,488</u>	<u>\$205,238</u>	<u>\$2,682,688</u>	<u>\$193,898</u>	<u>\$190,916</u>
88%	85%	80%	96%	103%	200%	227%
\$386,000	\$390,000	\$384,000	\$380,000	\$392,000	\$ -	\$ -
1,000	(2,500)	3,230	91	400	455	-
(2,000)	(2,332)	(2,200)	(2,667)	(2,667)	(475)	-
<u>\$385,000</u>	<u>\$385,168</u>	<u>\$385,030</u>	<u>\$377,424</u>	<u>\$389,733</u>	<u>(\$20)</u>	<u>\$0</u>
\$155,000	\$165,000	\$170,000	\$180,000	\$185,000	\$3,895,000	\$ -
223,768	213,178	209,030	201,155	192,943	184,392	-
<u>\$378,768</u>	<u>\$378,178</u>	<u>\$379,030</u>	<u>\$381,155</u>	<u>\$377,943</u>	<u>\$4,079,392</u>	<u>\$0</u>
102%	102%	102%	99%	103%	N/A	N/A

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	18,361	\$444,556,532	\$24,212	8.4%
2010	19,496	472,037,152	24,212	8.0%
2011	19,568	487,243,200	24,900	6.8%
2012	19,667	507,408,600	25,800	5.9%
2013	19,667	478,616,112	24,336	5.0%
2014	19,674	502,434,612	25,538	4.1%
2015	19,758	497,427,408	25,176	3.6%
2016	19,632	478,137,360	24,355	3.9%
2017	19,995	494,536,335	24,733	3.4%
2018	20,153	537,178,215	26,655	2.2%

Sources are as follows:

Population: Data for the years 2009 provided by the Metropolitan Council.
 Data for 2010 is from the 2010 US Census. Data for 2011-2018 is estimated by the US Census Bureau.

Per Capita Income:
 Data for 2009-2018 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.

CITY OF COLUMBIA HEIGHTS, MINNESOTA
PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 15

Principal Employers Within City	2018			2009		
	Employees	Rank	Percentage of Total Anoka County (A) Employment	Employees	Rank	Percentage of Total Anoka County (A) Employment
Medtronic Inc	600	1	2.98%	N/A	N/A	N/A
Independent School District 13	546	2	2.71%	395	2	0.22%
Crestview Corporation	280	3	1.39%	252	3	0.14%
City of Columbia Heights	209	4	1.04%	202	4	0.11%
Columbia Park Clinic	120	5	0.60%	73	6	0.04%
Invest Cast	70	6	0.35%	56	8	0.03%
SAVERS/Unique Thrift Shop	65	7	0.32%	82	5	0.05%
Sarna's Classic Grill	60	8	0.30%	N/A	N/A	N/A
Bobby & Steve's Auto World	50	9	0.25%	52	9	0.03%
La Casita Mexican Restaurant	50	10	0.25%	50	10	0.03%
Burlington Northern Railroad	N/A	N/A	N/A	650	1	0.37%
Rainbow Foods	N/A	N/A	N/A	67	7	0.04%
Total	<u>2,050</u>		<u>10.20%</u>	<u>1,879</u>		<u>1.06%</u>

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

Sources:

The employee count for the City of Columbia Heights is from Table 16. 2018 data for other employers was compiled from ReferenceUSA, written and telephone survey (November 2018), and the Minnesota Department of Employment and Economic Development. 2009 data from 2009 CAFR statistical tables.

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

Function/Program	2009	2010	2011	2012
General government:				
Mayor/council	5	5	5	5
Administration	5	10	11	11
Finance	14	13	14	13
Public safety:				
Police	35	36	35	37
Fire	31	30	32	33
Public works	18	17	16	16
Culture and recreation:				
Library	21	19	21	20
Parks	5	5	5	5
Recreation	14	13	16	15
Community development	6	5	5	4
Water	4	4	4	4
Sewer	3	3	3	3
Refuse	-	-	-	-
Storm sewer	1	1	1	1
Liquor	40	41	39	40
Total	202	202	207	207

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

2013	2014	2015	2016	2017	2018
5	5	5	5	5	5
10	4	4	4	4	5
13	13	13	13	13	13
36	35	35	37	39	36
31	31	30	29	30	30
15	21	23	23	22	22
21	21	18	18	20	20
5	5	5	5	5	5
15	15	15	15	16	16
4	4	4	6	6	6
4	4	4	4	4	4
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
40	40	41	41	42	42
204	203	202	205	211	209

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

Function/Program	Fiscal Year		
	2009	2010	2011
General government:			
Resolutions approved by City Council	170	115	159
Ordinances adopted by City Council	12	12	15
Public safety:			
Police:			
Part I crimes (A)	882	768	755
Part II crimes (A)	1,275	1,683	1,576
Fire:			
Emergency medical calls (A)	1,694	1,664	1,722
Fire calls (A)	660	846	764
Inspections & Related Actions (A)	3,724	5,720	6,073
Public works:			
Street paving and patching (tons of asphalt)	1,033	1,054	869
Street sweeping (tons of debris)	581	638	712
Trees removed	121	180	180
Culture and recreation:			
Library: (E)			
Items in collection	69,702	72,055	71,303
Circulation	120,705	131,885	125,051
Reference inquiries	17,771	14,352	16,601
Parks and recreation:			
Athletics participants (B)	1,602	1,500	4,299
Other programs, estimated attendance (C)	8,000	8,000	8,000
Number of paid room rentals	210	160	177
Community development:			
Number of business licenses issued	379	393	334
Number of building permits issued (D)	1,187	1,351	1,290
Construction value of permits issued	\$13,376,732	\$14,481,712	\$7,986,467
Water:			
Consumption (thousands of gallons)	518,299	516,068	454,223
Sewer (sanitary):			
Wastewater (thousands of gallons, 12 months ended June 30)	437,520	444,820	485,000
Miles of line cleaned/rodded/root-sawed	39	26	25
Refuse:			
Refuse (tons)	7,239	6,770	6,789
Recycling (tons)	1,036	1,699	1,605
Yardwaste (tons)	773	1,100	1,270
Storm sewer:			
No operating indicators available	not avail	not avail	not avail
Liquor:			
Number of units sold	1,029,139	1,028,160	1,060,150

