

**CITY OF COLUMBIA HEIGHTS**

**STATE OF MINNESOTA**

**PREPARED BY:**

**FINANCE DEPARTMENT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2022**

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## **I. INTRODUCTORY SECTION**

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**PRINCIPAL CITY OFFICIALS**

December 31, 2022

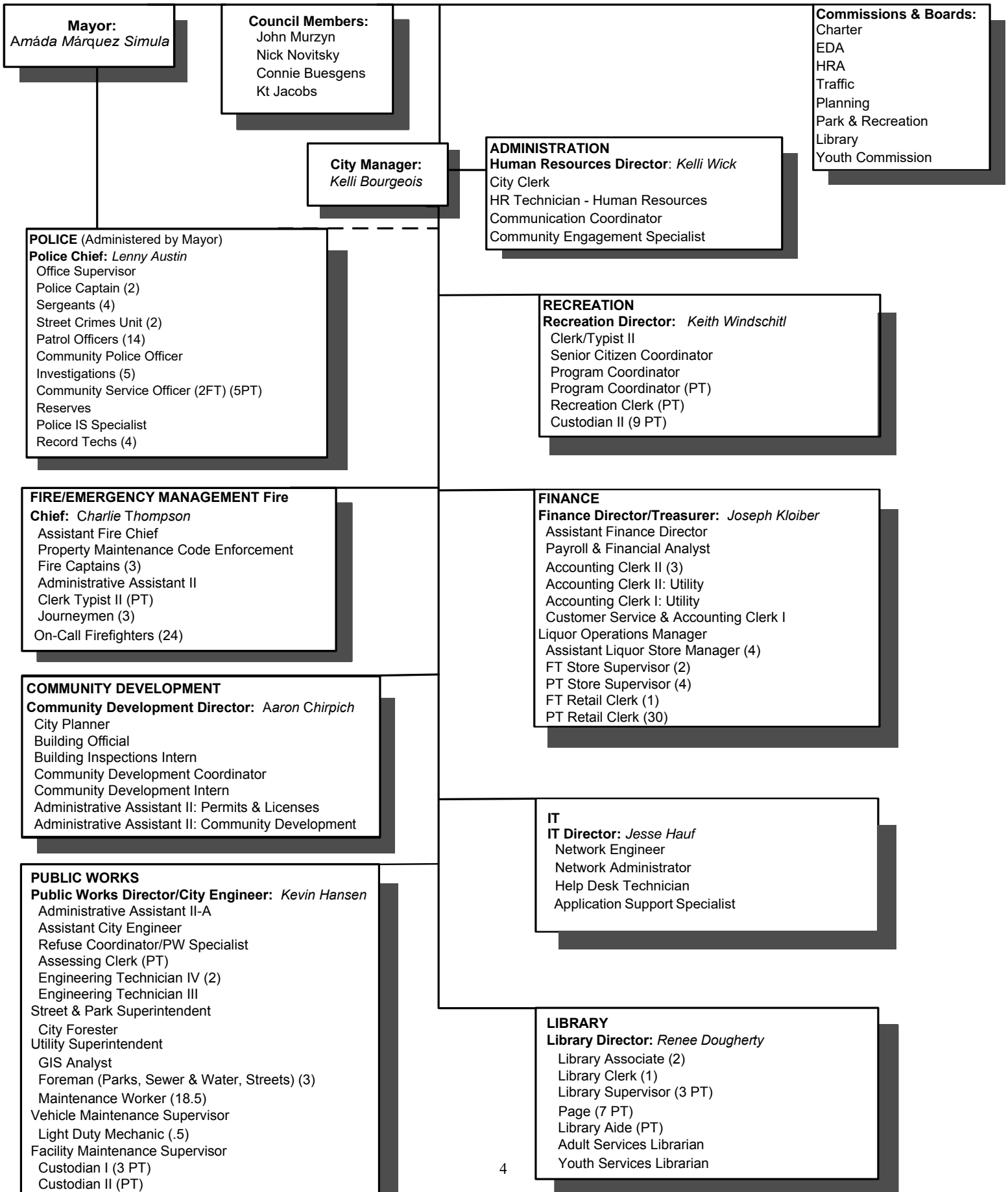
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Name	Official Title
Mayor and Council:	
Amáda Márquez Simula	Mayor
John Murzyn, Jr.	Councilmember
Connie Buesgens	Councilmember
Nick Novitsky	Councilmember
Kt Jacobs	Councilmember
Administration:	
Kelli Bourgeois	City Manager
Kelli Wick	Human Resources Director
Joseph Kloiber	Finance Director
Jim Hoeft	City Attorney
Kevin Hansen	Public Works Director
Lenny Austin	Chief of Police
Charlie Thompson	Chief of Fire
Renee Dougherty	Library Director
Aaron Chirpich	Community Development Director
Keith Windschitl	Recreation Services Director
Jason Schulz	Liquor Operations Manager

# City of Columbia Heights

## Organizational Chart

2022





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City of Columbia Heights | *Finance Department*

590 40th Avenue NE, Columbia Heights, MN 55421 ▪ Ph: 763-706-3600 ▪ [www.columbiaheightsmn.gov](http://www.columbiaheightsmn.gov)

June 26, 2023

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

The Annual Comprehensive Financial Report of the City of Columbia Heights for the fiscal year ended December 31, 2022, 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, 2022. Their independent auditors' report is located at the front of the financial section of this report.

State law requires Minnesota cities to issue by June 30<sup>th</sup> of each year a complete set of audited financial statements for the preceding fiscal year ended December 31<sup>st</sup>. In addition, state law requires that Minnesota cities undergo an annual Minnesota Legal Compliance Audit. During the year ended December 31, 2022, the City expended more than \$1,000,000 in federal grant awards. Therefore, the City is also required to have an audit in conformity with the Single Audit Act of 1984 and the United States Office of Management and Budget's Uniform Guidance for the year ended December 31, 2022. Information related to the Minnesota Legal Compliance Audit and the Single Audit, including the Schedule of Expenditures of Federal Awards, is included in the Other Required Reports Section at the back of this report.

Generally accepted accounting 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 21,835. 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 Annual Comprehensive 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. The local 2022 unemployment rate of 2.2% was of a decrease from the 2021 rate due to the economic recovery after the COVID-19 pandemic. The largest employers located within the boundaries of the City in 2022 included All Temporaries/All Homecaring, a home health service, and Independent School District 13.

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.

Local government aid (LGA) from the State of Minnesota has been a key component of the City's budget. Historically, the amount provided by the state has in some years been significantly reduced however, even retroactively, by legislative action or inaction. To provide for stable operations, the City has an established practice of only budgeting 50% of annual LGA for operating and debt service expenditures.

Currently, \$1.9 million of LGA is received annually. The portion not used in the annual operating and debt service budgets is essentially treated as a one-time revenue source. It is used for capital projects and equipment that would otherwise be purchased with property taxes.

#### RELEVANT FINANCIAL POLICIES

By Council resolution, a formal policy has been adopted regarding the minimum fund balance for the general fund and the library fund (a non-major special revenue 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 fund balance of 45% of the general fund budgeted expenditures for the subsequent year. At December 31, 2022, the fund balance of these two funds was 44% of budgeted expenditures for 2023.

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 reported in the City's 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

In 2021 the Columbia Heights Police Department applied to the Department of Justice COPS office for a grant to embed a full time social worker with the police department. The police department was awarded approximately \$208,000 for a 2 year grant period, which completed its first year in September 2022. The social worker co-responds with officers to some individual in crisis calls, and also conducts mental health and substance abuse follow-up with the Columbia Heights residents. This mental health professional helps bridge the services gap between police and community resources.

The Economic Development Authority (EDA) conducts a program to revitalize the City's commercial corridors. The main component of this program is the acquisition and redevelopment of nonconforming and/or blighted properties within the City's commercial corridors. A second component of this program is the award of small matching grants to local businesses for façade improvements to retail and commercial building exteriors. The third component of this program is a partnership with the police department and local businesses to add video surveillance in these commercial corridors, to aid crime reduction. In 2022, the EDA completed the demolition on a single-family unit purchased last year, sold a vacant parcel for redevelopment, and awarded a \$3,000 façade improvement grant.

#### 2022 MAJOR PROJECTS

##### 40th Avenue NE and Central Avenue NE:

In the fall of 2020, the EDA demolished the long-vacant six story office building located at 3989 Central Avenue NE. The property was subsequently sold to the EDA's redevelopment partner for the site, Alatus LLC. In late 2020, Alatus broke ground on a mixed-use development project valued at \$70 million that includes the following base elements:

- 266 high amenity market rate apartments
- Underground parking
- 20,000 square foot City Hall/Office on the ground floor
- 3,000+ square feet of retail/restaurant space on the ground floor
- Pocket park and outdoor dining space

This project serves to accomplish many of the long-range economic development and planning goals established in the City's Comprehensive Plan. The Comprehensive Plan guidelines for this location recommend Transit Oriented Development. Transit Oriented Development seeks to develop properties to have a mix of residential, retail, and office space. Transit Oriented Development also seeks to include pedestrian friendly access and design. The project has already served as a catalyst for additional spin-off development in the immediate area. The apartment project was completed in the fall of 2022, and the City Hall space is expected to open in the summer of 2023. The retail space remains vacant at the time of this report.



#### 4300 Central Avenue NE:

In the summer of 2021, the EDA established the Alatus Tax Increment financing district to support the redevelopment of the blighted property at 4300 Central Avenue NE. The current redevelopment plans for the site include the following base elements:

- 400-600 market-rate multifamily housing units
- 40,000 to 80,000 square feet of retail/commercial space
- Grocery store as anchor tenant in the commercial space
- Underground parking
- Public open/park space
- 30-50 owner-occupied townhomes

The redevelopment of this site has long been a priority of the City and EDA. The total estimated value of the project when completed is \$175 million. The City considers this redevelopment project to be a once in a generation opportunity that has the potential to transform the Central Avenue commercial corridor and serve as a catalyst for additional redevelopment and reinvestment along the corridor. The project is scheduled to break ground in the spring of 2024.

#### 800 42nd Avenue NE:

Reuter Walton Development broke ground on the construction of a 62-unit income restricted affordable housing apartment community in the summer of 2022. The project is being placed on a long vacant City owned redevelopment site located just north of the City's Public Safety campus. The project was awarded a \$1.2 million grant from the Metropolitan Council to support various site improvements including stormwater infrastructure. This redevelopment site has created several stormwater drainage issues for the City over the years. With redevelopment finally underway, the City will be able to correct some regional flooding problems and filter a significant amount of stormwater before it enters the natural waterways. The total project value is estimated at \$15 million. The apartments are scheduled to open in the summer of 2023.

#### AWARD AND AKNOWLEDGEMENTS

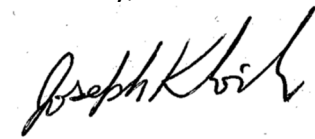
The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Columbia Heights, Minnesota for its Annual Comprehensive Financial Report for the year ended December 31, 2021. The Certificate of Achievement is a prestigious 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 Annual Comprehensive Financial Report whose contents conform to program standards. The Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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 Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph Kloiber", written in a cursive style.

Joseph P. Kloiber  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Columbia Heights  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO

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## **II. FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 Columbia Heights, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota, as of December 31, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Columbia Heights, Minnesota and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Columbia Heights, Minnesota's ability to continue as a going concern for a reasonable period of time.

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

### ***Change in Accounting Principle***

As described in Note 16 to the financial statements, the City of Columbia Heights, Minnesota adopted new accounting guidance for the year ended December 31, 2022, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Columbia Heights, Minnesota's 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.

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

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 26, 2023

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## 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, 2022. 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 on December 31, 2022, by \$91,551,139 (net position). Of this amount, \$36,127,784 or 39% is unrestricted net position which may be used to meet the City's ongoing obligations to citizens and creditors.

During 2022, the City's total government-wide net position increased by \$5,285,474. The City's governmental activities provided \$1,702,463 of this increase, and the City's business-type activities generated the remaining \$3,583,011 of this increase.

As of December 31, 2022, the combined fund balances of the City's governmental funds were \$31,257,028. This is a decrease of \$2,062,354 or 6% from the prior year. Also, 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, 2022, unassigned fund balance in the General fund was \$7,101,674 or 98% of the total fund balance in the General fund. The City's policy for a minimum fund balance in the General fund for working capital purposes is equal to 45% of the subsequent year's budgeted general fund expenditures. At December 31, 2022, fund balance in the General fund equaled 44% of expenditures budgeted for 2023.

Total bonded debt decreased in 2022 by \$1,707,042 to an end-of-year total of \$24,241,004. This resulted from \$1,665,000 of scheduled installment repayments of bond principal and \$42,042 in amortization of bond premiums.

### **Overview of the Financial Statements**

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

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

## Management's Discussion and Analysis

The statement of net position presents information on all of the City's assets, deferred outflows or resources, liabilities, and deferred inflows of resources 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 comparison between governmental funds and governmental activities.

## Management's Discussion and Analysis

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 2022 are the following:

- General Fund
- EDA (Component Unit) Redevelopment Project Fund
- Capital Improvement PIR Fund
- EDA (Component Unit) TIF BB6 Alatus 4300 Central Ave Fund
- Capital Improvement 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. In 2022, the City had no fiduciary fund activity to 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 is presented as Statement 9 of this report. Required supplementary information on pensions and other post-employment benefits are presented as Statements 10 through 14 of this report. Certain additional combining and individual fund statements and schedules are presented as Statements 15 through 65 of this report.

### **Government-wide Financial Analysis**

As noted above, net position may serve over time as a useful indicator of a government's financial position. On December 31, 2022, the City's assets and deferred outflows exceeded its liabilities and deferred inflows by \$91,551,139.

\$52,500,465 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, \$36,127,784 or 39%, may be used to meet the City's ongoing obligations to citizens and creditors.



## Management's Discussion and Analysis

On December 31, 2022, 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.

CITY OF COLUMBIA HEIGHTS' NET POSITION						
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$55,006,479	\$55,731,035	\$11,396,160	\$12,348,023	\$66,402,639	\$68,079,058
Capital assets	50,123,498	47,809,335	20,457,257	17,424,675	70,580,755	65,234,010
Total assets	<u>105,129,977</u>	<u>103,540,370</u>	<u>31,853,417</u>	<u>29,772,698</u>	<u>136,983,394</u>	<u>133,313,068</u>
Deferred outflows of resources	<u>11,521,241</u>	<u>7,228,522</u>	<u>27,057</u>	<u>34,319</u>	<u>11,548,298</u>	<u>7,262,841</u>
Liabilities:						
Current liabilities	3,898,540	3,467,255	1,539,574	2,608,709	5,438,114	6,075,964
Noncurrent liabilities	48,576,602	35,889,274	2,019,275	2,502,106	50,595,877	38,391,380
Total liabilities	<u>52,475,142</u>	<u>39,356,529</u>	<u>3,558,849</u>	<u>5,110,815</u>	<u>56,033,991</u>	<u>44,467,344</u>
Deferred inflows of resources	<u>878,776</u>	<u>9,817,526</u>	<u>67,786</u>	<u>25,374</u>	<u>946,562</u>	<u>9,842,900</u>
Net position:						
Net investment in capital assets	34,629,847	32,828,395	17,870,618	14,462,569	52,500,465	47,290,964
Restricted	2,392,200	2,763,575	530,690	521,354	2,922,890	3,284,929
Unrestricted	<u>26,275,253</u>	<u>26,002,867</u>	<u>9,852,531</u>	<u>9,686,905</u>	<u>36,127,784</u>	<u>35,689,772</u>
Total net position	<u>\$63,297,300</u>	<u>\$61,594,837</u>	<u>\$28,253,839</u>	<u>\$24,670,828</u>	<u>\$91,551,139</u>	<u>\$86,265,665</u>

**Changes in net position - governmental activities.** In 2022, the net position of the City's governmental activities increased by \$1,702,463. This net increase of 3% differed from the prior year net increase of 8% as explained below.

Governmental activities revenue increased by \$1,151,972 or 5% from the prior year. This change includes:

- A planned increase in property taxes of \$1,365,501 or 10% required to support the increases in governmental activities expenses described below.
- Net gain from the sale of capital assets used in governmental activities increased \$453,392 reflecting a 2022 sale of a portion of the land surrounding a city facility to a developer.
- A \$510,889 reduction in grants, reflecting a one-time County award in 2021 to relocate a business as part of redevelopment.
- The net investment loss from a decrease in the fair value of debt security investments, driven by a rise in interest rates, was \$377,593 greater than the prior year net investment loss of \$65,570.

Governmental activities expenses increased \$4,344,281 or 23% from the prior year. This change includes:

- Pension expense increases of \$1,822,000 were caused by changes in performance in both state defined benefit plans the City participates in, as well as a decrease in the discount rates used in those plans.

## Management's Discussion and Analysis

- Workers compensation insurance premiums increased by \$289,000 or 122%. This dramatic increase reflects claims-driven losses *at the City's insurer* from state and national trends for front-line workers during the COVID-19 pandemic, as well as an increase in police officer PTSD claims following widespread civil unrest in 2020 and 2021. We note that actual claims experience for the City of Columbia Heights is favorable in comparison to these wider trends.
- Staffing increases of two additional full-time equivalents (FTE) over 2021, including one full-time position for Director of Information Technology, and one FTE in aggregate from incremental staffing in various functions.
- A comprehensive update to the City's compensation structure adopted by the City Council in January 2022 makes up the majority of the remaining increase in governmental activities expense. The new pay structure is based on a formal study performed by an outside consultant of all positions and pay throughout the City and in comparable cities. The initial impetus for this update was a Minnesota statute requiring local governments to maintain internal equity between positions. In addition to that mandated reason however, the City used this as an opportunity to assure employee retention and to attract new hires, given an expectation of a very competitive labor market over the long run.

**Changes in net position - Business-type activities.** In 2022, the net position of the City's business-type activities increased by \$3,583,011. This 15% increase differed from the prior year increase of 8% as follows:

- Business-type activities revenue increased by \$2,427,376 or 13% over the prior year. This is primarily from \$2,208,611 of one-time COVID-19 Coronavirus State and Local Fiscal Recovery Funds issued under the American Rescue Plan Act (ARPA) and recognized in 2022, plus an increase in municipal liquor sales.
- Business-type activities expenses increased by \$527,572 or 3% over the prior year from a volume increase in cost of goods sold within the municipal liquor function.

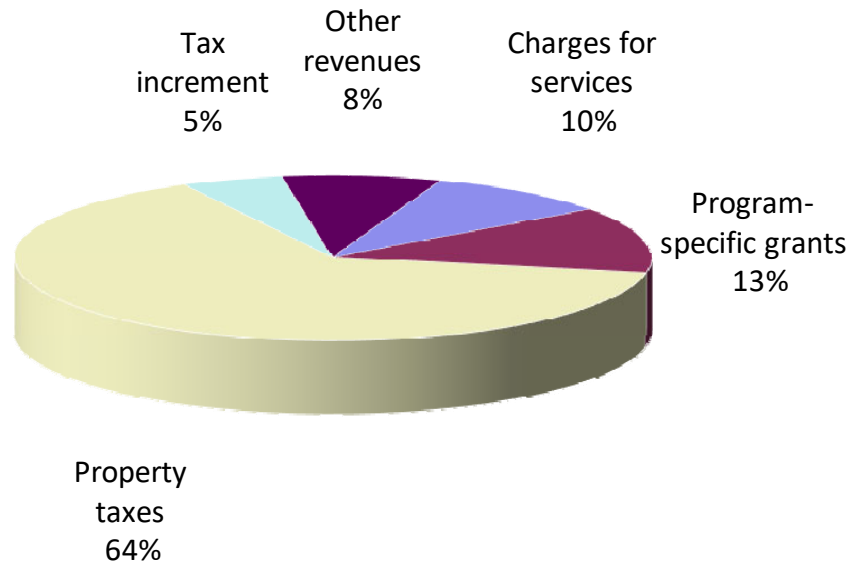
## Management's Discussion and Analysis

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

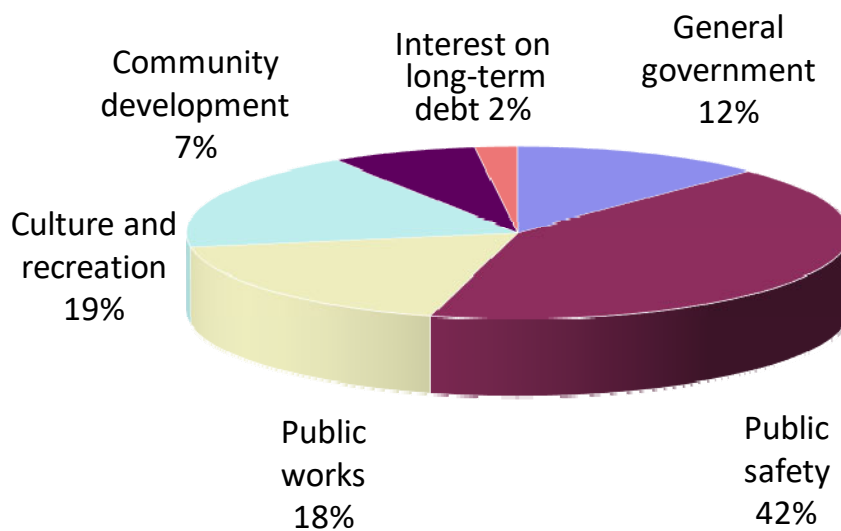
	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$2,272,695	\$2,201,265	\$18,744,371	\$18,124,417	\$21,017,066	\$20,325,682
Operating grants and contributions	1,113,261	2,206,118	111,171	112,351	1,224,432	2,318,469
Capital grants and contributions	1,993,780	1,411,812	-	-	1,993,780	1,411,812
General revenues:						
Property taxes	15,422,671	14,057,170	-	-	15,422,671	14,057,170
Tax increment collections	1,239,015	1,119,574	-	-	1,239,015	1,119,574
Grants and contributions not restricted to specific programs	1,902,817	1,872,127	2,208,611	286,109	4,111,428	2,158,236
Unrestricted investment earnings	(443,163)	(65,570)	(125,600)	(11,700)	(568,763)	(77,270)
Gain on sale of capital assets used in governmental activities	480,372	26,980	-	-	480,372	26,980
Total revenues	<u>23,981,448</u>	<u>22,829,476</u>	<u>20,938,553</u>	<u>18,511,177</u>	<u>44,920,001</u>	<u>41,340,653</u>
Expenses:						
General government	2,831,501	2,326,356	-	-	2,831,501	2,326,356
Public safety	9,626,765	7,287,477	-	-	9,626,765	7,287,477
Public works	4,152,035	3,224,168	-	-	4,152,035	3,224,168
Culture and recreation	4,250,380	3,657,301	-	-	4,250,380	3,657,301
Community development	1,645,020	1,580,857	-	-	1,645,020	1,580,857
Interest on long-term debt	471,434	556,695	-	-	471,434	556,695
Water	-	-	2,780,251	2,871,174	2,780,251	2,871,174
Sewer	-	-	2,151,278	2,148,646	2,151,278	2,148,646
Refuse	-	-	2,111,546	2,022,654	2,111,546	2,022,654
Storm sewer	-	-	466,958	546,447	466,958	546,447
Liquor	-	-	9,147,359	8,540,899	9,147,359	8,540,899
Total expenses	<u>22,977,135</u>	<u>18,632,854</u>	<u>16,657,392</u>	<u>16,129,820</u>	<u>39,634,527</u>	<u>34,762,674</u>
Increase (decrease) in net position before transfers	1,004,313	4,196,622	4,281,161	2,381,357	5,285,474	6,577,979
Transfers	<u>698,150</u>	<u>484,386</u>	<u>(698,150)</u>	<u>(484,386)</u>	<u>-</u>	<u>-</u>
Increase in net position	1,702,463	4,681,008	3,583,011	1,896,971	5,285,474	6,577,979
Net position - January 1	<u>61,594,837</u>	<u>56,913,829</u>	<u>24,670,828</u>	<u>22,773,857</u>	<u>86,265,665</u>	<u>79,687,686</u>
Net position - December 31	<u><u>\$63,297,300</u></u>	<u><u>\$61,594,837</u></u>	<u><u>\$28,253,839</u></u>	<u><u>\$24,670,828</u></u>	<u><u>\$91,551,139</u></u>	<u><u>\$86,265,665</u></u>

## Management's Discussion and Analysis

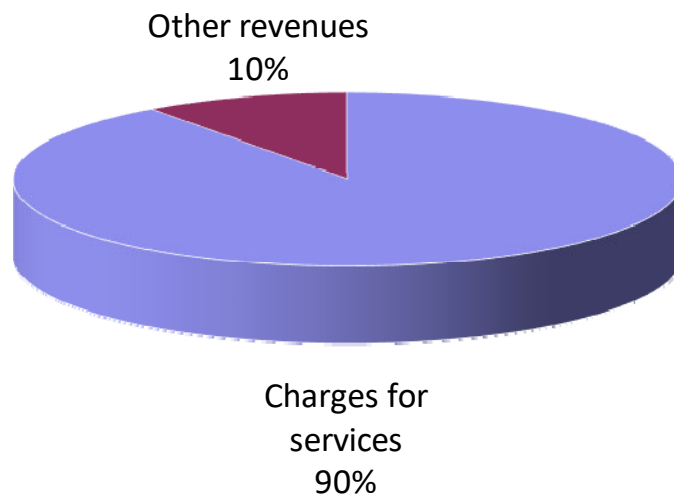
### Governmental Activities - 2022 Revenues



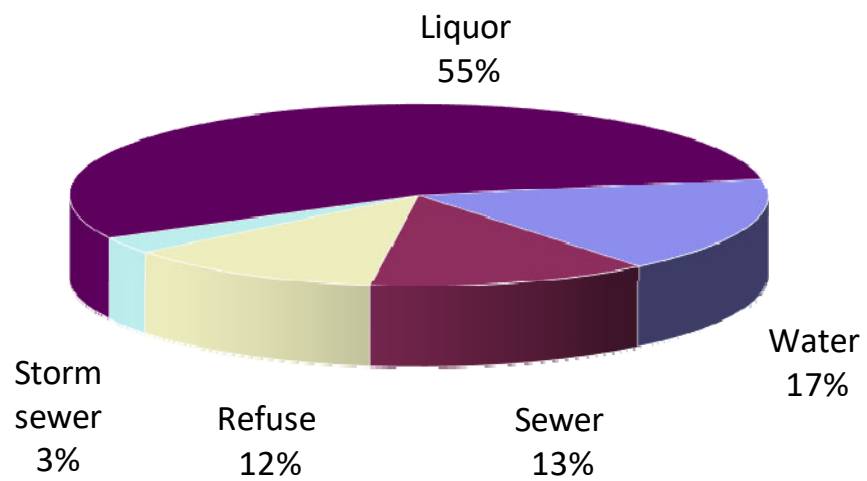
### Governmental Activities - 2022 Expenses



**Business-Type Activities - 2022 Revenues**



**Business-Type Activities - 2022 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.

On December 31, 2022, the City's governmental funds reported combined fund balances of \$31,257,028. 85% of this amount or \$26,601,425 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 15% 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 (\$146,568), debt service (\$1,276,457), tax increment purposes (\$2,849,225), and various other purpose restrictions (\$383,353) 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 \$1,688,653 or 19%. This differs from the prior year increase of \$557,027 as follows:

- Revenues increased by \$951,349 or 7% over the prior year. This reflects a \$1,026,098 or 9% increase in property taxes consistent with the City's five-year financial plan, offset by a decline in the fair value of debt security investments of \$83,565 due to an increase in interest rates.
- Expenditures increased by \$1,496,573 or 11% over the prior year. This is results from most of the factors detailed above in the discussion of the governmental activities:
  - A comprehensive update to the City's compensation structure increased salaries and salary ranges, primarily for non-supervisory staff, and first-level supervisors.
  - Worker's compensation insurance premiums more than doubled, for reasons outside the City's control, as explained above in in the discussion of the governmental activities.
  - Staffing within the General fund increased by approximately one additional full-time equivalent (FTE) over 2021.

## Management's Discussion and Analysis

- Transfers out from the General Fund increased by \$1,699,006. This reflects:
  - A one-time transfer of \$380,000 in 2022 to the Capital Improvements General Government Buildings Fund to fund construction of security fencing around the public safety center.
  - One-time transfers of \$820,000 and \$341,000 in 2022 to the non-major funds, under a plan to accumulate funds for future equipment replacement and park improvements, respectively.
  - An increase of \$160,000 in the annual operating transfer to the non-major funds for information technology staffing.

The changes in fund balance of the other major governmental funds in 2022, and significant elements of those changes, were as follows:

- The Economic Development Authority (Component Unit) Redevelopment Project Fund decreased by \$736,312. This reflects a one-time in 2022 transfer of \$816,055 to the Capital Improvements General Government Buildings Fund towards construction of a new City hall.
- The Economic Development Authority (Component Unit) TIF BB6 Alatus Fund decreased by \$131,374. Substantially all of this was a developer incentive paid in 2022 that will be financed with future years tax increment collections.
- The Capital Improvements PIR Fund increased by \$116,363. This is net effect of two main factors:
  - \$439,260 transferred-in from the non-major funds in 2022 for prior year activity in this fund that is eligible in 2022 for state aid received by the non-major funds.
  - An offsetting amount by which current year street project expenditures exceeded special assessments collected by \$302,000 in the current year.
- The Capital Improvements General Government Buildings Fund decreased by \$1,732,928. This is primarily the amount by which 2022 capital outlay exceeded 2022 intergovernmental revenues and transfers in. 2022 capital outlay was principally for construction of a new City hall and security fencing around the public safety center.

The combined fund balances of the non-major governmental funds increased by \$2,110,550 or 17% from the prior year. The most significant elements of this increase were:

- 2022 transfers into the non-major funds, net of transfers out, of \$1,394,772. This primarily consists of the one-time transfers from the general fund described above of \$820,000 and \$341,000, under a plan to accumulate funds for future equipment replacement and park improvements, respectively.
- Sales proceeds of \$475,590 from the 2022 sale of a portion of the land surrounding a city facility to a developer, mentioned above in the discussion of governmental activities.

## Management's Discussion and Analysis

**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. On December 31, 2022, net position of the major proprietary funds included the following amounts of unrestricted net position:

- Water Fund \$2,243,899
- Sewer Fund \$1,533,400
- Refuse Fund \$2,340,067
- Storm Sewer Fund \$1,061,675
- Liquor Fund \$2,507,362

The 2022 changes in net position of the major proprietary funds were as follows:

- Water Fund \$1,411,125
- Sewer Fund \$2,228,111
- Refuse Fund \$21,679
- Storm Sewer Fund \$173,277
- Liquor Fund \$(133,814)

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 2022 General Fund budget included several small budget amendments to increase intergovernmental revenue by \$28,300. These revenue changes were paired with related increases to budgeted expenditures, for various services and training funded by external entities in mid-year.

In addition, budgeted transfers-out from the General fund were amended for increases totaling \$1,206,500; primarily reflecting appropriation of available General Fund surplus to the:

- Capital Improvements General Government Buildings Fund to construct security fencing around the public safety center in the amount of \$380,000.
- Nonmajor funds under a plan to accumulate resources for future equipment replacement in the amount of \$820,000.

Actual 2022 general fund revenues were less than budgeted by \$74,259 or 0.5%. This consists of a negative variance in the fair value of debt security investments \$172,784 (an item the City does not forecast in its budget process), offset by net a positive variance in all other revenue items combined (which the City does forecast in its budget process.)

Actual general fund expenditures in 2022 were approximately the same as budgeted, with a positive variance of only \$8,412.



## Management's Discussion and Analysis

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

**Capital assets.** The City's capital assets for its governmental and business-type activities as of December 31, 2022, amount to \$70,580,754 net of accumulated depreciation. This investment in capital assets includes land, buildings, equipment, infrastructure, and construction in progress.

#### City of Columbia Heights' Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not depreciated:				
Land	\$6,440,531	\$ -	\$ -	\$6,440,531
Construction in progress	4,248,953	4,823,240	(1,539,054)	7,533,139
Total capital assets not being depreciated	10,689,484	4,823,240	(1,539,054)	13,973,670
Capital assets - being depreciated:				
Buildings	32,306,087	51,280	(51,773)	32,305,594
Equipment	12,205,390	952,673	(373,172)	12,784,891
Infrastructure	37,076,235	879,143	-	37,955,378
Total capital assets being depreciated	81,587,712	1,883,096	(424,945)	83,045,863
Less accumulated depreciation for:				
Buildings	13,428,568	921,459	(51,773)	14,298,254
Equipment	8,264,109	803,324	(418,036)	8,649,397
Infrastructure	22,775,184	1,173,200	-	23,948,384
Total accumulated depreciation	44,467,861	2,897,983	(469,809)	46,896,035
Capital assets being depreciated - net	37,119,851	(1,014,887)	44,864	36,149,828
Governmental activities capital assets - net	47,809,335	3,808,353	(1,494,190)	50,123,498
<b>Business-type activities:</b>				
Capital assets - not depreciated:				
Land	2,349,213	99,287	-	2,448,500
Construction in progress	778,962	3,314,268	(760,751)	3,332,479
Total capital assets not being depreciated	3,128,175	3,413,555	(760,751)	5,780,979
Capital assets - being depreciated:				
Buildings	6,756,617	47,850	-	6,804,467
Equipment	2,981,084	321,982	(164,356)	3,138,710
Infrastructure	19,294,963	760,751	-	20,055,714
Total capital assets being depreciated	29,032,664	1,130,583	(164,356)	29,998,891
Less accumulated depreciation for:				
Buildings	2,642,899	203,671	-	2,846,570
Equipment	2,265,225	184,386	(164,356)	2,285,255
Infrastructure	9,828,039	362,749	-	10,190,788
Total accumulated depreciation	14,736,163	750,806	(164,356)	15,322,613
Capital assets being depreciated - net	14,296,501	379,777	-	14,676,278
Business-type activities capital assets - net	17,424,676	3,793,332	(760,751)	20,457,257
<b>Total capital assets - net</b>	<b>65,234,011</b>	<b>7,601,685</b>	<b>(2,254,941)</b>	<b>70,580,755</b>

## Management's Discussion and Analysis

Significant capital asset activity during 2022 included the following:

Project	Year Started	As of December 31, 2022	
		Cost to Date	Status
Street Overlay	2018	784,139	in-service
City Hall	2019	3,216,741	in-progress
Street Rehab Zone 4B&5	2020	1,336,761	in-progress
Cellular Tower	2021	319,055	in-progress
Watermain Construction	2021	855,755	in-service
Trail and Street Reconstruction	2021	219,239	in-progress
Street Rehab Zone 6&7	2022	1,573,428	in-progress
Watermain Construction 37th Ave	2022	1,179,028	in-progress
Sanitary Sewer Rehab	2022	1,998,155	in-progress
Public Safety Building Exterior Fencing	2022	292,355	in-progress
Liquor Store #3 Adjacent Property	2022	155,296	in-progress

On December 31, 2022, the City had \$7,856,445 of non-cancellable contractual commitments for construction in 2023, primarily for street reconstruction and various other projects in process at December 31, 2022. Additional information on the City's capital assets can be found in Note 5 to the financial statements.

**Long-term debt.** Total bonded debt decreased in 2022 by \$1,707,042 to an end-of-year total of \$24,241,004. This resulted from \$1,665,000 of scheduled installment repayments of bond principal and \$42,042 in amortization of bond premiums.

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. On December 31, 2022, the City's debt limit under this statute was \$54,257,334 and \$14,101,729 of the City's outstanding debt was of the type to which this limit applies.

On December 31, 2022, the City's general obligation bonds have an AA/stable rating from Standard and Poor's. The outstanding revenue bonds of the governmental activities at December 31, 2022, are repaid only with tax increment and are unrated.

In conjunction with a 2015 sale of real property, the Housing and Redevelopment Authority issued 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 is reported in the financial statements within the liability - Due to Other Governments.

## Management's Discussion and Analysis

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	
	2022	2021	2022	2021	2022	2021
General obligation bonds:						
Repaid only with general taxes	\$13,835,000	\$14,620,000	\$ -	\$ -	\$13,835,000	\$14,620,000
With other pledged revenues	5,975,000	6,260,000	2,470,000	2,930,000	8,445,000	9,190,000
Revenue bonds	1,670,000	1,805,000	-	-	1,670,000	1,805,000
Unamortized premium	266,729	300,940	24,275	32,106	291,004	333,046
Due to other government	5,200,000	5,200,000	-	-	5,200,000	5,200,000
Compensated absences	1,349,395	1,232,076	-	-	1,349,395	1,232,076
Net pension liability	20,245,769	6,138,244	-	-	20,245,769	6,138,244
Postemployment benefits other than pensions	1,125,709	1,501,114	-	-	1,125,709	1,501,114
	<u>\$49,667,602</u>	<u>\$37,057,374</u>	<u>\$2,494,275</u>	<u>\$2,962,106</u>	<u>\$52,161,877</u>	<u>\$40,019,480</u>

### Economic Factors and Next Year's Budget

In 2022, the average annual unemployment rate for Anoka County, which includes the City, was 2.2%. This is a decrease from a rate of 3.6% from the prior year. This compares to the average annual 2022 state and national rates of 2.7% and 3.6% respectively. The 2022 increase in the Consumer Price Index in the Midwest region compares favorably to the national trend. These factors were considered when preparing the City of Columbia Heights' 2023 budget.

### Requests For Information.

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

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## **BASIC FINANCIAL STATEMENTS**

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

## STATEMENT OF NET POSITION

December 31, 2022

Statement 1

Page 1 of 2

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Current assets:			
Cash and investments	\$35,189,556	\$6,290,613	\$41,480,169
Receivables - current:			
Accounts (net of allowance for uncollectibles)	2,260,385	2,482,550	4,742,935
Special assessments	706,108	-	706,108
Taxes	695,164	-	695,164
Loans	2,115,600	-	2,115,600
Interest	86,465	24,400	110,865
Lease	44,585	-	44,585
Due from other governmental units	513,543	60,304	573,847
Internal balances	(206,858)	206,858	-
Prepayments	224,141	112,142	336,283
Inventory - at cost	67,193	2,219,293	2,286,486
Real estate held for resale	1,605,530	-	1,605,530
Total current assets	43,301,412	11,396,160	54,697,572
Noncurrent assets:			
Receivables - noncurrent:			
Special assessments	1,877,785	-	1,877,785
Loans	9,656,060	-	9,656,060
Lease	171,222	-	171,222
Capital assets (net of accumulated depreciation):			
Land	6,440,531	2,448,500	8,889,031
Buildings	18,007,340	3,957,897	21,965,237
Equipment	4,135,494	853,455	4,988,949
Infrastructure	14,006,994	9,864,926	23,871,920
Construction in process	7,533,139	3,332,479	10,865,618
Total noncurrent assets	61,828,565	20,457,257	82,285,822
Total assets	105,129,977	31,853,417	136,983,394
Deferred outflows of resources:			
Related to pensions	11,355,427	-	11,355,427
Related to other postemployment benefits	165,814	27,057	192,871
Total deferred outflows of resources	11,521,241	27,057	11,548,298

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

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

## STATEMENT OF NET POSITION

December 31, 2022

Statement 1

Page 2 of 2

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
Liabilities:			
Current liabilities:			
Accounts payable	\$1,929,950	\$667,367	\$2,597,317
Accrued salaries and withholdings payable	219,764	38,680	258,444
Contracts payable	247,059	92,365	339,424
Due to other governmental units	118,585	239,208	357,793
Unearned revenue	6,734	-	6,734
Accrued interest payable	197,136	24,454	221,590
Deposits	88,312	2,500	90,812
Compensated absences payable	121,000	-	121,000
Bonds payable	970,000	475,000	1,445,000
Total current liabilities	3,898,540	1,539,574	5,438,114
Noncurrent liabilities:			
Compensated absences payable	1,228,395	-	1,228,395
Other postemployment benefits payable	1,125,709	-	1,125,709
Bonds payable	20,776,729	2,019,275	22,796,004
Due to other governmental units	5,200,000	-	5,200,000
Net pension liability	20,245,769	-	20,245,769
Total noncurrent liabilities	48,576,602	2,019,275	50,595,877
Total liabilities	52,475,142	3,558,849	56,033,991
Deferred inflows of resources:			
Related to leases	215,807	-	215,807
Related to pensions	245,817	-	245,817
Related to other postemployment benefits	417,152	67,786	484,938
Total deferred inflows of resources	878,776	67,786	946,562
Net position:			
Net investment in capital assets	34,629,847	17,870,618	52,500,465
Restricted for:			
Debt service	1,037,994	530,690	1,568,684
Tax increment purposes	897,113	-	897,113
Other purposes	457,093	-	457,093
Unrestricted	26,275,253	9,852,531	36,127,784
Total net position	\$63,297,300	\$28,253,839	\$91,551,139

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, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		<u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$2,831,501	\$209,288
Public safety	9,626,765	995,282
Public works	4,152,035	39,307
Culture and recreation	4,250,380	228,981
Community development	1,645,020	799,837
Interest on long-term debt	471,434	-
Total governmental activities	<u>22,977,135</u>	<u>2,272,695</u>
Business-type activities:		
Water	2,780,251	4,076,309
Sewer	2,151,278	2,538,417
Refuse	2,111,546	2,142,910
Storm sewer	466,958	647,866
Liquor	9,147,359	9,338,869
	<u>16,657,392</u>	<u>18,744,371</u>
Total primary government	<u>\$39,634,527</u>	<u>\$21,017,066</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
\$31,313	\$131,800	(\$2,459,100)	\$ -	(\$2,459,100)
717,673	-	(7,913,810)	-	(7,913,810)
246,509	1,672,256	(2,193,963)	-	(2,193,963)
117,766	70,000	(3,833,633)	-	(3,833,633)
-	119,724	(725,459)	-	(725,459)
-	-	(471,434)	-	(471,434)
1,113,261	1,993,780	(17,597,399)	0	(17,597,399)
-	-	-	1,296,058	\$1,296,058
-	-	-	387,139	387,139
107,937	-	-	139,301	139,301
-	-	-	180,908	180,908
3,234	-	-	194,744	194,744
111,171	0	0	2,198,150	2,198,150
\$1,224,432	\$1,993,780	(17,597,399)	2,198,150	(15,399,249)
General revenues:				
Property taxes		15,422,671	-	15,422,671
Tax increment collections		1,239,015	-	1,239,015
Grants and contributions not restricted to specific programs		1,902,817	2,208,611	4,111,428
Unrestricted investment earnings (loss)		(443,163)	(125,600)	(568,763)
Gain on sale of capital assets used in governmental activities		480,372	-	480,372
Transfers		698,150	(698,150)	-
Total general revenues and transfers		19,299,862	1,384,861	20,684,723
Change in net position		1,702,463	3,583,011	5,285,474
Net position - January 1		61,594,837	24,670,828	86,265,665
Net position - December 31		\$63,297,300	\$28,253,839	\$91,551,139

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2022

	General Fund	EDA (Component Unit) Redevelopment Project Fund 408	EDA (Component Unit) TIF BB6 Alatus 4300 Central Fund 393
<b>Assets</b>			
Cash and investments	\$7,305,833	\$2,512,847	\$1,105,049
Receivables:			
Accounts	11,855	-	-
Special assessments	-	-	-
Taxes	634,560	4,494	-
Loans	-	-	4,801,314
Interest	21,065	7,400	100
Leases	-	-	-
Due from other governmental units	119,197	-	-
Interfund receivable	12,945	15,565	-
Prepayments	143,913	-	-
Real estate held for resale	-	1,034,206	-
<b>Total assets</b>	<b>\$8,249,368</b>	<b>\$3,574,512</b>	<b>\$5,906,463</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$277,058	\$1,250	\$ -
Accrued salaries and withholdings payable	183,376	-	-
Contracts payable - retained percentage	-	11,765	-
Due to other governmental units	111,617	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
Deposits	150	-	-
<b>Total liabilities</b>	<b>572,201</b>	<b>13,015</b>	<b>0</b>
<b>Deferred inflows of resources:</b>			
Related to leases	-	-	-
Unavailable revenue	431,580	-	4,801,314
<b>Total deferred inflows of resources</b>	<b>431,580</b>	<b>0</b>	<b>4,801,314</b>
<b>Fund balance:</b>			
Nonspendable	143,913	-	-
Restricted	-	-	1,105,149
Committed	-	3,561,497	-
Unassigned	7,101,674	-	-
<b>Total fund balances</b>	<b>7,245,587</b>	<b>3,561,497</b>	<b>1,105,149</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$8,249,368</b>	<b>\$3,574,512</b>	<b>\$5,906,463</b>

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

Capital Improvements PIR Fund 415	Capital Improvements General Gov't Buildings Fund 411	HRA (Component Unit) Parkview Villa North & South Fund 203 & 213	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds
\$43,993	\$5,705,535	\$ -	\$14,336,212	\$ -	\$31,009,469
32,222	2,115,600	-	100,708	-	2,260,385
2,583,893	-	-	-	-	2,583,893
-	-	-	56,110	-	695,164
-	-	6,585,000	385,346	-	11,771,660
400	17,700	-	31,600	-	78,265
-	-	-	120,753	-	120,753
37,085	131,800	-	225,164	-	513,246
-	-	-	56,913	(85,423)	-
-	-	-	2,655	-	146,568
-	-	-	571,324	-	1,605,530
<u>\$2,697,593</u>	<u>\$7,970,635</u>	<u>\$6,585,000</u>	<u>\$15,886,785</u>	<u>(\$85,423)</u>	<u>\$50,784,933</u>
\$11,206	\$1,084,862	\$ -	\$514,157	\$ -	\$1,888,533
-	269	-	20,553	-	204,198
137,700	90,116	-	7,478	-	247,059
403	-	-	6,555	-	118,575
-	-	-	85,423	(85,423)	-
-	-	-	6,734	-	6,734
15,000	-	-	63,150	-	78,300
<u>164,309</u>	<u>1,175,247</u>	<u>0</u>	<u>704,050</u>	<u>(85,423)</u>	<u>2,543,399</u>
-	-	-	120,753	-	120,753
2,569,123	2,115,600	6,585,000	361,136	-	16,863,753
<u>2,569,123</u>	<u>2,115,600</u>	<u>6,585,000</u>	<u>481,889</u>	<u>0</u>	<u>16,984,506</u>
-	-	-	2,655	-	146,568
-	-	-	3,403,886	-	4,509,035
-	4,679,788	-	11,324,362	-	19,565,647
(35,839)	-	-	(30,057)	-	7,035,778
<u>(35,839)</u>	<u>4,679,788</u>	<u>0</u>	<u>14,700,846</u>	<u>0</u>	<u>31,257,028</u>
<u>\$2,697,593</u>	<u>\$7,970,635</u>	<u>\$6,585,000</u>	<u>\$15,886,785</u>	<u>(\$85,423)</u>	<u>\$50,784,933</u>

Fund balance reported above	\$31,257,028
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 i	49,217,546
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	11,663,753
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.	(6,897,162)
Long-term liabilities, including bonds payable and pollution remediation obligation, are not due and payable in the current period and, therefore, are not reported in the funds.	(21,943,865)
Net position of governmental activities	<u>\$63,297,300</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, 2022