- (A) 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.
- (B) This operating indicator includes duplicate counts for participation in more than one team/league by some persons.
- (C) 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.
- (D) This operating indicator includes inspection permits issued for new construction, building alteration/addition, plumbing, heating, street excavation and sign installation.
- (E) In 2016, a new library was constructed. The library was closed for 4 weeks for relocation and had roughly 200 less public service hours.

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						
2012	2013	2014	2015	2016	2017	2018
159	94	98	96	114	123	91
5	3	2	9	11	5	7
742	674	684	673	496	564	585
1,408	1,326	1,052	1,018	934	873	1,022
1,839	1,942	1,811	1,980	1,963	2,485	2,463
752	852	729	787	791	419	598
5,413	5,249	5,077	4,855	5,205	4,719	4,621
1,029	224	782	696	703	612	869
350	574	540	470	448	368	269
157	284	217	282	216	243	162
72,985	76,658	78,137	73,907	57,531	53,638	53,501
129,624	121,827	117,888	109,018	116,201	123,812	144,112
14,547	16,068	13,208	13,923	12,805	12,909	14,703
4,232	5,534	5,125	10,836	11,871	13,698	14,415
9,000	10,485	10,637	22,679	26,986	26,016	26,480
135	139	140	153	143	235	203
323	346	339	359	348	336	329
1,058	1,303	1,212	2,164	1,458	1,434	1,108
\$7,203,199	\$7,388,271	\$7,609,375	\$25,476,137	\$35,252,845	\$36,189,715	\$9,095,404
495,870	461,520	449,415	455,527	453,736	447,155	464,009
455,210	455,310	467,680	414,930	423,920	454,830	443,630
26	33	33	26	28	42	26
6,563	6,684	6,648	6,895	7,234	7,127	6,535
1,610	1,690	1,670	1,824	1,633	1,718	1,747
1,270	1,169	1,250	1,450	1,385	1,231	1,090
not avail	not avail	not avail	not avail	not avail	not avail	not avail
1,103,790	1,045,188	1,038,985	1,090,131	1,106,305	1,099,497	1,150,458

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

Function/Program	2009	2010	2011
General government:			
City hall square footage	28,530	28,530	28,530
Public safety:			
Police Stations	1	1	1
Fire Stations	1	1	1
Public Safety Bldg square footage	Note A	47,088	47,088
Public works:			
Office and shop square footage	31,075	31,075	31,075
Trunk highway miles	3	3	3
County road miles	6	6	6
City street miles	62	62	62
Alley miles	19	19	19
Culture and recreation:			
Libraries	1	1	1
Library square footage	7,896	7,896	7,896
Parks	13	13	13
Playgrounds	11	11	11
Gymnasiums square footage	12,726	12,726	12,726
Mtg & banquet rooms square footage	22,000	22,000	22,000
Community development:			
Senior high-rise apartments (B)	145	145	145
Water:			
Watermain miles	66	66	66
Sewer:			
Sanitary sewer miles	59	59	59
Refuse:			
Recycling centers	1	1	1
Storm sewer:			
Storm sewer miles	34	34	34
Liquor:			
Retail stores owned	3	3	3
Retail stores leased	-	-	-

(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.

(B) In 2015, Senior high-rise apartment building was sold.

Sources: Various City departments.

Table 18

2012	2013	2014	2015	2016	2017	2018
28,530	28,530	28,530	28,530	28,530	28,530	28,530
1	1	1	1	1	1	1
1	1	1	1	1	1	1
47,088	47,088	47,088	47,088	47,088	47,088	47,088
31,075	31,075	31,075	31,075	31,075	31,075	31,075
3	3	3	3	3	3	3
6	6	6	6	6	6	6
62	62	62	62	62	62	62
19	19	19	19	19	19	19
1	1	1	1	1	1	1
7,896	7,896	7,896	7,896	22,600	22,600	22,600
13	13	13	13	15	15	15
11	11	11	11	12	15	15
12,726	12,726	12,726	12,726	12,726	12,726	12,726
22,000	22,000	22,000	22,000	22,000	22,000	22,000
145	145	145	-	-	-	-
66	66	66	66	66	66	66
59	59	59	59	59	59	59
1	1	1	1	1	1	1
34	34	34	34	34	34	34
3	3	3	3	3	3	3
-	-	-	-	-	-	-

- This page intentionally left blank -

IV. OTHER REQUIRED REPORTS SECTION

- This page intentionally left blank -



MINNESOTA LEGAL COMPLIANCE REPORT

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, 2018, 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 4, 2019.

The *Minnesota Legal Compliance Audit Guide for Cities*, 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 Cities*. 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 4, 2019

- 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, 2018, 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 4, 2019.

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.

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

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 4, 2019