	General Fund	EDA (Component Unit) Redevelopment Project Fund 408	EDA (Component Unit) TIF BB6 Alatus 4300 Central Fund 393
<b>Revenues:</b>			
Taxes	\$12,815,369	\$306,558	\$ -
Tax increment collections	-	-	-
Special assessments	-	-	-
Licenses and permits	390,394	-	-
Intergovernmental	992,750	-	-
Charges for services	620,821	-	-
Fines and forfeitures	82,033	-	-
Investment income:			
Interest and dividends	62,850	21,900	2,582
Change in fair value	(172,784)	(60,100)	(1,200)
Other revenues	24,308	29,025	-
Total revenues	14,815,741	297,383	1,382
<b>Expenditures:</b>			
Current:			
General government	2,472,468	-	1,777
Public safety	8,313,103	-	-
Public works	2,096,674	-	-
Culture and recreation	2,065,309	-	-
Community development	-	40,463	-
Capital outlay:			
General government	-	-	-
Public safety	315	-	-
Public works	78,019	-	-
Community development	-	177,177	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	27,354
Developer incentives	-	-	103,625
Total expenditures	15,025,888	217,640	132,756
Revenues over (under) expenditures	(210,147)	79,743	(131,374)
<b>Other financing sources (uses):</b>			
Transfers in	515,000	-	-
Transfers out	(1,993,506)	(816,055)	-
Sale of capital assets	-	-	-
Total other financing sources (uses)	(1,478,506)	(816,055)	0
Net change in fund balance	(1,688,653)	(736,312)	(131,374)
Fund balance - January 1	8,934,240	4,297,809	1,236,523
Fund balance - December 31	\$7,245,587	\$3,561,497	\$1,105,149

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

Capital Improvements PIR Fund 415	Capital Improvements General Gov't Buildings Fund 411	HRA (Component Unit) Parkview Villa North & South Fund 203 & 213	Other Governmental Funds	Interfund Eliminations	Total Governmental Funds
\$ -	\$ -	\$ -	\$2,032,006	\$ -	\$15,153,933
-	-	-	1,233,399	-	1,233,399
885,633	-	-	107,784	-	993,417
-	-	-	484,747	-	875,141
-	531,800	-	2,021,755	-	3,546,305
86,721	-	-	461,954	-	1,169,496
-	-	-	6,692	-	88,725
2,726	52,600	-	96,063	-	238,721
(3,600)	(144,600)	-	(256,800)	-	(639,084)
3,899	-	-	152,101	-	209,333
975,379	439,800	0	6,339,701	0	22,869,386
-	16,346	-	125,849	-	2,616,440
-	-	-	325,853	-	8,638,956
159,971	116,521	-	435,776	-	2,808,942
-	-	-	1,298,400	-	3,363,709
-	-	-	773,356	-	813,819
-	2,912,095	-	-	-	2,912,095
-	323,821	-	101,011	-	425,147
1,117,329	-	-	605,758	-	1,801,106
-	-	-	-	-	177,177
-	-	-	1,205,000	-	1,205,000
-	-	-	496,030	-	523,384
-	-	-	732,480	-	836,105
1,277,300	3,368,783	0	6,099,513	0	26,121,880
(301,921)	(2,928,983)	0	240,188	0	(3,252,494)
439,260	1,196,055	-	2,698,982	(3,927,247)	922,050
(20,976)	-	-	(1,304,210)	3,927,247	(207,500)
-	-	-	475,590	-	475,590
418,284	1,196,055	0	1,870,362	0	1,190,140
116,363	(1,732,928)	0	2,110,550	0	(2,062,354)
(152,202)	6,412,716	-	12,590,296	-	33,319,382
(\$35,839)	\$4,679,788	\$0	\$14,700,846	\$0	\$31,257,028

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

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA****RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2022****Statement 5**

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

Net changes in fund balances - total governmental funds (Statement 4)	(\$2,062,354)
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.	2,379,544
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.	1,239,211
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.	17,739
Pollution remediation obligation expenses are reported in the governmental funds in the year the expenses are paid. Whereas, this amount is reported in the statement of activities in the year in which it accrues.	112,639
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.	608,780
The net revenues (expenses) of certain activities of internal service funds are reported within the governmental activities in the statement of activities.	<u>(593,096)</u>
Change in net position of governmental activities (Statement 2)	<u><u>\$1,702,463</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, 2022

Assets:	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Current assets:			
Cash and cash equivalents	\$1,342,374	\$816,708	\$1,905,455
Receivables:			
Accounts (net of allowance for uncollectibles)	1,075,435	665,017	567,724
Interest	5,800	6,500	5,600
Lease	-	-	-
Due from other governmental units	-	12,954	47,350
Prepayments	-	112,142	-
Inventory - at cost	69,402	-	-
Total current assets	2,493,011	1,613,321	2,526,129
Noncurrent assets:			
Capital assets:			
Land	45,223	36,586	-
Construction in progress	1,179,028	1,998,155	-
Buildings	1,776,045	768,836	56,000
Equipment	721,954	1,356,891	155,951
Infrastructure	10,441,652	6,946,918	-
Total capital assets	14,163,902	11,107,386	211,951
Less: accumulated depreciation	(5,577,678)	(5,699,411)	(149,386)
Net capital assets	8,586,224	5,407,975	62,565
Total noncurrent assets	8,586,224	5,407,975	62,565
Total assets	11,079,235	7,021,296	2,588,694
Deferred outflows of resources:			
Related to pensions and OPEB	-	-	-
Liabilities:			
Current liabilities:			
Accounts payable	12,295	9,235	183,986
Accrued salaries and withholdings payable	4,800	6,105	2,076
Contracts payable - retained percentage	75,006	17,359	-
Due to other governmental units	136,987	-	-
Accrued interest payable	1,714	1,057	-
Deposits	2,500	-	-
Compensated absences payable - current	-	-	-
Bonds payable - current	85,000	59,600	-
Total current liabilities	318,302	93,356	186,062
Noncurrent liabilities:			
Compensated absences payable - noncurrent	-	-	-
Other postemployment benefits payable	-	-	-
Bonds payable - noncurrent	85,000	59,600	-
Net pension liability	-	-	-
Total noncurrent liabilities	85,000	59,600	0
Total liabilities	403,302	152,956	186,062
Deferred inflows of resources:			
Related to pensions, OPEB, and leases	-	-	-
Net position:			
Net investments in capital assets	8,341,218	5,271,416	62,565
Restricted for debt service	90,816	63,524	-
Unrestricted	2,243,899	1,533,400	2,340,067
Total net position	\$10,675,933	\$6,868,340	\$2,402,632

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.



Statement 6

Business-Type Activities - Enterprise Funds			
Storm Sewer Utility Fund	Liquor Fund	Total Enterprise Funds	Internal Service Funds
\$953,373	\$1,272,703	\$6,290,613	\$4,180,087
174,374	-	2,482,550	-
2,600	3,900	24,400	8,200
-	-	-	95,054
-	-	60,304	297
-	-	112,142	77,573
-	2,149,891	2,219,293	67,193
1,130,347	3,426,494	11,189,302	4,428,404
260,690	2,106,001	2,448,500	15,779
-	155,296	3,332,479	-
-	4,203,586	6,804,467	1,978,957
394,068	509,846	3,138,710	698,836
2,667,144	-	20,055,714	-
3,321,902	6,974,729	35,779,870	2,693,572
(1,623,421)	(2,272,717)	(15,322,613)	(1,787,620)
1,698,481	4,702,012	20,457,257	905,952
1,698,481	4,702,012	20,457,257	905,952
2,828,828	8,128,506	31,646,559	5,334,356
-	-	-	11,548,298
911	460,940	667,367	41,417
1,712	23,987	38,680	15,564
-	-	92,365	-
-	102,221	239,208	10
1,363	20,320	24,454	-
-	-	2,500	10,012
-	-	-	121,000
60,400	270,000	475,000	-
64,386	877,468	1,539,574	188,003
-	-	-	1,228,395
-	-	-	1,125,709
60,400	1,814,275	2,019,275	-
-	-	-	20,245,769
60,400	1,814,275	2,019,275	22,599,873
124,786	2,691,743	3,558,849	22,787,876
-	-	-	825,809
1,577,681	2,617,737	17,870,617	905,952
64,686	311,664	530,690	-
1,061,675	2,507,362	9,686,403	(7,636,983)
\$2,704,042	\$5,436,763	28,087,710	(\$6,731,031)
		166,129	
		\$28,253,839	

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, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Operating revenues:			
Charges for services	\$149,420	\$2,498,417	\$2,142,910
Charges for sales, net of discounts	3,926,351	-	-
Total operating revenues	4,075,771	2,498,417	2,142,910
Operating expenses:			
Cost of sales, services and goods sold	1,716,106	1,288,807	1,816,711
Operating expense	761,549	612,704	275,289
Depreciation	278,283	237,728	7,368
Total operating expenses	2,755,938	2,139,239	2,099,368
Net income (loss) from operations	1,319,833	359,178	43,542
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends	17,000	19,200	16,600
Change in fair value	(46,700)	(52,700)	(45,600)
Intergovernmental	234,154	1,974,457	107,937
Gain on sale of capital assets	-	40,000	-
Miscellaneous revenues	538	-	-
Interest and fiscal charges	(4,450)	(2,774)	-
Total nonoperating revenues (expenses)	200,542	1,978,183	78,937
Net income (loss) before transfers	1,520,375	2,337,361	122,479
Transfers:			
Transfers in	-	-	-
Transfers out	(109,250)	(109,250)	(100,800)
Total transfers	(109,250)	(109,250)	(100,800)
Change in net position	1,411,125	2,228,111	21,679
Net position - January 1	9,264,808	4,640,229	2,380,953
Net position - December 31	\$10,675,933	\$6,868,340	\$2,402,632

**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
\$647,866	\$ -	\$5,438,613	\$4,562,048
-	9,338,869	13,265,220	136,629
647,866	9,338,869	18,703,833	4,698,677
-	7,025,816	11,847,440	5,431,079
383,825	1,854,082	3,887,449	-
74,140	153,287	750,806	92,975
457,965	9,033,185	16,485,695	5,524,054
189,901	305,684	2,218,138	(825,377)
7,700	11,600	72,100	24,300
(20,800)	(31,900)	(197,700)	(67,100)
-	3,234	2,319,782	169,335
-	-	40,000	4,782
-	-	538	-
(3,524)	(43,582)	(54,330)	-
(16,624)	(60,648)	2,180,390	131,317
173,277	245,036	4,398,528	(694,060)
-	-	-	208,700
-	(378,850)	(698,150)	(225,100)
0	(378,850)	(698,150)	(16,400)
173,277	(133,814)	3,700,378	(710,460)
2,530,765	5,570,577	24,387,332	(6,020,571)
\$2,704,042	\$5,436,763	\$28,087,710	(\$6,731,031)
		Change in Net Position	
		\$3,700,378	
		(117,367)	
		\$3,583,011	

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, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Cash flows provided by (used in) operating activities:			
Cash received from customers	\$4,021,294	\$2,394,904	\$2,110,168
Cash received from interfund goods and services provided	-	-	-
Cash paid to suppliers for goods and services	(2,026,003)	(1,591,652)	(2,070,468)
Cash payments to employees for services	(488,867)	(324,466)	(137,051)
Net cash flows provided by (used in) operating activities	<u>1,506,424</u>	<u>478,786</u>	<u>(97,351)</u>
Cash flows provided by (used in) noncapital financing activities:			
Transfers in	-	-	-
Transfers out	(109,250)	(109,250)	(100,800)
Intergovernmental	-	-	107,937
Increases in other postemployment benefits payable	-	-	-
Net cash flows provided by (used in) noncapital financing activities	<u>(109,250)</u>	<u>(109,250)</u>	<u>7,137</u>
Cash flows provided by (used in) capital and related financing activities:			
Proceeds from sale of capital assets	-	-	-
Acquisition of capital assets	(1,184,514)	(2,213,379)	(43,058)
Principal payments - bonds	(80,000)	(59,600)	-
Interest and fiscal charges	(5,184)	(3,302)	-
Capital grant funds received	234,154	882,001	-
Net cash flows provided by (used in) capital and related financing activities	<u>(1,035,544)</u>	<u>(1,394,280)</u>	<u>(43,058)</u>
Cash flows provided by (used in) investing activities:			
Investment income:			
Interest and dividends	13,800	15,500	15,200
Change in fair value	(46,700)	(52,700)	(45,600)
Net cash flows provided by (used in) investing activities	<u>(32,900)</u>	<u>(37,200)</u>	<u>(30,400)</u>
Net increase (decrease) in cash and cash equivalents	328,730	(1,061,944)	(163,672)
Total cash and cash equivalents - January 1	<u>1,013,644</u>	<u>1,878,652</u>	<u>2,069,127</u>
Total cash and cash equivalents - December 31	<u><u>\$1,342,374</u></u>	<u><u>\$816,708</u></u>	<u><u>\$1,905,455</u></u>
Noncash capital and related financing activities	<u>\$ -</u>	<u>\$40,000</u>	<u>\$ -</u>

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

Business-Type Activities - Enterprise Funds			
Storm Sewer Utility Fund	Liquor Fund	Total Enterprise Funds	Internal Service Funds
\$679,849	\$9,338,869	\$18,545,084	\$ -
-	-	-	4,698,677
(224,284)	(7,611,675)	(13,524,082)	(3,067,034)
(163,394)	(1,060,696)	(2,174,474)	(1,710,873)
292,171	666,498	2,846,528	(79,230)
-	-	-	208,700
-	(378,850)	(698,150)	(225,100)
-	3,234	111,171	169,335
-	-	-	(20,588)
0	(375,616)	(586,979)	132,347
-	-	-	6,125
-	(302,435)	(3,743,386)	(28,938)
(60,400)	(260,000)	(460,000)	-
(4,094)	(53,575)	(66,155)	-
-	-	1,116,155	-
(64,494)	(616,010)	(3,153,386)	(22,813)
6,700	10,600	61,800	23,000
(20,800)	(31,900)	(197,700)	(67,100)
(14,100)	(21,300)	(135,900)	(44,100)
213,577	(346,428)	(1,029,737)	(13,796)
739,796	1,619,131	7,320,350	4,193,883
\$953,373	\$1,272,703	\$6,290,613	\$4,180,087
\$ -	\$ -	\$40,000	\$ -

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, 2022

	Business-Type Activities - Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Refuse Utility Fund
Reconciliation of operating income (loss) to net cash flows from operating activities			
Operating income (loss)	\$1,319,833	\$359,178	\$43,542
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	278,283	237,728	7,368
Miscellaneous revenues (expenses)	538	-	-
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(49,296)	(98,855)	(32,437)
(Increase) decrease in due from other governmental units	-	83	(305)
(Increase) decrease in prepayments	-	(4,741)	-
(Increase) decrease in inventory, at cost	(5,181)	-	-
(Increase) decrease in deferred pension outflows	-	-	-
Increase (decrease) in accounts payable	(76,829)	(14,173)	(115,651)
Increase (decrease) in accrued salaries and withholdings payable	(10,724)	(434)	132
Increase (decrease) in contracts payable - retained percentage	42,952	-	-
Increase (decrease) in due to other governmental units	6,848	-	-
Increase (decrease) in deposits payable	-	-	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) in net pension liability	-	-	-
Increase (decrease) in deferred pension inflows	-	-	-
Total adjustments	186,591	119,608	(140,893)
Net cash flows from operating activities	\$1,506,424	\$478,786	(\$97,351)

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

Business-Type Activities - Enterprise Funds			
Storm Sewer Utility Fund	Liquor Fund	Total Enterprise Funds	Internal Service Funds
\$189,901	\$305,684	\$2,218,138	(\$825,377)
74,140	153,287	750,806	92,975
-	-	538	-
(8,010)	-	(188,598)	-
39,993	-	39,771	3
-	-	(4,741)	(1,293)
-	23,482	18,301	(6,370)
-	-	-	(4,324,245)
(3,730)	173,580	(36,803)	(97,604)
(123)	4,257	(6,892)	2,427
-	-	42,952	-
-	6,208	13,056	10
-	-	-	292
-	-	-	117,319
-	-	-	14,107,525
-	-	-	(9,144,892)
102,270	360,814	628,390	746,147
\$292,171	\$666,498	\$2,846,528	(\$79,230)

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

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**Note 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. FINANCIAL REPORTING ENTITY**

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

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

The *EDA (component unit) Tax Increment Financing Fund – BB6 4300 Central* was established to account for the revenues and expenditures of TIF District BB6.

The *EDA (component unit) Redevelopment Project fund* was established to fund land acquisitions and other activities of redevelopment.

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* accounts for the long-term notes receivable and payable associated with property sold in 2015, in which there is a federal interest.

The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the City reports the following fund types:

*Internal service funds* account for municipal service center, information systems, risk management and certain employee benefit services provided to other departments of the City on a cost reimbursement basis.

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 2022, liquor sales discounts were \$267,689. 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
- After-School Programs Fund
- Twenty-First Century Arts Fund
- Downtown Parking Fund
- Planning and Inspections Fund
- 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	15,000
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 as a result of employee resignations and retirements.

#### **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* – consist of internally imposed constraints. These constraints are established by Resolution of the City Council. Once adopted, the limitation imposed requires a similar action be taken to remove or revise the limitation.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council resolution 2010-138, the City Manager is authorized to establish assignment of fund balance.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted as they are needed. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

#### **O. LEASES**

Lessor: The City is a lessor for noncancellable leases of land and infrastructure. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### **P. 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.



**Q. DEFINED BENEFIT PENSION PLANS**

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

**R. 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.

**S. 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 assets 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time. 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. Additionally, deferred inflows relating to lease receivables are reported on the governmental fund balance sheet and statements of net position.

*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.

**T. 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 (\$21,943,865) difference are as follows:

Accrued interest payable	(\$197,136)
Bonds payable	<u>(21,746,729)</u>
Adjustment to fund balance - total governmental funds - to arrive at net position of governmental activities	<u><u>(\$21,943,865)</u></u>

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

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The difference is the amount by which depreciation exceeded capital outlay in the current year.” The details of this \$2,379,544 difference are as follows:

Total capital outlay in government fund financial statements	\$5,315,525
Disposal of capital assets	(515,446)
Capital outlay not capitalized	(80,480)
Depreciation expense	<u>(2,340,055)</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>\$2,379,544</u></u>

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Another element of that reconciliation states, "The issuance of long-term debt provides current financial resources to the governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position however. This amount is the net effect of these differences in the treatment of long-term debt." The details of this \$1,239,211 difference are as follows:

Principal repayments:	
General obligation bonds	\$1,070,000
Revenue bonds	135,000
Amortization of deferred premiums	<u>34,211</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>\$1,239,211</u></u>

Another element of that reconciliation states, "Revenue earned in the current year, that is unavailable in the current year is not reported in the governmental funds. Whereas, this amount is reported in the statement of activities in the year in which it was earned". The details of this \$608,780 difference are as follows:

Unavailable revenue - General property taxes:	
At December 31, 2021	(\$179,400)
At December 31, 2022	448,139
Unavailable revenue - Tax increment taxes:	
At December 31, 2021	(7,962)
At December 31, 2022	13,577
Unavailable revenue - Special assessments:	
At December 31, 2021	(2,338,321)
At December 31, 2022	2,569,122
Unavailable revenue - Due from other government:	
At December 31, 2021	-
At December 31, 2022	-
Unavailable revenue - Loan receivable:	
At December 31, 2021	(13,729,289)
At December 31, 2022	<u>13,832,914</u>
Adjustment to net changes in fund balances - total governmental funds - to arrive at changes in net position of governmental activities.	<u><u>\$608,780</u></u>

**U. STATEMENT OF CASH FLOWS**

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

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

The City maintains a cash and investment pool that is available for use by all funds of the City. The City's total cash and investment balances as of December 31, 2022 are as follows:

	Carrying Amount At Fair Value
Investments	\$38,757,331
Deposits	2,715,215
Cash on hand	7,623
	<u>\$41,480,169</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, 2022, the bank balances of the City's deposits were 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**  
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Deposits as of December 31, 2022, are as follows:

	Bank Balances	Carrying Amount At Fair Value
Demand deposits	\$3,164,791	\$2,711,864
Time deposits	3,351	3,351
Total	<u>\$3,168,142</u>	<u>\$2,715,215</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**  
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Investments as of December 31, 2022 are as follows:

	Weighted Average Maturities In Years	Carrying Amount At Fair Value	Percentage of Total
U.S. Treasury notes	Less than 1 yr	8,252,554	21.3%
Notes issued by U.S. government agencies:			
Federal Home Loan Banks	1.9	7,636,421	19.7%
Federal Home Loan Mortgage Corporation	Less than 1 yr	4,548,261	11.8%
Federal Farm Credit Bank	1.6	1,845,182	4.8%
Federal National Mortgage Assn	1.0	268,054	0.7%
Collateralized Mortgage Obligations (CMO) issued by U.S. government agencies:			
Federal Home Loan Banks	3.7	429,475	1.1%
State and local government bonds:			
New Jersey Economic Dev Authority	Less than 1 yr	2,605,695	6.6%
Other state and local government bonds*	1.4	10,417,372	26.9%
Negotiable certificates of deposit*	2.9	1,219,564	3.2%
Money market mutual funds:			
Federated Hermes I Prime Value Fund	Less than 1 yr	1,528,879	3.9%
Dreyfus Treasury Obligation Cash Mgt PTP	Less than 1 yr	5,874	0.0%
Total investments		<u>\$ 38,757,331</u>	<u>100%</u>

\* from various issuers, each less than 3% of the fair value of total investments

The City has the following recurring fair value measurements as of December 31, 2022:

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

### C. INVESTMENT RISKS

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

- a) Interest rate risk - Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. To address this risk, the City's policy is to hold investments to maturity whenever practical to do so.
- b) Credit risk - investments - Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. In order to limit credit risk to an acceptable level, the City's investments are limited to securities with the credit quality described above in Part B of this note.
- 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, 2022.
- 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. At December 31, 2022, the securities listed above are held by two separate custodians in the City's name, with \$500,000 of SIPC insurance coverage specific to the City's investments held at each custodian. Each custodian has provided additional protection by providing additional insurance. This additional insurance is subject to aggregate limits applied to all of the custodian's accounts however. Investments in money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures.

### Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2022 are as follows:

	Major Funds			Nonmajor Funds			Internal Service	Total
	HRA (component unit) Parkview Villa North & South	Capital Improvement PIR Fund	TIF BB6 Alatus 4300 Central	Anoka County Comm Dev Program Fund	EDA Administration (Component Unit)	Capital Improvement Development	Special Projects	
							Garage	
Special assessments receivable	\$ -	\$1,877,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,877,785
Loans receivable	6,585,000	-	4,801,314	231,000	100,000	54,346	-	11,771,660
Lease receivable	-	-	-	-	-	-	93,282	171,222
Total	<u>\$6,585,000</u>	<u>\$1,877,785</u>	<u>\$4,801,314</u>	<u>\$231,000</u>	<u>\$100,000</u>	<u>\$54,346</u>	<u>\$93,282</u>	<u>\$13,820,667</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 of the Parkview Villa North portion of the facility as a Public Housing Agency project.

In 2020, a developer purchased certain land within the City's downtown business district from the EDA. Part of the purchase agreement included a contractual obligation to develop and construct the City Hall Component of Minimum Improvements and convey to the City upon completion. December 31, 2022, the estimated fair value assigned to the right to receive the future condominium shell is \$2,115,600. The City expects to take possession of the condominium shell in June 2023.

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On July 12, 2021 the city approved an agreement to loan bond proceeds to redeveloper for the acquisition and demolition of the property former Rainbow Foods Central Avenue shopping center site for redevelopment. The issuance of \$5,935,000 Taxable GO Temporary Tax Increment Bonds were placed into an escrow account to be drawn on by the developer for acquisition and demolition of the redevelopment property. As of December 31, 2022, \$4,801,314 has been loaned to the developer. The loan is scheduled for repayment on December 15, 2023.

**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	\$431,580	\$ -	\$ -	\$ -	\$431,580
Capital Improvement PIR	-	-	2,569,123	-	2,569,123
Capital Improv Gen Govt Bldg	-	-	-	2,115,600	2,115,600
EDA (Component Unit) TIF BB6	-	-	-	4,801,314	4,801,314
HRA (Component Unit) Parkview Villa North & South	-	-	-	6,585,000	6,585,000
Nonmajor Governmental Funds:	16,559	13,577	-	331,000	361,136
Total unavailable revenue	<u>\$448,139</u>	<u>\$13,577</u>	<u>\$2,569,123</u>	<u>\$13,832,914</u>	<u>\$16,863,753</u>



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**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets - not depreciated:				
Land	\$6,440,531	\$ -	\$ -	\$6,440,531
Construction in progress	4,248,953	4,823,240	(1,539,054)	7,533,139
Total capital assets not being depreciated	10,689,484	4,823,240	(1,539,054)	13,973,670
Capital assets - being depreciated:				
Buildings	32,306,087	51,280	(51,773)	32,305,594
Equipment	12,205,390	952,673	(373,172)	12,784,891
Infrastructure	37,076,235	879,143	-	37,955,378
Total capital assets being depreciated	81,587,712	1,883,096	(424,945)	83,045,863
Less accumulated depreciation for:				
Buildings	13,428,568	921,459	(51,773)	14,298,254
Equipment	8,264,109	803,324	(418,036)	8,649,397
Infrastructure	22,775,184	1,173,200	-	23,948,384
Total accumulated depreciation	44,467,861	2,897,983	(469,809)	46,896,035
Capital assets being depreciated - net	37,119,851	(1,014,887)	44,864	36,149,828
Governmental activities capital assets - net	47,809,335	3,808,353	(1,494,190)	50,123,498
<b>Business-type activities:</b>				
Capital assets - not depreciated:				
Land	2,349,213	99,287	-	2,448,500
Construction in progress	778,962	3,314,268	(760,751)	3,332,479
Total capital assets not being depreciated	3,128,175	3,413,555	(760,751)	5,780,979
Capital assets - being depreciated:				
Buildings	6,756,617	47,850	-	6,804,467
Equipment	2,981,084	321,982	(164,356)	3,138,710
Infrastructure	19,294,963	760,751	-	20,055,714
Total capital assets being depreciated	29,032,664	1,130,583	(164,356)	29,998,891
Less accumulated depreciation for:				
Buildings	2,642,899	203,671	-	2,846,570
Equipment	2,265,225	184,386	(164,356)	2,285,255
Infrastructure	9,828,039	362,749	-	10,190,788
Total accumulated depreciation	14,736,163	750,806	(164,356)	15,322,613
Capital assets being depreciated - net	14,296,501	379,777	-	14,676,278
Business-type activities capital assets - net	17,424,676	3,793,332	(760,751)	20,457,257
<b>Total capital assets - net</b>	<b>65,234,011</b>	<b>7,601,685</b>	<b>(2,254,941)</b>	<b>70,580,755</b>

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

Governmental activities:	
General government	\$69,392
Public safety	677,299
Public works	1,240,141
Culture and recreation	813,736
Community development	4,440
Depreciation on capital assets held by governmental internal service activities is charged to each function based on use:	
Municipal Service Center	68,454
Information Systems	24,521
	<hr/>
Total depreciation expense - capital assets held by governmental activities	<u>\$2,897,983</u>

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

Business-type activities:	
Water	\$278,283
Sewer	237,728
Refuse	7,368
Storm sewer	74,140
Liquor	153,287
	<hr/>
Total depreciation expense - capital assets held by business-type activities	<u>\$750,806</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 6 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivable and payable balances at December 31, 2022 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
General Fund	\$12,945	\$ -
EDA Redevelopment Project	15,565	-
Nonmajor funds	56,913	85,423
Total	<u>\$85,423</u>	<u>\$85,423</u>

All interfund balances at December 31, 2022, reflect lending arrangements to cover deficit cash balances at yearend. Substantially all amounts are expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2022 are as follows:

	Transfers In					
	Major Funds			Nonmajor Funds		
	Governmental					
	Capital Imp PIR Fund	Capital Imprvmts Gen Govt Bldg	Other Govtl Funds	Internal Service Funds		Total
	General					
Transfers out:						
Major funds:						
Governmental:						
General	\$ -	\$ -	\$380,000	\$1,407,006	\$206,500	\$1,993,506
EDA Redev Project Fund	-	-	816,055	-	-	816,055
Capital Imp PIR Fund	-	-	-	20,976	-	20,976
Enterprise:						
Water	109,050	-	-	-	200	109,250
Sewer	109,050	-	-	-	200	109,250
Refuse	100,800	-	-	-	-	100,800
Liquor	103,150	-	-	275,000	700	378,850
Nonmajor funds:						
Other governmental funds	92,950	439,260	-	771,000	1,000	1,304,210
Internal service funds	-	-	-	225,000	100	225,100
Total	\$515,000	\$439,260	\$1,196,055	\$2,698,982	\$208,700	\$5,057,997

2022 interfund transfers were primarily for the following purposes:

- To fund capital projects and equipment replacement
- To fund debt service funds with pledged resources from the funds authorized to collect those resources
- To fund general government functions of the General Fund which are broadly applicable to all activities of the primary government.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**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, 2022, 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 Library series 2015A	None	6,875,000	2.50-3.25%	3/4/2015	2/1/2036	\$5,205,000
GO Refunding series 2017B - Advanced Refunding	None	8,505,000	2.65-3.25%	7/6/2017	2/1/2038	6,995,000
GO Refunding series 2018A - Refunding	None	2,070,000	2.45-3.45%	12/27/2018	2/1/2038	1,635,000
GO Improvement series 2013A	Special assessments	235,000	0.40-2.50%	11/21/2013	2/1/2024	40,000
Taxable GO Temporary Tax Increment Bond	Tax increment	5,935,000	0.45%	7/29/2021	8/1/2022	5,935,000
Business-type activities:						
GO Utility revenue series 2013A	Utility revenues	1,685,000	0.40-2.50%	11/21/2013	2/1/2024	410,000
GO Refunding series 2017A - Refunding	Liquor revenues	3,265,000	2.00-3.00%	7/6/2017	2/1/2029	2,060,000
Total general obligation bonds outstanding						<u>\$22,280,000</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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As of December 31, 2022, 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
2023	835,000	410,444	475,000	53,709
2024	6,790,000	371,856	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	860,000	247,754	315,000	3,623
2030	890,000	222,974	-	-
2031	915,000	197,368	-	-
2032	940,000	171,008	-	-
2033-2037	4,725,000	431,530	-	-
2038	665,000	10,926	-	-
Total	<u>\$19,810,000</u>	<u>\$3,279,840</u>	<u>\$2,470,000</u>	<u>\$187,104</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, 2022 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>\$1,670,000</u>
Total revenue bonds outstanding						<u>\$1,670,000</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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As of December 31, 2022, the annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal Year Ending December 31	Governmental Activities	
	Principal	Interest
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	165,000	22,050
2030	170,000	16,200
2031	175,000	11,025
2032	280,000	4,200
Total	<u>\$1,670,000</u>	<u>\$308,006</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, 2022, 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	\$40,985	95%	\$20,735	\$13,173
Project-specific tax increment	Public/Private redevelopment - Huset Park	1,978,006	83%	189,156	843,661
Water, sewer and storm- sewer net revenues	Utility system improvements	420,096	19%	212,534	1,102,299
Project-specific tax increment	Public/Private redevelopment Rainbow shopping mall	5,975,061	20%	26,855	-

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds repaid only with general taxes	\$14,620,000	\$ -	(\$785,000)	\$13,835,000	\$815,000
General obligation bonds with other pledged revenues	6,260,000	-	(285,000)	5,975,000	20,000
Revenue bonds	1,805,000	-	(135,000)	1,670,000	135,000
Unamortized premium/discount	300,940	-	(34,211)	266,729	-
Total bonds payable	22,985,940	-	(1,239,211)	21,746,729	970,000
Due to Other Government	5,200,000	-	-	5,200,000	-
Compensated absences net amount *	1,232,076	117,319	-	1,349,395	119,164
Net pension liability	6,138,244	14,107,525	-	20,245,769	-
Postemployment benefits other than pensions	1,501,114	71,513	(446,918)	1,125,709	-
Total governmental activity long-term liabilities	<u>\$37,057,374</u>	<u>\$14,296,357</u>	<u>(\$1,686,129)</u>	<u>\$49,667,602</u>	<u>\$1,089,164</u>
<b>Business-type activities:</b>					
Bonds payable:					
General obligation bonds with other pledged revenues	\$2,930,000	\$ -	(\$460,000)	\$2,470,000	\$475,000
Unamortized premium/discount	32,106	-	(7,831)	24,275	-
Revenue bonds	-	-	-	-	-
Total business-type activity long-term liabilities	<u>2,962,106</u>	<u>-</u>	<u>(467,831)</u>	<u>2,494,275</u>	<u>475,000</u>

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

See note 3 for detail of Due to Other Government.

**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, 2022 there was an estimated aggregate principal amount payable of approximately \$62,362,198 in bonds of this type.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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**Note 9 FUND EQUITY**

**A. CLASSIFICATIONS**

At December 31, 2022, the City has various fund equities through legal restrictions and City Council authorizations. A summary of such classifications are as follows:

	General Fund	EDA (component unit) Redevel. Project	TIF (component unit) Alatus 4300 Central	Capital Improvement PIR	Cap Imp Gen Govt Building	HRA (component unit) Parkview Villa No & So	Nonmajor Gov't	Total
2022 Fund Balance								
Nonspendable								
Prepaid items	\$143,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,655	\$146,568
Total nonspendable	143,913	-	-	-	-	-	2,655	146,568
Restricted for:								
Debt service	-	-	-	-	-	-	1,276,457	1,276,457
Streets	-	-	-	-	-	-	201,164	201,164
Tax Increment	-	-	1,105,149	-	-	-	1,744,076	2,849,225
Police Forfeiture	-	-	-	-	-	-	20,826	20,826
Grant sponsored Rec Programs	-	-	-	-	-	-	86,640	86,640
Housing & Redevelopment	-	-	-	-	-	-	74,723	74,723
Total restricted	-	-	1,105,149	-	-	-	3,403,886	4,509,035
Committed for:								
Downtown Parking Maintenance	-	-	-	-	-	-	223	223
Capital Improvements/Replacement	-	-	-	-	4,679,788	-	6,452,335	11,132,123
Cable TV Operations	-	-	-	-	-	-	883,267	883,267
Library Operations	-	-	-	-	-	-	497,373	497,373
Economic Redevelopment	-	3,561,497	-	-	-	-	3,491,164	7,052,661
Total committed	-	3,561,497	-	-	4,679,788	-	11,324,362	19,565,647
Unassigned:	7,101,674	-	-	(35,839)	-	-	(30,057)	7,035,778
Total	\$ 7,245,587	\$ 3,561,497	\$ 1,105,149	\$ (35,839)	\$ 4,679,788	\$ -	\$ 14,700,846	\$ 31,257,028

**B. DEFICIT FUND BALANCE**

The following funds had fund deficits as of December 31, 2022. The City will finance these deficits through collections of tax increment and other revenues in future years.

Major Funds:

Capital Improvement Funds:

Capital Improvement PIR (35,839)

Nonmajor Funds:

Debt Service Funds:

TIF Alatus 40th Ave (5,763)

TIF Scattered Site (24,294)

(\$65,896)



**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 fund balance for the General Fund and for the Library fund equal to 45% of the next year’s budgeted expenditures. At December 31, 2022, the fund balance in these two funds was 44% of budgeted expenditures for 2023.

**Note 10 LEASES**

**A. LEASE RECEIVABLE**

The City leases a 250 square foot portion of rooftop space at a certain building located at 965 40<sup>th</sup> Ave NE for cellular tower antenna site. The lease is non-cancelable for a period of 11 years, without a renewal option for the lessor. The agreement calls for annual lease payments of \$30,200, with increases each year by 3% of the previous year’s annualized rent. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 3% which is the stated rate in the agreement. The value at year end was \$120,752, of which \$93,282 is reported as long term in Note 3.

The City has a second cellular tower antenna site lease at 637 38<sup>th</sup> Ave NE. The lease is non-cancelable for a period of 6 years, with six renewal periods of 5 years at the lessee’s option. The City considers the likelihood if these options being exercised to be less than 50%. The agreement calls for annual lease payments of \$24,201, amending to \$19,965 in 2023. Beginning in 2024, the annual rent shall increase by 2% over the annual rent then in effect and by 2% over the then current annual rent on each one year anniversary thereafter. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discount rate of 2% which is the stated rate in the agreement. The value at year end was \$95,054, of which \$77,940 is reported as long term in Note 3.

At December 31, 2022 the entity recorded \$215,807 in lease receivables and deferred inflows of resources for these arrangements.

Total revenue recognized in relation to these leases is as follows:

	For the year ended 12/31/2022
Amortization of lease-related deferred inflows	
Antenna leases	\$54,389
Interest revenue	5,935
Total revenue recognized in relation to leased assets	<u>\$60,324</u>

**Note 11    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 the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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.

**B.    BENEFITS PROVIDED**

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

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024 or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

#### PEPFF Benefits

Benefits for 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 is 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.

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

### **C. CONTRIBUTIONS**

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

#### GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2022, were \$533,764. The City's contributions were equal to the required contributions as set by state statute.

#### PEPFF Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the PEPFF for the year ended December 31, 2022, were \$679,011. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

GERF Pension Costs

At December 31, 2022, the City reported a liability of \$7,151,790 for its proportionate share of GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$209,562. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0903% at the end of the measurement period and 0.0900% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 7,151,790
State of Minnesota's proportionate share of the net pension liability associated with the city	209,562
Total	<u>\$ 7,361,352</u>

For the year ended December 31, 2022, the City recognized pension expense of \$968,206 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$31,313 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2022, the City reported its proportionate share of the GERF'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	\$ 59,737	\$ (76,409)
Changes in actuarial assumptions	1,618,580	(29,136)
Differences between projected and actual investment earnings	124,460	-
Changes in proportions	103,176	-
Contributions paid to PERA subsequent to the measurement date	289,473	-
Total	<u>\$ 2,195,426</u>	<u>\$ (105,545)</u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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The \$289,473 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, 2023. 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
2023	677,297
2024	699,890
2025	(223,552)
2026	646,773
2027	-
Thereafter	-
	<u>\$ 1,800,408</u>

**PEPFF Pension Costs**

At December 31, 2022, the City reported a liability of \$13,093,979 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3009% at the end of the measurement period and 0.2973% for the beginning of the period.

The State of Minnesota also contributed \$18 million to PEPFF during the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The direct state aid was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the PEPFF until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. PEPFF employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$896,952 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized an additional \$110,941 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the PEPFF.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
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The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$27,081 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City 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	\$ 800,398	\$ -
Changes in actuarial assumptions	7,707,823	(79,695)
Differences between projected and actual investment earnings	177,087	-
Changes in proportions	100,390	(60,577)
Contributions paid to PERA subsequent to the measurement date	374,303	-
Total	<u>\$ 9,160,001</u>	<u>\$ (140,272)</u>

The \$374,303 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, 2023. 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
2023	\$ 1,659,920
2024	1,675,585
2025	1,496,180
2026	2,717,470
2027	1,096,271
Thereafter	-
	<u>\$ 8,645,426</u>

The net pension liability will be liquidated by the general, and related enterprise funds.

#### E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.25% per year
Investment Rate of Return	6.50%

The long-term investment rate of return is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates deemed to be reasonable by the actuary. An investment return of 6.50% was deemed to be within that range of reasonableness for financial reporting purposes.

Benefit increases after retirement are assumed to be 1.25% for the GERF. The PEPFF benefit increase is fixed at 1.00% per year and that increase was used in the valuation.

Salary growth assumptions in the GERF range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the PEPFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for GERF were based on the Pub-2010 General Employee Mortality Table. Mortality rates for PEPFF were based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for GERF are reviewed every four years. The most recent four-year experience study for GERF was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for PEPFF was completed in 2020 and adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

##### General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

##### Police and Fire Fund

Changes in Actuarial Assumptions:

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.5%	5.10%
International equity	17%	5.30%
Fixed income	25%	0.75%
Private markets	25%	5.90%

#### **F. DISCOUNT RATE**

The discount rate for GERS used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERS 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.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the PEPFF was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.



## **G. PENSION LIABILITY SENSITIVITY**

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

	<u>1% Decrease in Discount Rate (5.5%)</u>	<u>Discount Rate (6.5%)</u>	<u>1% Increase in Discount Rate (7.5%)</u>
City's Proportionate share of the GERF net pension liability	\$11,296,627	\$7,151,790	\$3,752,384
	<u>1% Decrease in Discount Rate (4.4%)</u>	<u>Discount Rate (5.4%)</u>	<u>1% Increase in Discount Rate (6.4%)</u>
City's Proportionate share of the PEPFF net pension liability	\$19,816,058	\$13,093,979	\$7,659,581

## **H. PENSION EXPENSE**

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 at [www.mnpera.org](http://www.mnpera.org).

## **I. PENSION PLAN FIDUCIARY NET POSITION**

Pension expense recognized by the City for the year ended is as follows:

GERF	\$ 968,206
PEPFF	<u>896,952</u>
Total	<u>1,865,158</u>

## **Note 12 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.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022

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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 2022, state aid was contributed to the plan. This state aid revenue and the related contribution expense/expenditure of \$133,214 are recognized in the accompanying financial statements for the year ended December 31, 2022.

**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, 2022	\$ 690	\$ 690	5%	5%	5%
December 31, 2021	\$ 690	\$ 690	5%	5%	5%
December 31, 2020	\$ 1,080	\$ 1,080	5%	5%	5%

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**Note 13 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 2022, 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, 2021 actuarial valuation, participants of the plan consisted of:

Active Employees	119
Inactive employees or beneficiaries currently receiving benefits	25
	<u>144</u>

**D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY**

The City's total OPEB liability of \$1,125,709 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2021. Changes in the total OPEB liability during 2022 were:

Balance - beginning of year	\$ 1,501,114
Charges for the year:	
Service Cost	40,332
Interest	31,181
Change of benefit terms	-
Differences between expected and actual experience	(209,015)
Changes in assumptions	(182,007)
Benefit payments	(55,896)
Net changes	(375,405)
Balance - end of year	<u>\$ 1,125,709</u>

**E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS**

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases (Average)	3.00%
Discount rate	3.72%
Investment rate of return	N/A
Retirees' share of benefit-related costs	100%
<u>Healthcare cost trend rates:</u>	
First year (FYE 2021)	7.00%
Second year (FYE 2022)	8.00%
Third year (FYE 2023)	6.50%
Ultimate year (FYE 2040)	4.14%
Years to ultimate year	18

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20 year AA rated municipal bond rate as of December 31, 2022.

Salary growth assumptions in the GERS range in annual increments from 10.25% after one year of service to 3.00% after 27 years of service. In PERFF, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service

Mortality rates were based on the Pub-2010 General Employee Mortality Table and Pub-2010 Public Safety Employee Mortality tables using projection scale MP-2020.

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 (2.72%) or 1% higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$ 1,230,960	\$ 1,125,709	\$ 1,032,394

**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 or 1% higher than the current healthcare cost trend rates.

	1% Decrease	Health Cost Trend Rates	1% Increase
Total OPEB liability	\$ 1,026,308	\$ 1,125,709	\$ 1,239,930

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

For the year ended December 31, 2022, the City recognized \$86,854 of OPEB expense. At December 31, 2022, 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	\$ 77,355	(\$ 282,164)
Change of assumptions and other inputs	\$ 115,516	(\$ 202,774)

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
2023	(\$ 36,205)
2024	(36,205)
2025	(28,702)
2026	(47,644)
2027	(57,305)
Thereafter	(86,006)
	<u>(\$ 292,067)</u>

**Note 14 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 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 \$37,156. At December 31, 2022, the principal amount outstanding on the note was \$732,801.

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 bond payments, paying agent fees and \$16,500 per payment period for administrative TIF expenses. The payment reimburses the developer for, 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 \$487,038. At December 31, 2022, the principal amount outstanding on the note was \$7,248,782.

TIF District Z6, Dominion Apartment Project:

Issued in 2017 in the principal sum of \$1,170,000 with an interest rate of 5.36% per annum. Principal and interest shall be paid on August 1, 2020 and each February 1 and August 1 thereafter to and including February 1, 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 89.78% of all tax increment received in the prior six months. The payment reimburses the developer for acquisition costs, soil correction, site preparation and public improvements. Principal and interest payments will be completed February 1, 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 1, 2032. The current year abatement (TIF note payments) amounted to \$245,044. At December 31, 2022, the principal amount outstanding on the note was \$640,132.

TIF District BB2, Alatus Columbia Heights Project:

Issued in 2021 in the principal sum of \$9,550,000 with an interest rate of 3.75% per annum. Principal and interest shall be paid on August 1, 2023 and each February 1 and August 1 thereafter to and including February 1, 2045. 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 95% of all tax increment received in the prior six months. The payment reimburses the developer for acquisition costs, soil correction, demolition, site preparation, utilities, and public improvements. Principal and interest payments will be completed February 1, 2045. 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, 2045. There was no current year abatement (TIF note payments) in 2022. At December 31, 2022, the principal amount outstanding on the note was \$9,550,000.

**Note 15 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**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigation and judgments. All existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgement of the City management, 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**

The City has entered into contractual commitments for street construction projects and other various projects that are in process at yearend. At December 31, 2022, the City's obligation for such projects was approximately \$7,856,445.

**Note 16 ADOPTION OF NEW ACCOUNTING STANDARDS**

The City implemented GASB statement No. 87 for the year ended December 31, 2022. As a result, a lease receivable and deferred inflows of resources related to leases are recorded within the governmental funds balance sheet, proprietary funds statement of net position, and the government-wide statement of net position. Implementation of this standard did not require a restatement of beginning net position or fund balance.



**Note 17** 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. 94** *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 96** *Subscription-Based Information Technology Arrangements*. The provisions of this Statement are effective for fiscal years beginning after June 15, 2022.

**Statement No. 99** *Omnibus 2022*. The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2022.

**Statement No. 100** *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62. The provisions of this Statement are effective for fiscal year beginning after June 15, 2023.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statements No. 96 may have a material impact.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For The Year Ended December 31, 2022

**Statement 9**  
**Page 1 of 2**

	2022			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$12,784,700	\$12,784,700	\$12,815,369	\$30,669
Licenses and permits	383,000	383,000	390,394	7,394
Intergovernmental	906,500	934,800	992,750	57,950
Charges for services	570,500	570,500	620,821	50,321
Fines and forfeitures	117,000	117,000	82,033	(34,967)
Investment income:				
Interest and dividends	80,000	80,000	62,850	(17,150)
Change in fair value	-	-	(172,784)	(172,784)
Other revenues	20,000	20,000	24,308	4,308
Total revenues	14,861,700	14,890,000	14,815,741	(74,259)
Expenditures:				
General government:				
Council	207,800	207,800	167,230	40,570
Manager	690,800	735,800	730,954	4,846
Clerk	153,300	153,300	133,525	19,775
Legal	181,200	181,200	185,699	(4,499)
Finance	987,300	987,300	999,976	(12,676)
Assessing	125,200	125,200	101,872	23,328
General government buildings	161,000	161,000	153,212	7,788
Contingencies	40,000	40,000	-	40,000
Total general government	2,546,600	2,591,600	2,472,468	119,132
Public safety:				
Police	5,785,400	5,795,400	5,851,535	(56,135)
Fire	2,285,800	2,411,100	2,461,568	(50,468)
Capital outlay	-	-	315	(315)
Total public safety	8,071,200	8,206,500	8,313,418	(106,918)
Public works:				
Engineering	444,800	484,800	408,595	76,205
Maintenance	1,525,300	1,628,300	1,688,079	(59,779)
Capital outlay	4,700	4,700	78,019	(73,319)
Total public works	1,974,800	2,117,800	2,174,693	(56,893)
Other departments:				
Parks and recreation	1,997,800	2,118,400	2,065,309	53,091
Capital outlay	3,500	3,500	-	-
Total recreation	2,001,300	2,121,900	2,065,309	53,091
Total expenditures	14,593,900	15,037,800	15,025,888	8,412
Revenues over (under) expenditures	267,800	(147,800)	(210,147)	(65,847)

See accompanying notes to the required supplementary information.

	2022			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
Other financing sources (uses):				
Transfers in	\$514,800	\$514,800	\$515,000	\$200
Transfers out	(781,200)	(1,987,700)	(1,993,506)	(5,806)
Total other financing sources (uses)	(266,400)	(1,472,900)	(1,478,506)	(5,606)
Net change in fund balance	\$1,400	(\$1,620,700)	(1,688,653)	(\$71,453)
Fund balance - January 1			8,934,240	
Fund balance - December 31			\$7,245,587	

See accompanying notes to the required supplementary information.

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION

## Statement 10

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

For The Last Ten Years

	2017	2018	2019	2020	2021	2022
Total OPEB liability:						
Service cost	\$39,449	\$40,684	\$27,667	\$33,807	\$42,310	\$40,332
Interest	46,400	45,266	50,256	39,144	32,701	31,181
Differences between expected and actual experience	-	-	186,771	-	(135,788)	(209,015)
Changes in assumptions	45,106	(86,181)	(46,691)	86,077	91,215	(182,007)
Benefit payments	(43,938)	(43,788)	(50,240)	(51,986)	(57,001)	(55,896)
Net change in total OPEB liability	87,017	(44,019)	167,763	107,042	(26,563)	(375,405)
Total OPEB liability - beginning	1,209,874	1,296,891	1,252,872	1,420,635	1,527,677	1,501,114
Total OPEB liability - ending	<u>\$1,296,891</u>	<u>\$1,252,872</u>	<u>\$1,420,635</u>	<u>\$1,527,677</u>	<u>\$1,501,114</u>	<u>\$1,125,709</u>
Covered-employee payroll	\$7,604,667	\$7,304,846	\$8,151,167	\$7,759,473	\$9,578,177	\$9,350,373
Total OPEB liability as a percentage of covered-employee payroll	17.1%	17.2%	17.4%	19.7%	15.7%	12.0%

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.

See accompanying notes to the required supplementary information.

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

## REQUIRED SUPPLEMENTARY INFORMATION

## Statement 11

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

## GENERAL EMPLOYEES RETIREMENT FUND

For The 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%
2019	2019	0.0865%	4,782,391	148,660	4,931,051	6,119,252	80.6%	80.2%
2020	2020	0.0869%	5,210,052	160,517	5,370,569	6,194,990	86.7%	79.1%
2021	2021	0.0900%	3,843,403	117,435	3,960,838	6,480,969	61.1%	87.0%
2022	2022	0.0903%	7,151,790	209,562	7,361,352	6,761,359	108.9%	76.7%

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.

See accompanying notes to the required supplementary information.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA****REQUIRED SUPPLEMENTARY INFORMATION****Statement 12****SCHEDULE OF PENSION CONTRIBUTIONS - GENERAL EMPLOYEES RETIREMENT FUND**

For The Last Ten Years

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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%
December 31, 2019	460,213	460,213	-	6,136,162	7.5%
December 31, 2020	490,969	490,969	-	6,546,255	7.5%
December 31, 2021	490,333	490,333	-	6,538,032	7.5%
December 31, 2022	533,764	533,764	-	7,117,021	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.

See accompanying notes to the required supplementary information.



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

**Statement 13**

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF PLAN NET PENSION LIABILITY -  
PUBLIC EMPLOYEES POLICE AND FIRE FUND  
For The 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%
June 30, 2019	December 31, 2019	0.2983%	3,175,705	3,145,971	100.9%	89.3%
June 30, 2020	December 31, 2020	0.2899%	3,821,192	3,269,979	116.9%	87.2%
June 30, 2021	December 31, 2021	0.2973%	2,294,841	3,513,727	65.3%	93.7%
June 30, 2022	December 31, 2022	0.3009%	13,093,979	3,655,109	358.2%	70.5%

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.

See accompanying notes to the required supplementary information.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

## REQUIRED SUPPLEMENTARY INFORMATION

**Statement 14**

## SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Last Ten Years

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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	16.20%
December 31, 2016	500,328	500,328	-	3,088,446	16.20%
December 31, 2017	516,268	516,268	-	3,186,840	16.20%
December 31, 2018	503,189	503,189	-	3,106,104	16.20%
December 31, 2019	541,507	541,507	-	3,194,734	16.95%
December 31, 2020	624,095	624,095	-	3,525,958	17.70%
December 31, 2021	634,565	634,565	-	3,585,114	17.70%
December 31, 2022	679,011	679,011	-	3,836,221	17.70%

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.

See accompanying notes to the required supplementary information.

**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\*
  - Twenty-first Century Arts Fund
  - Planning and Inspections Fund
  - Downtown Parking Fund
  - Economic Development Authority (Component Unit):
    - Economic Development Authority Administration Fund

\*The After-School Program Fund exceeded its budget by the amount of additional grant revenue

**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.

*2022 Changes*

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.06 percent to 3.72 percent based on the 20 year AA rated municipal bond rates.
- Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2022.
- Decrement assumptions (i.e. withdrawal, retirement and mortality rates) are the same assumptions used in the July 1, 2021 General Employees Retirement Fund and July 1, 2021 Public Employees Police and Fire Fund actuarial valuations.
- Healthcare trend rates were reset to reflect updated cost increase expectations.

*2021 Changes*

Changes in Actuarial Assumptions:

- The discount rate was changed from 2.12 percent to 2.06 percent based on the 20 year AA rated municipal bond rates.
- Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2021.
- Decrement assumptions (i.e. withdrawal, retirement and mortality rates) are the same assumptions used in the July 1, 2021 General Employees Retirement Fund and July 1, 2021 Public Employees Police and Fire Fund actuarial valuations.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 General Employees Retirement Fund and July 1, 2021 Public Employees Police and Fire Fund actuarial valuations (from 2.50%).

#### *2020 Changes*

##### Changes in Actuarial Assumptions:

- The discount rate was changed from 2.74 percent to 2.12 percent based on the 20 year AA rated municipal bond rates.
- Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2020.
- Decrement assumptions (i.e. withdrawal, retirement and mortality rates) are the same assumptions used in the June 30, 2019 General Employees Retirement Fund and June 30, 2019 Public Employees Police and Fire Fund actuarial valuations. The mortality improvement projection scale assumption was the only update.
- Healthcare trend rates were reset to reflect updated cost increase expectations.

#### *2019 Changes*

##### Changes in Actuarial Assumptions:

- The discount rate was changed from 4.11 percent to 2.74 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 June 30, 2019 General Employees Retirement Fund and June 30, 2019 Public Employees Police and Fire Fund actuarial valuations.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The general inflation rate was changed to the 2.50% rate used in the June 30, 2019 General Employees Retirement Fund and June 30, 2019 Public Employees Police and Fire Fund actuarial valuations (from 2.75%).
- The additional family direct subsidy premium for public safety officers disabled in the line of duty was updated with new amounts of \$200 (family subsidy of \$1,095 – single subsidy of \$895) for 2019, \$250 (\$1,175 - \$925) for 2020, and \$300 (\$1,255 - \$955) for 2021. The additional family direct subsidy premium of \$300 in 2021 is assumed to continue at \$300 after 2021 (changed from \$0 for 2019 and later).

#### *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**

##### 2022 Changes in Actuarial Assumptions:

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

**2021 Changes in Actuarial Assumptions:**

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

**2020 Changes in Actuarial Assumptions:**

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- Base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions:**

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

**2019 Changes**

**Changes in Actuarial Assumptions:**

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

**Changes in the Plan Provisions**

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

**2018 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**

##### 2022 Changes in Actuarial Assumptions:

- The single discount rate changed from 6.50% to 5.4%.
- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

##### 2021 Changes in Actuarial Assumptions:

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

#### *2020 Changes*

##### Changes in Actuarial Assumptions:

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

#### *2019 Changes*

##### Changes in Actuarial Assumptions:

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

##### Changes in the Plan Provisions:

- There have been no changes since the prior valuation.

#### *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.
- 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.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

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### 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.)

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2022

**Statement 15**

Assets	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Cash and investments	\$4,336,787	\$3,024,053	\$6,975,372	\$14,336,212
Receivables:				
Accounts	54,323	46,385	-	100,708
Taxes	20,257	35,853	-	56,110
Loans	331,000	-	54,346	385,346
Interest	12,700	5,100	13,800	31,600
Leases	120,753	-	-	120,753
Due from other governmental units	66,260	-	158,904	225,164
Interfund receivable	32,619	24,294	-	56,913
Prepayments	2,655	-	-	2,655
Real estate held for resale	63,014	286,824	221,486	571,324
<b>Total assets</b>	<b>\$5,040,368</b>	<b>\$3,422,509</b>	<b>\$7,423,908</b>	<b>\$15,886,785</b>
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$85,615	\$361,543	\$66,999	\$514,157
Accrued salaries and withholdings payable	19,812	-	741	20,553
Contracts payable - retained percentage	7,478	-	-	7,478
Due to other governmental units	6,555	-	-	6,555
Interfund payable	28,510	56,913	-	85,423
Unearned revenue	6,734	-	-	6,734
Deposits	53,150	-	10,000	63,150
<b>Total liabilities</b>	<b>207,854</b>	<b>418,456</b>	<b>77,740</b>	<b>704,050</b>
Deferred inflows of resources:				
Related to leases	120,753	-	-	120,753
Unavailable revenue	347,559	13,577	-	361,136
<b>Total deferred inflows of resources</b>	<b>468,312</b>	<b>13,577</b>	<b>0</b>	<b>481,889</b>
Fund balance:				
Nonspendable	2,655	-	-	2,655
Restricted	182,189	3,020,533	201,164	3,403,886
Committed	4,179,358	-	7,145,004	11,324,362
Unassigned	-	(30,057)	-	(30,057)
<b>Total fund balance</b>	<b>4,364,202</b>	<b>2,990,476</b>	<b>7,346,168</b>	<b>14,700,846</b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$5,040,368</b>	<b>\$3,422,509</b>	<b>\$7,423,908</b>	<b>\$15,886,785</b>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
**Statement 16**
**NONMAJOR GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2022

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$1,312,247	\$719,759	\$ -	\$2,032,006
Tax increment collections	-	1,233,399	-	1,233,399
Special assessments	-	107,784	-	107,784
Licenses and permits	484,747	-	-	484,747
Intergovernmental	269,871	450,000	1,301,884	2,021,755
Charges for services	386,588	-	75,366	461,954
Fines and forfeitures	6,692	-	-	6,692
Investment income:				
Interest and dividends	37,600	17,137	41,326	96,063
Change in fair value	(103,500)	(41,100)	(112,200)	(256,800)
Other revenues	65,915	72,910	13,276	152,101
Total revenues	<u>2,460,160</u>	<u>2,559,889</u>	<u>1,319,652</u>	<u>6,339,701</u>
<b>Expenditures:</b>				
Current:				
General government	125,849	-	-	125,849
Public safety	66,985	-	258,868	325,853
Public works	55,000	-	380,776	435,776
Culture and recreation	1,298,400	-	-	1,298,400
Community development	758,650	14,706	-	773,356
Capital outlay:				
Public safety	-	-	101,011	101,011
Public works	-	-	605,758	605,758
Debt service:				
Principal retirement	-	1,205,000	-	1,205,000
Interest and fiscal charges	-	496,030	-	496,030
Developer incentives	-	732,480	-	732,480
Total expenditures	<u>2,304,884</u>	<u>2,448,216</u>	<u>1,346,413</u>	<u>6,099,513</u>
Revenues over (under) expenditures	<u>155,276</u>	<u>111,673</u>	<u>(26,761)</u>	<u>240,188</u>
<b>Other financing sources (uses):</b>				
Transfers in	166,800	20,976	2,511,206	2,698,982
Transfers out	(864,950)	-	(439,260)	(1,304,210)
Sale of capital assets	-	-	475,590	475,590
Total other financing sources (uses)	<u>(698,150)</u>	<u>20,976</u>	<u>2,547,536</u>	<u>1,870,362</u>
Net change in fund balance	(542,874)	132,649	2,520,775	2,110,550
Fund balance - January 1	<u>4,907,076</u>	<u>2,857,827</u>	<u>4,825,393</u>	<u>12,590,296</u>
Fund balance - December 31	<u>\$4,364,202</u>	<u>\$2,990,476</u>	<u>\$7,346,168</u>	<u>\$14,700,846</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 municipal parking in the downtown area.

Planning & Inspection 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.

Public Safety Grant Fund 272 – established to account for revenues and expenditures associated with grants aimed towards public safety.

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, 2022

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261	Twenty-first Century Arts Fund 262	Contributed Projects - Recreation Fund 881
Assets						
Cash and investments	\$852,170	\$27,560	\$525,729	\$87,626	\$1,596	\$253,821
Receivables:						
Accounts	45,350	-	55	-	-	-
Taxes	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Interest	2,900	-	1,300	300	-	700
Leases	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	2,206	-
Interfund receivable	-	-	-	-	-	-
Prepayments	-	-	2,655	-	-	-
Real estate held for resale	-	-	-	-	-	-
Total assets	<u>\$900,420</u>	<u>\$27,560</u>	<u>\$529,739</u>	<u>\$87,926</u>	<u>\$3,802</u>	<u>\$254,521</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance						
Liabilities:						
Accounts payable	\$16,274	\$ -	\$14,611	\$1,209	\$3,712	\$1,368
Accrued salaries and withholdings payable	879	-	11,071	77	90	-
Contracts payable	-	-	-	-	-	-
Due to other governmental units	-	-	4,029	-	-	-
Interfund payable	-	-	-	-	-	-
Unearned revenue	-	6,734	-	-	-	-
Deposits	-	-	-	-	-	-
Total liabilities	<u>17,153</u>	<u>6,734</u>	<u>29,711</u>	<u>1,286</u>	<u>3,802</u>	<u>1,368</u>
Deferred inflows of resources:						
Related to leases	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance:						
Nonspendable	-	-	2,655	-	-	-
Restricted	-	20,826	-	86,640	-	-
Committed	883,267	-	497,373	-	-	253,153
Total fund balance	<u>883,267</u>	<u>20,826</u>	<u>500,028</u>	<u>86,640</u>	<u>0</u>	<u>253,153</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$900,420</u>	<u>\$27,560</u>	<u>\$529,739</u>	<u>\$87,926</u>	<u>\$3,802</u>	<u>\$254,521</u>

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	Public Safety Grant Fund 272	EDA Administration Fund 204 (Component Unit)	Total Nonmajor Special Revenue Funds
\$221,204	\$822,340	\$1,531	\$1,065,383	\$ -	\$ -	\$477,827	\$4,336,787
-	8,918	-	-	-	-	-	54,323
-	-	-	-	-	-	20,257	20,257
-	-	-	-	231,000	-	100,000	331,000
600	2,600	-	2,700	-	-	1,600	12,700
-	120,753	-	-	-	-	-	120,753
-	-	-	-	34,752	29,302	-	66,260
-	-	-	-	-	-	32,619	32,619
-	-	-	-	-	-	-	2,655
-	-	-	-	63,014	-	-	63,014
<u>\$221,804</u>	<u>\$954,611</u>	<u>\$1,531</u>	<u>\$1,068,083</u>	<u>\$328,766</u>	<u>\$29,302</u>	<u>\$632,303</u>	<u>\$5,040,368</u>
\$ -	\$ -	\$1,308	\$10,298	\$ -	\$16,357	\$20,478	\$85,615
-	-	-	3,804	-	-	3,891	19,812
-	-	-	-	7,478	-	-	7,478
-	-	-	2,526	-	-	-	6,555
-	-	-	-	15,565	12,945	-	28,510
-	-	-	-	-	-	-	6,734
-	-	-	-	-	-	53,150	53,150
<u>0</u>	<u>0</u>	<u>1,308</u>	<u>16,628</u>	<u>23,043</u>	<u>29,302</u>	<u>77,519</u>	<u>207,854</u>
-	120,753	-	-	-	-	-	120,753
-	-	-	-	231,000	-	116,559	347,559
<u>0</u>	<u>120,753</u>	<u>0</u>	<u>0</u>	<u>231,000</u>	<u>0</u>	<u>116,559</u>	<u>468,312</u>
-	-	-	-	-	-	-	2,655
-	-	-	-	74,723	-	-	182,189
<u>221,804</u>	<u>833,858</u>	<u>223</u>	<u>1,051,455</u>	<u>-</u>	<u>-</u>	<u>438,225</u>	<u>4,179,358</u>
<u>221,804</u>	<u>833,858</u>	<u>223</u>	<u>1,051,455</u>	<u>74,723</u>	<u>0</u>	<u>438,225</u>	<u>4,364,202</u>
<u>\$221,804</u>	<u>\$954,611</u>	<u>\$1,531</u>	<u>\$1,068,083</u>	<u>\$328,766</u>	<u>\$29,302</u>	<u>\$632,303</u>	<u>\$5,040,368</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, 2022

	Cable Television Fund 225	Police Forfeiture Fund 265	Library Fund 240	After-School Programs Fund 261	Twenty-first Century Arts Fund 262	Contributed Projects - Recreation Fund 881
Revenues:						
Taxes	\$ -	\$ -	\$1,058,800	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	66,270	-
Fees/program revenues	156,727	-	8,826	4,324	3,854	-
Rents	-	-	-	-	-	-
Fines and forfeitures	-	5,282	1,410	-	-	-
Investment income:						
Interest and dividends	8,500	-	3,700	800	-	2,100
Change in fair value	(23,300)	-	(10,300)	(2,100)	-	(5,700)
Other revenues:						
Contributions	-	-	-	-	-	23,400
Miscellaneous	24,429	-	835	-	-	-
Total revenues	166,356	5,282	1,063,271	3,024	70,124	19,800
Expenditures:						
Personal services	48,129	-	744,431	4,065	36,611	-
Supplies	2,817	-	138,500	108	7,652	18,343
Other services and charges	74,903	-	264,272	8,451	25,869	-
Total expenditures	125,849	0	1,147,203	12,624	70,132	18,343
Revenues over (under) expenditures	40,507	5,282	(83,932)	(9,600)	(8)	1,457
Other financing sources (uses):						
Transfers in	-	-	11,000	-	-	-
Transfers out	(269,400)	-	(166,450)	-	-	-
Total other financing sources (uses)	(269,400)	0	(155,450)	0	0	0
Net change in fund balance	(228,893)	5,282	(239,382)	(9,600)	(8)	1,457
Fund balance - January 1	1,112,160	15,544	739,410	96,240	8	251,696
Fund balance - December 31	\$883,267	\$20,826	\$500,028	\$86,640	\$0	\$253,153

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	Public Safety Grant Fund 272	EDA Administration Fund 204 (Component Unit)	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$253,447	\$1,312,247
-	-	-	484,747	-	-	-	484,747
-	30,000	-	-	119,724	53,877	-	269,871
-	122,295	-	966	-	-	30	297,022
-	66,166	23,400	-	-	-	-	89,566
-	-	-	-	-	-	-	6,692
1,800	7,700	100	8,100	-	-	4,800	37,600
(5,000)	(21,300)	(200)	(22,300)	-	-	(13,300)	(103,500)
16,263	-	-	-	-	-	-	39,663
660	-	-	328	-	-	-	26,252
13,723	204,861	23,300	471,841	119,724	53,877	244,977	2,460,160
-	-	-	304,483	-	-	231,734	1,369,453
4,408	-	116	1,962	-	-	456	174,362
2,900	55,000	49,982	90,753	112,144	59,677	17,118	761,069
7,308	55,000	50,098	397,198	112,144	59,677	249,308	2,304,884
6,415	149,861	(26,798)	74,643	7,580	(5,800)	(4,331)	155,276
-	-	10,000	140,000	-	5,800	-	166,800
-	(235,000)	-	(22,000)	-	-	(172,100)	(864,950)
0	(235,000)	10,000	118,000	0	5,800	(172,100)	(698,150)
6,415	(85,139)	(16,798)	192,643	7,580	0	(176,431)	(542,874)
215,389	918,997	17,021	858,812	67,143	-	614,656	4,907,076
\$221,804	\$833,858	\$223	\$1,051,455	\$74,723	\$0	\$438,225	\$4,364,202

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - CABLE TELEVISION FUND 225

Statement 19

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive Negative
	Original	Final	Actual Amounts	
Revenues:				
Franchise fees	\$118,800	\$118,800	\$156,727	\$37,927
Investment income:				
Interest and dividends	5,000	5,000	8,500	3,500
Change in fair value	-	-	(23,300)	(23,300)
Other revenues:				
Miscellaneous	15,000	15,000	24,429	9,429
Total revenues	138,800	138,800	166,356	27,556
Expenditures:				
Personal services	51,100	71,100	48,129	22,971
Supplies	3,700	3,700	2,817	883
Other services and charges	94,900	94,900	74,903	19,997
Total expenditures	149,700	169,700	125,849	43,851
Revenues over expenditures	(10,900)	(30,900)	40,507	71,407
Other financing sources (uses):				
Transfers out	(44,400)	(269,400)	(269,400)	-
Net change in fund balance	(\$55,300)	(\$300,300)	(228,893)	\$71,407
Fund balance - January 1			1,112,160	
Fund balance - December 31			\$883,267	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - POLICE FORFEITURE FUND 265

**Statement 20**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2022

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	<u>2022</u>
Revenues:	
Forfeitures	\$5,282
Expenditures:	
	<u>-</u>
Revenues over expenditures	5,282
Fund balance - January 1	<u>15,544</u>
Fund balance - December 31	<u><u>\$20,826</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SPECIAL REVENUE FUND - LIBRARY FUND 240**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2022**

**Statement 21**

	2022			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues:				
Taxes	\$1,058,800	\$1,058,800	\$1,058,800	\$ -
Charges for services	17,100	17,100	8,826	(8,274)
Fines	-	-	1,410	1,410
Investment income:				
Interest and dividends	8,500	8,500	3,700	(4,800)
Change in fair value	-	-	(10,300)	(10,300)
Other revenues:				
Miscellaneous	12,000	12,000	835	(11,165)
Total revenues	1,096,400	1,096,400	1,063,271	(33,129)
Expenditures:				
Personal services	745,600	825,600	744,431	81,169
Supplies	128,600	128,600	138,500	(9,900)
Other services and charges	245,800	245,800	264,272	(18,472)
Total expenditures	1,120,000	1,200,000	1,147,203	52,797
Revenues over (under) expenditures	(23,600)	(103,600)	(83,932)	19,668
Other financing sources (uses):				
Transfers in	11,000	11,000	11,000	-
Transfers out	(15,700)	(166,400)	(166,450)	(50)
Total other financing sources (uses)	(4,700)	(155,400)	(155,450)	(50)
Net change in fund balance	(\$28,300)	(\$259,000)	(239,382)	\$19,618
Fund balance - January 1			739,410	
Fund balance - December 31			\$500,028	



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - AFTER-SCHOOL PROGRAMS FUND 261

**Statement 22**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive Negative
	Original	Final	Actual Amounts	
Revenues:				
Program revenue	\$20,200	\$20,200	\$4,324	(\$15,876)
Investment income:				
Interest and dividends	2,000	2,000	800	(1,200)
Change in fair value	-	-	(2,100)	(2,100)
Total revenues	22,200	22,200	3,024	(19,176)
Expenditures:				
Personal services	24,800	24,800	4,065	20,735
Supplies	3,000	3,000	108	2,892
Other services and charges	18,000	18,000	8,451	9,549
Total expenditures	45,800	45,800	12,624	33,176
Revenues over (under) expenditures	(\$23,600)	(\$23,600)	(9,600)	\$14,000
Fund balance - January 1			96,240	
Fund balance - December 31			\$86,640	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - TWENTY-FIRST CENTURY ARTS FUND 262

**Statement 23**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Intergovernmental	\$41,400	\$41,400	\$66,270	\$24,870
Fees/program revenue	4,000	4,000	3,854	(146)
Total revenues	45,400	45,400	70,124	24,724
Expenditures:				
Personal services	35,500	35,500	36,611	(1,111)
Supplies	6,000	6,000	7,652	(1,652)
Other services and charges	7,000	7,000	25,869	(18,869)
Total expenditures	48,500	48,500	70,132	(21,632)
Revenues over (under) expenditures	(\$3,100)	(\$3,100)	(8)	\$3,092
Fund balance - January 1			8	
Fund balance - December 31			\$0	

**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, 2022

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	<u>2022</u>
Revenues:	
Investment income:	
Interest and dividends	\$2,100
Change in fair value	(5,700)
Other revenue:	
Contributions	<u>23,400</u>
Total revenues	<u>19,800</u>
 Expenditures:	
Supplies	<u>18,343</u>
 Revenues over expenditures	1,457
 Fund balance - January 1	<u>251,696</u>
 Fund balance - December 31	<u><u>\$253,153</u></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, 2022

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	<u>2022</u>
Revenues:	
Investment income:	
Interest and dividends	\$1,800
Change in fair value	(5,000)
Contributions	16,263
Miscellaneous	660
Total revenues	<u>13,723</u>
Expenditures:	
Supplies	4,408
Other services and charges	2,900
Total expenditures	<u>7,308</u>
Revenues over expenditures	6,415
Fund balance - January 1	<u>215,389</u>
Fund balance - December 31	<u><u>\$221,804</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - SPECIAL PROJECTS FUND 226

**Statement 26**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2022

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	<u>2022</u>
Revenues:	
Intergovernmental	\$30,000
Fees/program revenue	122,295
Rents	66,166
Investment income:	
Interest and dividends	7,700
Change in fair value	(21,300)
Total revenues	<u>204,861</u>
Expenditures:	
Other services and charges	<u>55,000</u>
Revenues over expenditures	<u>149,861</u>
Other financing sources (uses):	
Transfers out	<u>(235,000)</u>
Net change in fund balance	(85,139)
Fund balance - January 1	<u>918,997</u>
Fund balance - December 31	<u><u>\$833,858</u></u>

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND - DOWNTOWN PARKING FUND 228

Statement 27

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Rents	\$31,200	\$31,200	\$23,400	7,800
Investment income:				
Interest and dividends	-	-	100	(100)
Change in fair value	-	-	(200)	200
Total revenues	31,200	31,200	23,300	7,900
Expenditures:				
Supplies	-	-	116	(116)
Other services and charges	41,200	84,300	49,982	34,318
Total expenditures	41,200	84,300	50,098	34,202
Revenues over (under) expenditures	(10,000)	(53,100)	(26,798)	(26,302)
Other financing sources:				
Transfers in	10,000	10,000	10,000	-
Net Change in fund balance	\$0	(\$43,100)	(16,798)	(\$26,302)
Fund balance - January 1			17,021	
Fund balance - December 31			\$223	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - PLANNING AND INSPECTIONS FUND 201

**Statement 28**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Licenses and permits	\$317,400	\$317,400	\$484,747	\$167,347
Fees/program revenues	-	-	966	966
Investment income:				
Interest and dividends	-	-	8,100	8,100
Change in fair value	-	-	(22,300)	(22,300)
Miscellaneous	2,500	2,500	328	(2,172)
Total revenues	319,900	319,900	471,841	151,941
Expenditures:				
Personal services	378,800	398,800	304,483	94,317
Supplies	7,300	7,300	1,962	5,338
Other services and charges	32,500	32,500	90,753	(58,253)
Total expenditures	418,600	438,600	397,198	41,402
Revenues over (under) expenditures	(98,700)	(118,700)	74,643	193,343
Other financing sources (uses):				
Transfers in	140,000	140,000	140,000	-
Transfers out	(21,900)	(22,000)	(22,000)	-
Total other financing sources (uses):	118,100	118,000	118,000	-
Net change in fund balance	\$19,400	(\$700)	192,643	\$193,343
Fund balance - January 1			858,812	
Fund balance - December 31			\$1,051,455	

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

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

**Statement 29**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2022

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	<u>2022</u>
Revenues:	
Intergovernmental	<u>\$119,724</u>
Expenditures:	
Other services and charges	<u>112,144</u>
Total expenditures	<u>112,144</u>
Revenues over expenditures	<u>7,580</u>
Fund balance - January 1	<u>67,143</u>
Fund balance - December 31	<u><u>\$74,723</u></u>



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

SPECIAL REVENUE FUND - PUBLIC SAFETY GRANT FUND 272

**Statement 30**

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - ACTUAL

For The Year Ended December 31, 2022

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	<u>2022</u>
Revenues:	
Intergovernmental	<u>\$53,877</u>
Expenditures:	
Other services and charges	<u>59,677</u>
Revenues over (under) expenditures	(5,800)
Other financing sources:	
Transfers in	<u>5,800</u>
Fund balance - January 1	<u>0</u>
Fund balance - December 31	<u><u>\$0</u></u>

## CITY OF COLUMBIA HEIGHTS, MINNESOTA

SPECIAL REVENUE FUND-EDA ADMINISTRATION FUND 204

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
(COMPONENT UNIT)

For The Year Ended December 31, 2022

	2022			
	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Taxes	\$255,500	\$255,500	\$253,447	(\$2,053)
Fees/program revenues	-	-	30	30
Investment income:				
Interest and dividends	-	-	4,800	4,800
Change in fair value	-	-	(13,300)	(13,300)
Total revenues	255,500	255,500	244,977	(10,523)
Expenditures:				
Personal services	208,100	248,100	231,734	16,366
Supplies	2,900	2,900	456	2,444
Other services and charges	17,000	17,000	17,118	(118)
Total expenditures	228,000	268,000	249,308	18,692
Revenues over (under) expenditures	27,500	(12,500)	(4,331)	8,169
Other financing (uses):				
Transfers out	(21,900)	(172,100)	(172,100)	-
Net change in fund balance	\$5,600	(\$184,600)	(176,431)	\$8,169
Fund balance - January 1			614,656	
Fund balance - December 31			\$438,225	

## **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, 2022

	2008A Taxable GO Housing Improvement Area Bonds Fund 315	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	\$73,240	\$105,935	\$408,435	\$454,667	\$221,721
Receivables:					
Accounts	-	-	-	-	-
Taxes	-	-	3,334	4,508	2,717
Interest	500	300	400	400	300
Interfund receivable	-	-	-	-	-
Real estate for resale	-	-	-	-	-
Total assets	<u>\$73,740</u>	<u>\$106,235</u>	<u>\$412,169</u>	<u>\$459,575</u>	<u>\$224,738</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>
Deferred inflows of resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance:					
Restricted	73,740	106,235	412,169	459,575	224,738
Unassigned	-	-	-	-	-
Total fund balance	<u>73,740</u>	<u>106,235</u>	<u>412,169</u>	<u>459,575</u>	<u>224,738</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$73,740</u>	<u>\$106,235</u>	<u>\$412,169</u>	<u>\$459,575</u>	<u>\$224,738</u>

EDA Component Unit						
Tax Increment Bonds Fund 376	TIF Transition Block Fund 389	TIF Huset Park Area Fund 372	TIF 47th and Grand Fund 375	TIF Scattered Site Fund 391	TIF BB2 Alatus 40th Ave Fund 392	Total Nonmajor Debt Service Funds
\$379,893	\$112,014	\$1,053,889	\$187,403	\$ -	\$26,856	\$3,024,053
-	46,385	-	-	-	-	46,385
-	-	25,294	-	-	-	35,853
1,000	200	1,800	200	-	-	5,100
24,294	-	-	-	-	-	24,294
286,824	-	-	-	-	-	286,824
<u>\$692,011</u>	<u>\$158,599</u>	<u>\$1,080,983</u>	<u>\$187,603</u>	<u>\$0</u>	<u>\$26,856</u>	<u>\$3,422,509</u>
\$ -	\$18,578	\$220,443	\$122,522	\$ -	\$ -	\$361,543
-	-	-	-	24,294	32,619	56,913
<u>0</u>	<u>18,578</u>	<u>220,443</u>	<u>122,522</u>	<u>24,294</u>	<u>32,619</u>	<u>418,456</u>
-	-	13,577	-	-	-	13,577
<u>0</u>	<u>0</u>	<u>13,577</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,577</u>
692,011	140,021	846,963	65,081	-	-	3,020,533
-	-	-	-	(24,294)	(5,763)	(30,057)
<u>692,011</u>	<u>140,021</u>	<u>846,963</u>	<u>65,081</u>	<u>(24,294)</u>	<u>(5,763)</u>	<u>2,990,476</u>
<u>\$692,011</u>	<u>\$158,599</u>	<u>\$1,080,983</u>	<u>\$187,603</u>	<u>\$0</u>	<u>\$26,856</u>	<u>\$3,422,509</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, 2022

	2008A Taxable GO Housing Improvement Area Bonds Fund 315	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
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$228,408	\$306,659	\$184,692
Tax increment collections	-	-	-	-	-
Special assessments	107,784	-	-	-	-
Intergovernmental	-	-	225,000	225,000	-
Investment income:					
Interest and dividends	1,400	800	1,100	1,100	800
Change in fair value	(3,900)	(2,100)	(3,000)	(3,100)	(2,300)
Other revenues:					
Miscellaneous	-	-	-	-	-
Total revenues	<u>105,284</u>	<u>(1,300)</u>	<u>451,508</u>	<u>529,659</u>	<u>183,192</u>
<b>Expenditures:</b>					
Community development:					
Other services and charges	-	-	-	-	-
Debt service:					
Principal retirement	265,000	20,000	300,000	335,000	150,000
Interest and fiscal charges	19,916	1,855	157,787	201,490	53,975
Developer incentives	-	-	-	-	-
Total expenditures	<u>284,916</u>	<u>21,855</u>	<u>457,787</u>	<u>536,490</u>	<u>203,975</u>
Revenues over (under) expenditures	<u>(179,632)</u>	<u>(23,155)</u>	<u>(6,279)</u>	<u>(6,831)</u>	<u>(20,783)</u>
Other financing sources:					
Transfers in	<u>-</u>	<u>13,173</u>	<u>-</u>	<u>-</u>	<u>7,803</u>
Net change in fund balance	(179,632)	(9,982)	(6,279)	(6,831)	(12,980)
Fund balance - January 1	<u>253,372</u>	<u>116,217</u>	<u>418,448</u>	<u>466,406</u>	<u>237,718</u>
Fund balance - December 31	<u>\$73,740</u>	<u>\$106,235</u>	<u>\$412,169</u>	<u>\$459,575</u>	<u>\$224,738</u>

## EDA Component Unit

Tax Increment Bonds Fund 376	TIF Transition Block Fund 389	TIF Huset Park Area Fund 372	TIF 47th and Grand Fund 375	TIF Scattered Site Fund 391	TIF BB2 Alatus 40th Ave Fund 392	Total Nonmajor Debt Service Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$719,759
-	62,812	853,261	272,271	45,055	-	1,233,399
-	-	-	-	-	-	107,784
-	-	-	-	-	-	450,000
5,037	700	5,500	600	100	-	17,137
(7,900)	(2,000)	(15,100)	(1,500)	(200)	-	(41,100)
72,910	-	-	-	-	-	72,910
70,047	61,512	843,661	271,371	44,955	0	2,559,889
780	2,251	5,945	1,855	2,509	1,366	14,706
-	-	135,000	-	-	-	1,205,000
-	-	58,270	-	2,137	600	496,030
-	398	487,038	245,044	-	-	732,480
780	2,649	686,253	246,899	4,646	1,966	2,448,216
69,267	58,863	157,408	24,472	40,309	(1,966)	111,673
-	-	-	-	-	-	20,976
69,267	58,863	157,408	24,472	40,309	(1,966)	132,649
622,744	81,158	689,555	40,609	(64,603)	(3,797)	2,857,827
\$692,011	\$140,021	\$846,963	\$65,081	(\$24,294)	(\$5,763)	\$2,990,476

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**NONMAJOR  
CAPITAL PROJECT FUNDS**

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

Municipal State Aid Street Fund 212/402 – maintained according to state statute to account for maintenance and construction of municipal state aid street systems.

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 Replacement – General Governmental Fund 431 – used to account for the replacement of capital assets as needed.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

## SUBCOMBINING BALANCE SHEET

## NONMAJOR CAPITAL PROJECT FUNDS

December 31, 2022

	Municipal State Aid Street Fund 212 & 402	Capital Improvement Parks Fund 412
Assets		
Cash and investments	\$50,372	\$856,116
Receivables:		
Loans	-	-
Interest	-	1,700
Due from other governmental units	158,904	-
Real estate held for resale	-	-
Total assets	<u>\$209,276</u>	<u>\$857,816</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	7,371	6,003
Accrued salaries and withholdings payable	741	-
Deposits	-	-
Total liabilities	<u>8,112</u>	<u>6,003</u>
Fund balance:		
Restricted	201,164	-
Committed	-	851,813
Total fund balance	<u>201,164</u>	<u>851,813</u>
Total liabilities and fund balance	<u>\$209,276</u>	<u>\$857,816</u>

Statement 34

Capital Improvement Development Fund 420	Infrastructure Replacement Fund 430	Capital Equipment Replacement General Gov't Fund 431	Total Nonmajor Capital Project Funds
\$925,904	\$1,112,775	\$4,030,205	\$6,975,372
54,346	-	-	54,346
2,400	3,300	6,400	13,800
-	-	-	158,904
221,486	-	-	221,486
<u>\$1,204,136</u>	<u>\$1,116,075</u>	<u>\$4,036,605</u>	<u>\$7,423,908</u>
26,509	-	27,116	66,999
-	-	-	741
10,000	-	-	10,000
<u>36,509</u>	<u>0</u>	<u>27,116</u>	<u>77,740</u>
-	-	-	201,164
1,167,627	1,116,075	4,009,489	7,145,004
<u>1,167,627</u>	<u>1,116,075</u>	<u>4,009,489</u>	<u>7,346,168</u>
<u>\$1,204,136</u>	<u>\$1,116,075</u>	<u>\$4,036,605</u>	<u>\$7,423,908</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, 2022

	Municipal State Aid Street Fund 212 & 402	Capital Improvement Parks Fund 412
Revenues:		
Intergovernmental	\$674,067	\$50,000
Charges for services	5,366	70,000
Investment income:		
Interest and dividends	-	4,900
Change in fair value	-	(13,600)
Other revenues	-	-
Total revenues	679,433	111,300
Expenditures:		
Current:		
Public safety	-	8,553
Public works	261,627	-
Capital outlay		
Public safety	-	-
Public works	388,415	-
Total expenditures	650,042	8,553
Revenue over (under) expenditures	29,391	102,747
Other financing sources (uses):		
Transfers in	-	441,206
Transfers out	(439,260)	-
Sale of capital assets	-	-
Total other financing sources (uses)	(439,260)	441,206
Net change in fund balance	(409,869)	543,953
Fund balance - January 1	611,033	307,860
Fund balance - December 31	\$201,164	\$851,813

Statement 35

Capital Improvement Development Fund 420	Infrastructure Replacement Fund 430	Capital Equipment Replacement General Gov't Fund 431	Total Nonmajor Capital Project Funds
\$ -	\$50,000	\$527,817	\$1,301,884
-	-	-	75,366
7,526	9,900	19,000	41,326
(19,400)	(27,100)	(52,100)	(112,200)
-	-	13,276	13,276
(11,874)	32,800	507,993	1,319,652
232,073	-	18,242	258,868
-	119,149	-	380,776
-	-	101,011	101,011
-	35,027	182,316	605,758
232,073	154,176	301,569	1,346,413
(243,947)	(121,376)	206,424	(26,761)
-	50,000	2,020,000	2,511,206
-	-	-	(439,260)
445,907	-	29,683	475,590
445,907	50,000	2,049,683	2,547,536
201,960	(71,376)	2,256,107	2,520,775
965,667	1,187,451	1,753,382	4,825,393
\$1,167,627	\$1,116,075	\$4,009,489	\$7,346,168

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## 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.

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$491,424	\$759,954	\$ -	\$90,996	\$ -	\$1,342,374
Receivables:						
Accounts (net of allowance for uncollectables)	1,067,995	7,440	-	-	-	1,075,435
Interest	3,700	2,000	-	100	-	5,800
Interfund receivable	919,885	-	-	-	(919,885)	-
Inventory - at cost	69,402	-	-	-	-	69,402
Total current assets	<u>2,552,406</u>	<u>769,394</u>	<u>0</u>	<u>91,096</u>	<u>(919,885)</u>	<u>2,493,011</u>
<b>Noncurrent assets:</b>						
Capital assets:						
Land	45,223	-	-	-	-	45,223
Construction in process	-	-	1,179,028	-	-	1,179,028
Buildings	1,776,045	-	-	-	-	1,776,045
Equipment	721,954	-	-	-	-	721,954
Infrastructure	10,441,652	-	-	-	-	10,441,652
Total capital assets	<u>12,984,874</u>	<u>0</u>	<u>1,179,028</u>	<u>0</u>	<u>0</u>	<u>14,163,902</u>
Less: accumulated depreciation	(5,577,678)	-	-	-	-	(5,577,678)
Total capital assets (net of accumulated depreciation)	<u>7,407,196</u>	<u>-</u>	<u>1,179,028</u>	<u>-</u>	<u>-</u>	<u>8,586,224</u>
Total noncurrent assets	<u>7,407,196</u>	<u>0</u>	<u>1,179,028</u>	<u>0</u>	<u>0</u>	<u>8,586,224</u>
<b>Total assets</b>	<u>9,959,602</u>	<u>769,394</u>	<u>1,179,028</u>	<u>91,096</u>	<u>(919,885)</u>	<u>11,079,235</u>
<b>Liabilities :</b>						
<b>Current liabilities:</b>						
Accounts payable	12,295	-	-	-	-	12,295
Accrued salaries and withholdings payable	4,800	-	-	-	-	4,800
Contracts payable - retained percentage	-	-	75,006	-	-	75,006
Due to other governmental units	136,987	-	-	-	-	136,987
Interfund payable	-	-	919,885	-	(919,885)	-
Accrued interest payable	-	-	-	1,714	-	1,714
Deposits	2,500	-	-	-	-	2,500
Bonds payable - current	-	-	-	85,000	-	85,000
Total current liabilities	<u>156,582</u>	<u>0</u>	<u>994,891</u>	<u>86,714</u>	<u>(919,885)</u>	<u>318,302</u>
<b>Noncurrent liabilities:</b>						
Bonds payable - noncurrent	-	-	-	85,000	-	85,000
Total noncurrent liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>85,000</u>	<u>0</u>	<u>85,000</u>
<b>Total liabilities</b>	<u>156,582</u>	<u>0</u>	<u>994,891</u>	<u>171,714</u>	<u>(919,885)</u>	<u>403,302</u>
<b>Net position:</b>						
Net investment in capital assets	7,407,196	-	1,104,022	(170,000)	-	8,341,218
Restricted for debt service	-	-	-	90,816	-	90,816
Unrestricted	2,395,824	769,394	(919,885)	(1,434)	-	2,243,899
Total net position	<u>\$9,803,020</u>	<u>\$769,394</u>	<u>\$184,137</u>	<u>(\$80,618)</u>	<u>\$0</u>	<u>\$10,675,933</u>



## 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, 2022

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total
Operating revenues:						
Charges for services:						
Customer services	\$149,420	\$ -	\$ -	\$ -	\$ -	\$149,420
Charges for sales:						
Water	3,829,934	-	-	-	-	3,829,934
Meter	17,717	78,700	-	-	-	96,417
Total operating revenues	3,997,071	78,700	0	0	0	4,075,771
Operating expenses:						
Cost of sales	1,716,106	-	-	-	-	1,716,106
Distribution	706,551	-	-	-	-	706,551
Administration	54,998	-	-	-	-	54,998
Depreciation	278,283	-	-	-	-	278,283
Total operating expenses	2,755,938	0	0	0	0	2,755,938
Net income (loss) from operations	1,241,133	78,700	0	0	0	1,319,833
Nonoperating revenues (expenses):						
Investment income:						
Interest and dividends	10,900	5,800	-	300	-	17,000
Change in fair value	(30,000)	(16,000)	-	(700)	-	(46,700)
Intergovernmental	234,154	-	-	-	-	234,154
Miscellaneous revenues (expenses)	538	-	-	-	-	538
Interest and fiscal charges	-	-	-	(4,450)	-	(4,450)
Total nonoperating revenues (expenses)	215,592	(10,200)	0	(4,850)	0	200,542
Net income (loss) before transfers	1,456,725	68,500	0	(4,850)	0	1,520,375
Transfers:						
Transfers in	-	30,000	-	90,000	(120,000)	-
Transfers out	(229,250)	-	-	-	120,000	(109,250)
Total transfers	(229,250)	30,000	0	90,000	0	(109,250)
Change in net position	1,227,475	98,500	0	85,150	0	1,411,125
Net position - January 1	8,575,545	670,894	184,137	(165,768)	-	9,264,808
Net position - December 31	\$9,803,020	\$769,394	\$184,137	(\$80,618)	\$0	\$10,675,933

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**WATER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For The Year Ended December 31, 2022**

**Statement 38**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$4,021,294
Cash paid to suppliers for goods and services	(2,026,003)
Cash payments to employees for services	(488,867)
Net cash flows provided by (used in) operating activities	<u>1,506,424</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>	
Transfers out	<u>(109,250)</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>	
Acquisition of capital assets	(1,184,514)
Principal payments - bonds	(80,000)
Interest and fiscal charges	(5,184)
Capital grant funds received	234,154
Net cash flows provided by (used in) capital and related financing activities	<u>(1,035,544)</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	13,800
Change in fair value	(46,700)
Net cash flows provided by (used in) investing activities	<u>(32,900)</u>
Net increase (decrease) in cash and cash equivalents	328,730
Cash and cash equivalents - January 1	<u>1,013,644</u>
Cash and cash equivalents - December 31	<u><u>\$1,342,374</u></u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>	
Operating income	<u>\$1,319,833</u>
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>	
Depreciation expense	278,283
Miscellaneous revenues	538
<b>Changes in assets, liabilities, deferred outflows and inflows:</b>	
(Increase) decrease in accounts receivable	(49,296)
(Increase) decrease in inventory, at cost	(5,181)
Increase (decrease) in accounts payable	(76,829)
Increase (decrease) in accrued salaries and withholdings payable	(10,724)
Increase (decrease) in contracts payable -retained percentage	42,952
Increase (decrease) in due to other governmental units	6,848
Total adjustments	<u>186,591</u>
Net cash flows from operating activities	<u><u>\$1,506,424</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
SEWER UTILITY FUND  
SUBCOMBINING SCHEDULE OF NET POSITION  
December 31, 2022

Statement 39

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total
Assets:						
Current assets:						
Cash and cash equivalents	\$338,377	\$414,489	\$ -	\$63,842	\$ -	\$816,708
Receivables:						
Accounts (net of allowance for uncollectibles)	665,017	-	-	-	-	665,017
Interest	5,200	1,200	-	100	-	6,500
Due from other funds	1,983,400	-	-	-	(1,983,400)	-
Due from other governmental units	12,954	-	-	-	-	12,954
Prepayments	112,142	-	-	-	-	112,142
Total current assets	3,117,090	415,689	0	63,942	(1,983,400)	1,613,321
Noncurrent assets:						
Capital assets:						
Land	36,586	-	-	-	-	36,586
Construction in progress	-	-	1,998,155	-	-	1,998,155
Buildings	768,836	-	-	-	-	768,836
Equipment	1,356,891	-	-	-	-	1,356,891
Infrastructure	6,946,918	-	-	-	-	6,946,918
Total capital assets	9,109,231	0	1,998,155	0	0	11,107,386
Less: accumulated depreciation	(5,699,411)	-	-	-	-	(5,699,411)
Net capital assets	3,409,820	0	1,998,155	0	0	5,407,975
Total noncurrent assets	3,409,820	0	1,998,155	0	0	5,407,975
Total assets	6,526,910	415,689	1,998,155	63,942	(1,983,400)	7,021,296
Liabilities:						
Current liabilities:						
Accounts payable	9,235	-	-	-	-	9,235
Accrued salaries and withholdings payable	6,105	-	-	-	-	6,105
Contracts payable - retained percentage	-	-	17,359	-	-	17,359
Due to other funds	-	-	1,983,400	-	(1,983,400)	-
Accrued interest payable	-	-	-	1,057	-	1,057
Bonds payable - current	-	-	-	59,600	-	59,600
Total current liabilities	15,340	0	2,000,759	60,657	(1,983,400)	93,356
Noncurrent liabilities:						
Bonds payable - noncurrent	-	-	-	59,600	-	59,600
Total liabilities	15,340	0	2,000,759	120,257	(1,983,400)	152,956
Net position:						
Net investment in capital assets	3,409,820	-	1,980,796	(119,200)	-	5,271,416
Restricted for debt service	-	-	-	63,524	-	63,524
Unrestricted	3,101,750	415,689	(1,983,400)	(639)	-	1,533,400
Total net position	\$6,511,570	\$415,689	(\$2,604)	(\$56,315)	\$0	\$6,868,340

## 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, 2022

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total
Operating revenues:						
Charges for services:						
Sewer service charges	\$2,498,417	\$ -	\$ -	\$ -	\$ -	\$2,498,417
Total operating revenues	2,498,417	0	0	0	0	2,498,417
Operating expenses:						
Disposal	1,288,807	-	-	-	-	1,288,807
Collection	557,689	-	-	-	-	557,689
Administration	55,015	-	-	-	-	55,015
Depreciation	237,728	-	-	-	-	237,728
Total operating expenses	2,139,239	0	0	0	0	2,139,239
Net income (loss) from operations	359,178	0	0	0	0	359,178
Nonoperating revenues (expenses):						
Investment income						
Interest and dividends	15,500	3,500	-	200	-	19,200
Change in fair value	(42,500)	(9,700)	-	(500)	-	(52,700)
Intergovernmental	1,974,457	-	-	-	-	1,974,457
Gain on sale of capital assets	-	40,000	-	-	-	40,000
Interest and fiscal charges	-	-	-	(2,774)	-	(2,774)
Total nonoperating revenues (expenses)	1,947,457	33,800	0	(3,074)	0	1,978,183
Net income (loss) before transfers and capital contributions	2,306,635	33,800	0	(3,074)	0	2,337,361
Transfers:						
Transfers in	-	30,000	-	64,000	(94,000)	-
Transfers out	(203,250)	-	-	-	94,000	(109,250)
Total transfers	(203,250)	30,000	0	64,000	0	(109,250)
Change in net position	2,103,385	63,800	-	60,926	-	2,228,111
Net position - January 1	4,408,185	351,889	(2,604)	(117,241)	-	4,640,229
Net position - December 31	\$6,511,570	\$415,689	(\$2,604)	(\$56,315)	\$0	\$6,868,340

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For Year Ended December 31, 2022

**Statement 41**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$2,394,904
Cash paid to suppliers for goods and services	(1,591,652)
Cash payments to employees for services	(324,466)
Net cash flows provided by (used in) operating activities	<u>478,786</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>	
Transfers out	<u>(109,250)</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>	
Acquisition of capital assets	(2,213,379)
Principal payments - bonds	(59,600)
Interest and fiscal charges	(3,302)
Capital grant funds received	882,001
Net cash flows provided by (used in) capital and related financing activities	<u>(1,394,280)</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	15,500
Change in fair value	(52,700)
Net cash flows provided by (used in) investing activities	<u>(37,200)</u>
Net increase (decrease) in cash and cash equivalents	(1,061,944)
Cash and cash equivalents - January 1	<u>1,878,652</u>
Cash and cash equivalents - December 31	<u><u>\$816,708</u></u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>	
Operating income (loss)	<u>\$359,178</u>
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>	
Depreciation expense	237,728
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in accounts receivable	(98,855)
(Increase) decrease in due from other governmental units	83
(Increase) decrease in prepayments	(4,741)
Increase (decrease) in accounts payable	(14,173)
Increase (decrease) in accrued salaries and withholdings payable	(434)
Total adjustments	<u>119,608</u>
Net cash flows from operating activities	<u><u>\$478,786</u></u>
Noncash capital and related financing activities:	<u><u>\$40,000</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
**December 31, 2022**

**Statement 42**

**Assets:**

**Current assets:**

Cash and cash equivalents	\$1,905,455
Receivables:	
Accounts (net of allowance for uncollectibles)	567,724
Interest	5,600
Due from other governmental units	47,350
Total current assets	<u>2,526,129</u>

**Noncurrent assets:**

Capital assets:	
Buildings	56,000
Equipment	155,951
Total capital assets	<u>211,951</u>
Less: accumulated depreciation	<u>(149,386)</u>
Total capital assets (net of accumulated depreciation)	<u>62,565</u>
Total noncurrent assets	<u>62,565</u>
Total assets	<u>2,588,694</u>

**Liabilities:**

**Current liabilities:**

Accounts payable	183,986
Accrued salaries and withholdings payable	2,076
Total current liabilities	<u>186,062</u>

**Net position:**

Investment in capital assets	62,565
Unrestricted	<u>2,340,067</u>
Total net position	<u>\$2,402,632</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, 2022

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Operating revenues:	
Refuse service charges	<u>\$2,142,910</u>
Operating expenses:	
Collection and disposal	1,816,711
Administration	108,695
Recycling	126,914
Hazardous waste	8,550
Depreciation	7,368
Miscellaneous	31,130
Total operating expenses	<u>2,099,368</u>
Net income (loss) from operations	<u>43,542</u>
Nonoperating revenues:	
Investment income	
Interest and dividends	16,600
Change in fair value	(45,600)
Intergovernmental	107,937
Total nonoperating revenues	<u>78,937</u>
Net income (loss) before transfers	<u>122,479</u>
Transfers out	<u>(100,800)</u>
Total transfers	<u>(100,800)</u>
Change in net position	21,679
Net position - January 1	<u>2,380,953</u>
Net position - December 31	<u><u>\$2,402,632</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**REFUSE UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For Year Ended December 31, 2022**

**Statement 44**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$2,110,168
Cash paid to suppliers for goods and services	(2,070,468)
Cash payments to employees for services	(137,051)
Net cash flows provided by (used in) operating activities	<u>(97,351)</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>	
Transfers out	(100,800)
Intergovernmental	107,937
Net cash flows provided by (used in) noncapital financing activities	<u>7,137</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>	
Acquisition of capital assets	<u>(43,058)</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	15,200
Change in fair value	(45,600)
Net cash flows provided by (used in) investing activities	<u>(30,400)</u>
Net increase (decrease) in cash and cash equivalents	(163,672)
Cash and cash equivalents - January 1	<u>2,069,127</u>
Cash and cash equivalents - December 31	<u><u>\$1,905,455</u></u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>	
Operating income	<u>\$43,542</u>
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>	
Depreciation expense	7,368
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in accounts receivable	(32,437)
(Increase) decrease in due from other governmental units	(305)
Increase (decrease) in accounts payable	(115,651)
Increase (decrease) in accrued salaries and withholdings payable	132
Total adjustments	<u>(140,893)</u>
Net cash flows from operating activities	<u><u>(\$97,351)</u></u>



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
**December 31, 2022**

**Statement 45**

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Total
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 704,147	\$ 45,652	\$ 138,844	\$ 64,730	\$ 953,373
Receivables:					
Accounts (net of allowance for uncollectibles)	174,374	-	-	-	174,374
Interest	2,000	100	400	100	2,600
Total current assets	880,521	45,752	880,521	64,830	1,130,347
<b>Noncurrent assets:</b>					
Capital assets:					
Land	260,690	-	-	-	260,690
Equipment	394,068	-	-	-	394,068
Infrastructure	2,667,144	-	-	-	2,667,144
Total capital assets	3,321,902	0	0	0	3,321,902
Less: accumulated depreciation	(1,623,421)	-	-	-	(1,623,421)
Net capital assets	1,698,481	0	0	0	1,698,481
Total noncurrent assets	1,698,481	0	0	0	1,698,481
<b>Total assets</b>	<b>2,579,002</b>	<b>45,752</b>	<b>880,521</b>	<b>64,830</b>	<b>2,828,828</b>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	911	-	-	-	911
Accrued salaries and withholdings payable	1,712	-	-	-	1,712
Accrued interest payable	-	-	-	1,363	1,363
Bonds payable - current	-	-	-	60,400	60,400
Total current liabilities	2,623	0	0	61,763	64,386
<b>Noncurrent liabilities:</b>					
Bonds payable - noncurrent	-	-	-	60,400	60,400
Total noncurrent liabilities	0	0	0	60,400	60,400
Total liabilities	2,623	0	0	122,163	124,786
<b>Net position:</b>					
Net investment in capital assets	1,698,481	-	-	(120,800)	1,577,681
Restricted for debt service	-	-	-	64,686	64,686
Unrestricted	877,898	45,752	139,244	(1,219)	1,061,675
Total net position	\$2,576,379	\$45,752	\$139,244	(\$57,333)	\$2,704,042

## 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, 2022

	Operating Account	Capital Equipment Replacement Account	Capital Construction Account	Debt Service Account	Intrafund Eliminations	Total
Operating revenues:						
Storm sewer service charges	\$647,866	\$ -	\$ -	\$ -	\$ -	\$647,866
Operating expenses:						
Collection	382,128	-	-	-	-	382,128
Administration	1,697	-	-	-	-	1,697
Depreciation	74,140	-	-	-	-	74,140
Total operating expenses	457,965	0	0	0	0	457,965
Net income (loss) from operations	189,901	0	0	0	0	189,901
Nonoperating revenues (expenses):						
Investment income						
Interest and dividends	6,000	300	1,200	200	-	7,700
Change in fair value	(16,400)	(800)	(3,200)	(400)	-	(20,800)
Interest and fiscal charges	-	-	-	(3,524)	-	(3,524)
Total nonoperating revenues (expenses)	(10,400)	(500)	(2,000)	(3,724)	0	(16,624)
Net income (loss) before transfers and capital contributions	179,501	(500)	(2,000)	(3,724)	0	173,277
Transfers:						
Transfers in	-	20,000	-	70,000	(90,000)	-
Transfers out	(90,000)	-	-	-	90,000	-
Total transfers	(90,000)	20,000	0	70,000	0	0
Change in net position	89,501	19,500	(2,000)	66,276	0	173,277
Net position - January 1	2,486,878	26,252	141,244	(123,609)	-	2,530,765
Net position - December 31	\$2,576,379	\$45,752	\$139,244	(\$57,333)	\$0	\$2,704,042

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**STORM SEWER UTILITY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For Year Ended December 31, 2022**

**Statement 47**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from customers	\$679,849
Cash paid to suppliers for goods and services	(224,284)
Cash payments to employees for services	(163,394)
Net cash flows provided by (used in) operating activities	<u>292,171</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>	
Principal payments - bonds	(60,400)
Interest and fiscal charges	(4,094)
Net cash flows provided by (used in) capital and related financing activities	<u>(64,494)</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	6,700
Change in fair value	(20,800)
Net cash flows provided by (used in) investing activities	<u>(14,100)</u>
Net increase (decrease) in cash and cash equivalents	213,577
Cash and cash equivalents - January 1	<u>739,796</u>
Cash and cash equivalents - December 31	<u><u>\$953,373</u></u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>	
Operating income	<u>\$189,901</u>
<b>Adjustments to reconcile operating income to net cash flows from operating activities:</b>	
Depreciation expense	74,140
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in accounts receivable	(8,010)
(Increase) decrease in due from other governmental units	39,993
Increase (decrease) in accounts payable	(3,730)
Increase (decrease) in accrued salaries and withholdings payable	(123)
Total adjustments	<u>102,270</u>
Net cash flows from operating activities	<u><u>\$292,171</u></u>

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**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
**December 31, 2022**

**Statement 48**

	Operating Account	Debt Service Account	Total
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$966,407	\$306,296	\$1,272,703
Receivables:			
Interest	3,600	300	3,900
Inventory - at cost	2,149,891	-	2,149,891
Total current assets	3,119,898	306,596	3,426,494
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land	2,106,001	-	2,106,001
Construction in progress	155,296	-	155,296
Buildings	4,203,586	-	4,203,586
Equipment	509,846	-	509,846
Total capital assets	6,974,729	0	6,974,729
Less: Accumulated depreciation	(2,272,717)	-	(2,272,717)
Net capital assets	4,702,012	0	4,702,012
Total noncurrent assets	4,702,012	0	4,702,012
Total assets	7,821,910	306,596	8,128,506
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	460,940	-	460,940
Accrued salaries and withholdings payable	23,987	-	23,987
Due to other governmental units	102,221	-	102,221
Accrued interest payable	-	20,320	20,320
Bonds payable - current	-	270,000	270,000
Total current liabilities	587,148	290,320	877,468
<b>Noncurrent liabilities:</b>			
Bonds payable - noncurrent	-	1,814,275	1,814,275
Total liabilities	587,148	2,104,595	2,691,743
<b>Net position:</b>			
Net investment in capital assets	4,702,012	(2,084,275)	2,617,737
Restricted for debt service	-	311,664	311,664
Unrestricted	2,532,750	(25,388)	2,507,362
Total net position	\$7,234,762	(\$1,797,999)	\$5,436,763

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

For The Year Ended December 31, 2022

	Operating Accounts		
	Top Valu	Top Valu II	Heights Liquor
Operating revenues:			
Charges for sales:			
Liquor	\$1,893,457	\$1,396,561	\$556,590
Beer	1,699,901	1,495,984	504,748
Wine	634,072	481,325	66,408
Other	267,193	211,753	130,877
Total operating revenues	<u>4,494,623</u>	<u>3,585,623</u>	<u>1,258,623</u>
Operating expenses:			
Cost of goods sold	3,383,402	2,699,813	942,601
Operating expense	852,099	729,085	272,898
Depreciation	75,111	57,400	20,776
Total operating expenses	<u>4,310,612</u>	<u>3,486,298</u>	<u>1,236,275</u>
Net income from operations	<u>\$184,011</u>	<u>\$99,325</u>	<u>\$22,348</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest and dividends			
Change in fair value			
Intergovernmental			
Interest and fiscal charges			
Total nonoperating revenues (expenses)			
Net income (loss) before transfers			
Transfers:			
Transfers in			
Transfers out			
Total transfers			
Change in net position			
Net position - January 1			
Net position - December 31			

## Statement 49

Total Operating Accounts	Debt Service Account	Intrafund Eliminations	Total
\$3,846,608	\$ -	\$ -	\$3,846,608
3,700,633	-	-	3,700,633
1,181,805	-	-	1,181,805
609,823	-	-	609,823
9,338,869	0	0	9,338,869
7,025,816	-	-	7,025,816
1,854,082	-	-	1,854,082
153,287	-	-	153,287
9,033,185	0	0	9,033,185
305,684	0	0	305,684
10,700	900	-	11,600
(29,400)	(2,500)	-	(31,900)
3,234	-	-	3,234
-	(43,582)	-	(43,582)
(15,466)	(45,182)	0	(60,648)
290,218	(45,182)	0	245,036
-	319,000	(319,000)	-
(697,850)	-	319,000	(378,850)
(697,850)	319,000	0	(378,850)
(407,632)	273,818	0	(133,814)
7,642,394	(2,071,817)	0	5,570,577
\$7,234,762	(\$1,797,999)	\$0	\$5,436,763

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**LIQUOR FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For Year Ended December 31, 2022**

**Statement 50**  
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Cash flows provided by (used in) operating activities:	
Cash received from customers	\$9,338,869
Cash paid to suppliers for goods and services	(7,611,675)
Cash payments to employees for services	(1,060,696)
Net cash flows provided by (used in) operating activities	<u>666,498</u>
Cash flows provided by (used in) noncapital financing activities:	
Transfers out	(378,850)
Intergovernmental	3,234
Net cash flows provided by (used in) noncapital financing activities	<u>(375,616)</u>
Cash flows provided by (used in) capital and related financing activities:	
Acquisition of capital assets	(302,435)
Principal payments - bonds	(260,000)
Interest and fiscal charges - including capitalized interest	(53,575)
Net cash flows provided by (used in) capital and related financing activities	<u>(616,010)</u>
Cash flows provided by (used in) investing activities:	
Investment income:	
Interest and dividends	10,600
Change in fair value	(31,900)
Net cash flows provided by (used in) investing activities	<u>(21,300)</u>
Net increase (decrease) in cash and cash equivalents	(346,428)
Cash and cash equivalents - January 1	<u>1,619,131</u>
Cash and cash equivalents - December 31	<u><u>\$1,272,703</u></u>



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
LIQUOR FUND  
SUBCOMBINING SCHEDULE OF CASH FLOWS  
For Year Ended December 31, 2022

**Statement 50**  
**Page 2 of 2**

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Reconciliation of operating income to net cash flows from operating activities:

Operating income	<u>\$305,684</u>
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation expense	153,287
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in inventory, at cost	23,482
Increase (decrease) in accounts payable	173,580
Increase (decrease) in accrued salaries and withholdings payable	4,257
Increase (decrease) in due to other governmental units	<u>6,208</u>
Total adjustments	<u>360,814</u>
Net cash flows from operating activities	<u><u>\$666,498</u></u>

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## INTERNAL SERVICE FUNDS

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

### 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 finance by transfers from user departments.

Information Technology 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, 2022

**Statement 51**

	Municipal Service Center	Information Technology	Risk Management	Employee Benefits Fund	Total Internal Service Funds
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$1,062,572	\$540,365	\$1,227,755	\$1,349,395	\$4,180,087
Due from other governmental units	297	-	-	-	297
Interest receivable	3,000	1,500	3,700	-	8,200
Lease receivable	95,054	-	-	-	95,054
Prepayments	-	2,218	75,355	-	77,573
Inventory - at cost	63,431	3,762	-	-	67,193
Total current assets	1,224,354	547,845	1,306,810	1,349,395	4,428,404
<b>Noncurrent assets:</b>					
Capital assets:					
Land	15,779	-	-	-	15,779
Buildings	1,978,957	-	-	-	1,978,957
Equipment	278,983	419,853	-	-	698,836
Total capital assets	2,273,719	419,853	0	0	2,693,572
Less: accumulated depreciation	(1,463,340)	(324,280)	-	-	(1,787,620)
Net capital assets	810,379	95,573	0	0	905,952
Total noncurrent assets	810,379	95,573	0	0	905,952
Total assets	2,034,733	643,418	1,306,810	1,349,395	5,334,356
<b>Deferred outflows of resources:</b>					
Related to pensions, OPEB, and leases	-	-	-	11,548,298	11,548,298
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	34,481	6,505	431	-	41,417
Accrued salaries and withholdings payable	7,667	7,897	-	-	15,564
Due to other governmental units	10	-	-	-	10
Deposits	10,012	-	-	-	10,012
Compensated absences payable - current	-	-	-	121,000	121,000
Total current liabilities	52,170	14,402	431	121,000	188,003
<b>Noncurrent liabilities:</b>					
Compensated absences payable - noncurrent	-	-	-	1,228,395	1,228,395
Other postemployment benefits payable	-	-	-	1,125,709	1,125,709
Net pension liability	-	-	-	20,245,769	20,245,769
Total noncurrent liabilities	0	0	0	22,599,873	22,599,873
Total liabilities	52,170	14,402	431	22,720,873	22,787,876
<b>Deferred inflows of resources:</b>					
Related to pensions, OPEB, and leases	95,054	-	-	730,755	825,809
<b>Net position:</b>					
Investment in capital assets	810,379	95,573	-	-	905,952
Unrestricted	1,077,130	533,443	1,306,379	(10,553,935)	(7,636,983)
Total net position	\$1,887,509	\$629,016	\$1,306,379	(\$10,553,935)	(\$6,731,031)

**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, 2022

**Statement 52**

	Municipal Service Center	Information Technology	Risk Management	Employee Benefits Fund	Total Internal Service Funds
Operating revenues:					
Charges for services:					
Services to departments	\$422,489	\$429,600	\$902,600	\$2,308,958	\$4,063,647
Use of space	373,416	-	-	-	373,416
Recovery of damages	-	-	124,985	-	124,985
Charges for sales:					
Sales of motor fuel	136,629	-	-	-	136,629
Total operating revenues	<u>932,534</u>	<u>429,600</u>	<u>1,027,585</u>	<u>2,308,958</u>	<u>4,698,677</u>
Operating expenses:					
Cost of services and space	933,727	625,664	788,681	3,083,007	5,431,079
Depreciation	68,454	24,521	-	-	92,975
Total operating expenses	<u>1,002,181</u>	<u>650,185</u>	<u>788,681</u>	<u>3,083,007</u>	<u>5,524,054</u>
Net income (loss) from operations	<u>(69,647)</u>	<u>(220,585)</u>	<u>238,904</u>	<u>(774,049)</u>	<u>(825,377)</u>
Nonoperating revenues (expenses):					
Investment income					
Interest and dividends	8,900	4,600	10,800	-	24,300
Change in fair value	(24,600)	(12,700)	(29,800)	-	(67,100)
Intergovernmental	-	-	-	169,335	169,335
Gain on sale of capital assets	4,782	-	-	-	4,782
Total nonoperating revenues (expenses)	<u>(10,918)</u>	<u>(8,100)</u>	<u>(19,000)</u>	<u>169,335</u>	<u>131,317</u>
Net income (loss) before transfers	<u>(80,565)</u>	<u>(228,685)</u>	<u>219,904</u>	<u>(604,714)</u>	<u>(694,060)</u>
Transfers:					
Transfers in	-	208,700	-	-	208,700
Transfers out	(100)	-	(225,000)	-	(225,100)
Total transfers	<u>(100)</u>	<u>208,700</u>	<u>(225,000)</u>	<u>0</u>	<u>(16,400)</u>
Change in net position	(80,665)	(19,985)	(5,096)	(604,714)	(710,460)
Net position - January 1	<u>1,968,174</u>	<u>649,001</u>	<u>1,311,475</u>	<u>(9,949,221)</u>	<u>(6,020,571)</u>
Net position - December 31	<u>\$1,887,509</u>	<u>\$629,016</u>	<u>\$1,306,379</u>	<u>(\$10,553,935)</u>	<u>(\$6,731,031)</u>

	Municipal Service Center	Information Technology	Risk Management	Employee Benefits Fund	Total Internal Service Funds
Cash flows provided by (used in) operating activities:					
Cash received from interfund goods and services provided	\$932,534	\$429,600	\$902,600	\$2,308,958	\$4,573,692
Cash received for damages	-	-	124,985	-	124,985
Cash paid to suppliers for goods and services	(487,419)	(261,440)	(900,757)	(1,417,418)	(3,067,034)
Cash payments to employees for services	(452,293)	(335,612)	-	(922,968)	(1,710,873)
Net cash flows provided by (used in) operating activities	(7,178)	(167,452)	126,828	(31,428)	(79,230)
Cash flows provided by (used in) noncapital financing activities:					
Transfers in	-	208,700	-	-	208,700
Transfers out	(100)	-	(225,000)	-	(225,100)
Intergovernmental	-	-	-	169,335	169,335
Increases in other postemployment benefits payable	-	-	-	(20,588)	(20,588)
Net cash flows provided by (used in) noncapital financing activities	(100)	208,700	(225,000)	148,747	132,347
Cash flows provided by (used in) capital and related financing activities:					
Proceeds from sale of capital assets	6,125	-	-	-	6,125
Acquisition of capital assets	-	(28,938)	-	-	(28,938)
Net cash flows provided by (used in) capital and related financing activities	6,125	(28,938)	-	-	(22,813)
Cash flows provided by (used in) investing activities:					
Investment income:					
Interest and dividends	8,600	4,000	10,400	-	23,000
Change in fair value	(24,600)	(12,700)	(29,800)	-	(67,100)
Net cash flows provided by (used in) investing activities	(16,000)	(8,700)	(19,400)	0	(44,100)
Net increase (decrease) in cash and cash equivalents	(17,153)	3,610	(117,572)	117,319	(13,796)
Cash and cash equivalents - January 1	1,079,725	536,755	1,345,327	1,232,076	4,193,883
Cash and cash equivalents - December 31	\$1,062,572	\$540,365	\$1,227,755	\$1,349,395	\$4,180,087
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$69,647)	(\$220,585)	\$238,904	(\$774,049)	(\$825,377)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	68,454	24,521	-	-	92,975
Changes in assets and liabilities:					
(Increase) decrease in prepayments	-	9,634	(10,927)	-	(1,293)
(Increase) decrease in inventory, at cost	(6,370)	-	-	-	(6,370)
(Increase) decrease in due from other governmental units	3	-	-	-	3
(Increase) decrease in deferred pension outflows	-	13,086	-	(4,337,331)	(4,324,245)
Increase (decrease) in accounts payable	(733)	4,278	(101,149)	-	(97,604)
Increase (decrease) in accrued salaries and withholdings payable	813	1,614	-	-	2,427
Increase (decrease) in compensated absences	-	-	-	117,319	117,319
Increase (decrease) in net pension liability	-	-	-	14,107,525	14,107,525
Increase (decrease) in due to other governmental units	10	-	-	-	10
Increase (decrease) in deposits payable	292	-	-	-	292
Increase (decrease) in deferred inflows of resources	-	-	-	(9,144,892)	(9,144,892)
Total adjustments	62,469	53,133	(112,076)	742,621	746,147
Net cash flows provided by (used in) operating activities	(\$7,178)	(\$167,452)	\$126,828	(\$31,428)	(\$79,230)

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
MUNICIPAL SERVICE CENTER  
SUBCOMBINING SCHEDULE OF NET POSITION  
December 31, 2022

**Statement 54**

	Central Garage Operating Account	Capital Equipment Replacement Account	Building Maintenance Operating Account	Total
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$935,867	\$35,274	\$91,431	\$1,062,572
Due from other governmental units	297	-	-	297
Interest receivable	2,600	100	300	3,000
Lease receivable	95,054	-	-	95,054
Inventory - at cost	63,431	-	-	63,431
Total current assets	<u>1,097,249</u>	<u>35,374</u>	<u>91,731</u>	<u>1,224,354</u>
<b>Noncurrent assets:</b>				
Capital assets:				
Land	15,779	-	-	15,779
Buildings	1,978,957	-	-	1,978,957
Equipment	278,983	-	-	278,983
Total capital assets	<u>2,273,719</u>	<u>0</u>	<u>0</u>	<u>2,273,719</u>
Less: Accumulated depreciation	<u>(1,463,340)</u>	<u>-</u>	<u>-</u>	<u>(1,463,340)</u>
Net capital assets	<u>810,379</u>	<u>0</u>	<u>0</u>	<u>810,379</u>
Total noncurrent assets	<u>810,379</u>	<u>0</u>	<u>0</u>	<u>810,379</u>
Total assets	<u>1,907,628</u>	<u>35,374</u>	<u>91,731</u>	<u>2,034,733</u>
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Accounts payable	34,468	-	13	34,481
Accrued salaries and withholdings payable	4,296	-	3,371	7,667
Due to other governmental units	10	-	-	10
Deposits payable	10,012	-	-	10,012
Total current liabilities	<u>48,786</u>	<u>0</u>	<u>3,384</u>	<u>52,170</u>
<b>Deferred inflows of resources:</b>				
Related to leases	<u>95,054</u>	<u>-</u>	<u>-</u>	<u>95,054</u>
<b>Net position:</b>				
Investments in capital assets	810,379	-	-	810,379
Unrestricted	<u>953,409</u>	<u>35,374</u>	<u>88,347</u>	<u>1,077,130</u>
Total net position	<u>\$1,763,788</u>	<u>\$35,374</u>	<u>\$88,347</u>	<u>\$1,887,509</u>

## 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, 2022

	Central Garage Operating Account	Capital Equipment Replacement Account	Building Maintenance Operating Account	Intrafund Eliminations	Total
Operating revenues:					
Charges for services:					
Services to departments	\$188,679	\$ -	\$233,810	\$ -	\$422,489
Use of space	373,416	-	-	-	373,416
Charges for sales:					
Sales of motor fuel	136,629	-	-	-	136,629
Total operating revenues	<u>698,724</u>	<u>0</u>	<u>233,810</u>	<u>0</u>	<u>932,534</u>
Operating expenses:					
Cost of services and space	690,712	-	243,015	-	933,727
Depreciation	68,454	-	-	-	68,454
Total operating expenses	<u>759,166</u>	<u>0</u>	<u>243,015</u>	<u>0</u>	<u>1,002,181</u>
Net income (loss) from operations	<u>(60,442)</u>	<u>-</u>	<u>(9,205)</u>	<u>-</u>	<u>(69,647)</u>
Nonoperating revenues (expenses):					
Investment income:					
Interest and dividends	7,800	300	800	-	8,900
Change in fair value	(21,500)	(800)	(2,300)	-	(24,600)
Gain on sale of capital assets	4,782	-	-	-	4,782
Total nonoperating revenues	<u>(8,918)</u>	<u>(500)</u>	<u>(1,500)</u>	<u>0</u>	<u>(10,918)</u>
Net income (loss) before transfers	<u>(69,360)</u>	<u>(500)</u>	<u>(10,705)</u>	<u>0</u>	<u>(80,565)</u>
Transfers in	-	5,000	-	(5,000)	-
Transfers out	(5,100)	-	-	5,000	(100)
Total transfers	<u>(5,100)</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>(100)</u>
Change in net position	(74,460)	4,500	(10,705)	-	(80,665)
Net position - January 1	<u>1,838,248</u>	<u>30,874</u>	<u>99,052</u>	<u>0</u>	<u>1,968,174</u>
Net position - December 31	<u>\$1,763,788</u>	<u>\$35,374</u>	<u>\$88,347</u>	<u>\$0</u>	<u>\$1,887,509</u>



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
MUNICIPAL SERVICE CENTER  
SUBCOMBINING SCHEDULE OF CASH FLOWS  
For The Year Ended December 31, 2022

**Statement 56**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from interfund goods & services provided	\$932,534
Cash paid to suppliers for goods and services	(487,419)
Cash payments to employees for services	(452,293)
Net cash flows provided by (used in) operating activities	<u>(7,178)</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>	
Transfers out	<u>(100)</u>
<b>Cash flows provided by (used in) capital and related financing activities:</b>	
Proceeds from sale of capital assets	<u>6,125</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	8,600
Change in fair value	(24,600)
Net cash flows provided by (used in) investing activities	<u>(16,000)</u>
Net increase (decrease) in cash and cash equivalents	(17,153)
Cash and cash equivalents - January 1	<u>1,079,725</u>
Cash and cash equivalents - December 31	<u><u>\$1,062,572</u></u>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>	
Operating income (loss)	<u>(\$69,647)</u>
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>	
Depreciation expense	
	68,454
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in inventory, at cost	(6,370)
(Increase) decrease in due from other governmental units	3
Increase (decrease) in accounts payable	(733)
Increase (decrease) in accrued salaries and withholdings payable	813
Increase (decrease) in due to other governmental units	10
Increase (decrease) in deposits payable	292
Total adjustments	<u>62,469</u>
Net cash flows from operating activities	<u><u>(\$7,178)</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION TECHNOLOGY FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
**December 31, 2022**

**Statement 57**

	Operating Account	Capital Equipment Replacement Account	Total
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$240,647	\$299,718	\$540,365
Interest receivable	700	800	1,500
Prepayments	2,218	-	2,218
Inventory - at cost	3,762	-	3,762
Total current assets	247,327	300,518	547,845
<b>Noncurrent assets:</b>			
Capital assets:			
Equipment	419,853	-	419,853
Less: accumulated depreciation	(324,280)	-	(324,280)
Net capital assets	95,573	0	95,573
Total noncurrent assets	95,573	0	95,573
Total assets	342,900	300,518	643,418
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	6,505	-	6,505
Accrued salaries and withholdings payable	7,897	-	7,897
Total current liabilities	14,402	0	14,402
<b>Net position:</b>			
Investment in capital assets	95,573	-	95,573
Unrestricted	232,925	300,518	533,443
Total net position	\$328,498	\$300,518	\$629,016

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

## INFORMATION TECHNOLOGY FUND

**Statement 58**

## SUBCOMBINING SCHEDULE OF REVENUES, EXPENSES AND

## CHANGES IN FUND NET POSITION

For The Year Ended December 31, 2022

	Operating Account	Capital Equipment Replacement Account	Total
Operating revenues:			
Charges for services	\$429,600	\$ -	\$429,600
Total operating revenues	<u>429,600</u>	<u>0</u>	<u>429,600</u>
Operating expenses:			
Cost of services	613,069	12,595	625,664
Depreciation	24,521	-	24,521
Total operating expenses	<u>637,590</u>	<u>12,595</u>	<u>650,185</u>
Net income (loss) from operations	<u>(207,990)</u>	<u>(12,595)</u>	<u>(220,585)</u>
Nonoperating revenues:			
Investment income			
Interest and dividends	2,200	2,400	4,600
Change in fair value	(6,000)	(6,700)	(12,700)
Total nonoperating revenues	<u>(3,800)</u>	<u>(4,300)</u>	<u>(8,100)</u>
Net income (loss) before transfers	<u>(211,790)</u>	<u>(16,895)</u>	<u>(228,685)</u>
Transfers:			
Transfers in	<u>208,700</u>	<u>-</u>	<u>208,700</u>
Change in net position	(3,090)	(16,895)	(19,985)
Net position - January 1	<u>331,588</u>	<u>317,413</u>	<u>649,001</u>
Net position - December 31	<u><u>\$328,498</u></u>	<u><u>\$300,518</u></u>	<u><u>\$629,016</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**INFORMATION TECHNOLOGY FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For The Year Ended December 31, 2022**

**Statement 59**

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Cash flows provided by (used in) operating activities:	
Cash received from interfund goods & services provided	\$429,600
Cash paid to suppliers for goods and services	(261,440)
Cash payments to employees for services	(335,612)
Net cash flows provided by (used in) operating activities	<u>(167,452)</u>
Cash flows provided by (used in) noncapital financing activities:	
Transfers in	<u>208,700</u>
Cash flows provided by (used in) capital and related financing activities:	
Acquisition of capital assets	<u>(28,938)</u>
Cash flows provided by (used in) investing activities:	
Investment income:	
Interest and dividends	4,000
Change in fair value	(12,700)
Net cash flows provided by (used in) investing activities	<u>(8,700)</u>
Net increase (decrease) in cash and cash equivalents	3,610
Cash and cash equivalents - January 1	<u>536,755</u>
Cash and cash equivalents - December 31	<u><u>\$540,365</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:	
Operating income (loss)	<u>(\$220,585)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:	
Depreciation expense	24,521
Changes in assets, liabilities, deferred outflows and inflows:	
(Increase) decrease in prepayments	9,634
(Increase) decrease in deferred pension outflows	13,086
Increase (decrease) in accounts payable	4,278
Increase (decrease) in accrued salaries and withholdings payable	1,614
Total adjustments	<u>53,133</u>
Net cash flows from operating activities	<u><u>(\$167,452)</u></u>

CITY OF COLUMBIA HEIGHTS, MINNESOTA  
RISK MANAGEMENT FUND  
SUBCOMBINING SCHEDULE OF NET POSITION  
December 31, 2022

Statement 60

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Assets:

Current assets:

Cash and cash equivalents	\$1,227,755
Interest receivable	3,700
Prepayments	<u>75,355</u>
Total assets	<u>1,306,810</u>

Liabilities:

Current liabilities:

Accounts payable	<u>431</u>
Total current liabilities	<u>431</u>

Net position:

Unrestricted	<u>1,306,379</u>
Total net position	<u><u>\$1,306,379</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, 2022

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Operating revenues:	
Insurance allocation	\$902,600
Recovery of damages	124,985
Total operating revenues	<u>1,027,585</u>
Operating expenses:	
Cost of services:	
Premiums	734,263
Claims	54,418
Total operating expenses	<u>788,681</u>
Net income (loss) from operations	<u>238,904</u>
Nonoperating revenues:	
Investment income	
Interest and dividends	10,800
Change in fair value	(29,800)
Total nonoperating revenues	<u>(19,000)</u>
Net income (loss) before transfers	219,904
Transfers:	
Transfers out	<u>(225,000)</u>
Change in net position	(5,096)
Net position - January 1	<u>1,311,475</u>
Net position - December 31	<u><u>\$1,306,379</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**RISK MANAGEMENT FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
**For The Year Ended December 31, 2022**

**Statement 62**

<b>Cash flows provided by (used in) operating activities:</b>	
Cash received from interfund services provided	\$902,600
Cash received for damages	124,985
Cash paid to suppliers for goods and services	(900,757)
Net cash flows provided by (used in) operating activities	<u>126,828</u>
<b>Cash flows provided by (used in) noncapital financing activities:</b>	
Transfers out	<u>(225,000)</u>
<b>Cash flows provided by (used in) investing activities:</b>	
Investment income:	
Interest and dividends	10,400
Change in fair value	(29,800)
Net cash flows provided by (used in) investing activities	<u>(19,400)</u>
Net increase (decrease) in cash and cash equivalents	(117,572)
Cash and cash equivalents - January 1	<u>1,345,327</u>
Cash and cash equivalents - December 31	<u><u>\$1,227,755</u></u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>	
Operating income (loss)	<u>\$238,904</u>
<b>Adjustments to reconcile operating income (loss) to net cash flows from operating activities:</b>	
Changes in assets and liabilities:	
(Increase) decrease in prepayments	(10,927)
Increase (decrease) in accounts payable	(101,149)
Total adjustments	<u>(112,076)</u>
Net cash flows from operating activities	<u><u>\$126,828</u></u>

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**EMPLOYEE BENEFITS FUND**  
**SUBCOMBINING SCHEDULE OF NET POSITION**  
**December 31, 2022**

**Statement 63**

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$1,349,395	\$ -	\$ -	\$1,349,395
Total assets	1,349,395	0	0	1,349,395
<b>Deferred outflows of resources:</b>				
Related to pensions, OPEB, and leases	-	11,355,427	192,871	11,548,298
<b>Liabilities:</b>				
<b>Current liabilities:</b>				
Compensated absences payable - current	121,000	-	-	121,000
Total current liabilities	121,000	0	0	121,000
<b>Noncurrent liabilities:</b>				
Compensated absences payable - noncurrent	1,228,395	-	-	1,228,395
Other postemployment benefits payable	-	-	1,125,709	1,125,709
Net pension liability	-	20,245,769	-	20,245,769
Total noncurrent liabilities	1,228,395	20,245,769	1,125,709	22,599,873
Total liabilities	1,349,395	20,245,769	1,125,709	22,720,873
<b>Deferred inflows of resources:</b>				
Related to pensions and OPEB	-	245,817	484,938	730,755
<b>Net position:</b>				
Unrestricted	-	(9,136,159)	(1,417,776)	(10,553,935)
Total net position	\$0	(\$9,136,159)	(\$1,417,776)	(\$10,553,935)



## 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, 2022

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total
Operating revenues:				
Charges for services	\$1,040,287	\$1,212,775	\$55,896	\$2,308,958
Operating expenses:				
Cost of services	1,040,287	2,007,412	35,308	3,083,007
Net income (loss) from operations	-	(794,637)	20,588	(774,049)
Nonoperating revenues:				
Intergovernmental	-	169,335	-	169,335
Change in net position	-	(625,302)	20,588	(604,714)
Net position - January 1	-	(8,510,857)	(1,438,364)	(9,949,221)
Net position - December 31	\$0	(\$9,136,159)	(\$1,417,776)	(\$10,553,935)

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**EMPLOYEE BENEFITS FUND**  
**SUBCOMBINING SCHEDULE OF CASH FLOWS**  
For The Year Ended December 31, 2022

**Statement 65**

	Compensated Absences Account	Pension Account	Other Post Emp Benefits Account	Total
Cash flows provided by (used in) operating activities:				
Cash received from interfund services provided	\$1,040,287	\$1,212,775	\$55,896	\$2,308,958
Cash paid to suppliers for goods and services	-	(1,382,110)	(35,308)	(1,417,418)
Cash payments to employees for services	(922,968)	-	-	(922,968)
Net cash flows provided by (used in) operating activities	117,319	(169,335)	20,588	(31,428)
Cash flows provided by (used in) noncapital financing activities:				
Intergovernmental	-	169,335	-	169,335
Increases in other postemployment benefits payable	-	-	(20,588)	(20,588)
Net cash flows provided by (used in) noncapital financing activities	0	169,335	(20,588)	148,747
Net increase (decrease) in cash and cash equivalents	117,319	-	-	117,319
Cash and cash equivalents - January 1	1,232,076	-	-	1,232,076
Cash and cash equivalents - December 31	\$1,349,395	\$0	\$0	\$1,349,395
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$ -	(\$794,637)	\$20,588	(\$774,049)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
(Increase) decrease in deferred pension outflows	-	(4,337,331)	-	(4,337,331)
Increase (decrease) in compensated absences	117,319	-	-	117,319
Increase (decrease) in net pension liability	-	14,107,525	-	14,107,525
Increase (decrease) in deferred pension inflows	-	(9,144,892)	-	(9,144,892)
Total adjustments	117,319	625,302	0	742,621
Net cash flows from operating activities	\$117,319	(\$169,335)	\$20,588	(\$31,428)

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

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## STATISTICAL SECTION

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

### Financial Trends - Tables 1 through 4

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

### Revenue Capacity - Tables 5 through 8

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

### Debt Capacity - Tables 9 through 13

These tables contain 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)

	2013	2014	2015	2016
Governmental activities:				
Net Investment in capital assets	\$27,358,490	\$26,049,057	\$27,168,555	\$29,429,299
Restricted	2,025,652	3,752,839	4,710,968	5,120,811
Unrestricted	22,222,578	23,157,208	15,717,275	14,107,592
Total governmental activities net position	<u>\$51,606,720</u>	<u>\$52,959,104</u>	<u>\$47,596,798</u>	<u>\$48,657,702</u>
Business-type activities:				
Net Investment in capital assets	\$10,365,407	\$10,729,457	\$11,928,401	\$11,965,156
Restricted	643,320	543,822	533,756	571,852
Unrestricted	6,690,111	7,269,897	6,098,230	6,533,748
Total business-type activities net position	<u>\$17,698,838</u>	<u>\$18,543,176</u>	<u>\$18,560,387</u>	<u>\$19,070,756</u>
Primary government:				
Net Investment in capital assets	\$37,723,897	\$36,778,514	\$39,096,956	\$41,394,455
Restricted	2,668,972	4,296,661	\$5,244,724	\$5,692,663
Unrestricted	28,912,689	30,427,105	\$21,815,505	\$20,641,340
Total primary government net position	<u>\$69,305,558</u>	<u>\$71,502,280</u>	<u>\$66,157,185</u>	<u>\$67,728,458</u>

Table 1

2017	2018	2019	2020	2021	2022
\$30,852,838	\$28,080,462	\$29,402,901	\$31,424,776	\$32,828,395	\$34,629,847
3,145,032	5,032,456	2,745,259	2,541,590	2,763,575	2,392,200
15,789,925	16,318,914	19,319,906	22,947,463	26,002,867	26,275,253
<u>\$49,787,795</u>	<u>\$49,431,832</u>	<u>\$51,468,066</u>	<u>\$56,913,829</u>	<u>\$61,594,837</u>	<u>\$63,297,300</u>
\$11,831,468	\$11,675,036	\$11,498,655	\$13,319,631	\$14,462,569	\$17,870,618
498,838	559,390	517,261	516,877	521,354	530,690
7,111,765	8,093,363	9,734,134	8,937,349	9,686,905	9,852,531
<u>\$19,442,071</u>	<u>\$20,327,789</u>	<u>\$21,750,050</u>	<u>\$22,773,857</u>	<u>\$24,670,828</u>	<u>\$28,253,839</u>
\$42,684,306	\$39,755,498	\$40,901,556	\$44,744,407	\$47,290,964	\$52,500,465
\$3,643,870	5,591,846	3,262,520	3,058,467	3,284,929	2,922,890
\$22,901,690	24,412,277	29,054,040	31,884,812	35,689,772	36,127,784
<u>\$69,229,866</u>	<u>\$69,759,621</u>	<u>\$73,218,116</u>	<u>\$79,687,686</u>	<u>\$86,265,665</u>	<u>\$91,551,139</u>

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

	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$1,976,207	\$2,104,025	\$2,128,964	\$2,239,601
Public safety	5,683,769	5,801,747	6,265,485	7,891,721
Public works	2,843,102	3,052,844	3,529,547	3,653,777
Culture and recreation	2,553,760	2,565,755	2,926,004	2,982,919
Community development	2,010,040	1,943,576	1,555,640	877,622
Interest on long-term debt	808,933	761,967	948,493	958,465
Total governmental activities expenses	<u>15,875,811</u>	<u>16,229,914</u>	<u>17,354,133</u>	<u>18,604,105</u>
Business-type activities:				
Water	2,371,414	2,336,475	2,367,954	2,535,133
Sewer	1,538,970	1,789,260	1,621,506	1,770,538
Refuse	1,628,966	1,695,997	1,753,406	1,860,602
Storm sewer	307,876	315,809	541,926	490,608
Liquor	8,341,309	8,148,788	8,125,188	8,274,354
Total business-type activities expenses	<u>14,188,535</u>	<u>14,286,329</u>	<u>14,409,980</u>	<u>14,931,235</u>
Total primary government expenses	<u>\$30,064,346</u>	<u>\$30,516,243</u>	<u>\$31,764,113</u>	<u>\$33,535,340</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$385,728	\$194,201	\$206,531	\$289,304
Public safety	706,168	752,694	703,489	670,144
Public works	39,141	89,392	51,991	273,698
Culture and recreation	163,931	234,494	227,224	240,331
Community development	976,030	987,722	1,001,740	1,059,585
Operating grants and contributions:				
General government	-	-	-	-
Public safety	511,527	404,486	485,439	499,319
Public works	233,748	557,112	1,314,378	1,119,332
Culture and recreation	56,069	31,521	18,422	18,134
Community development	-	-	96,274	-
Capital grants and contributions:				
General government	-	-	-	-
Public safety	-	-	15,350	145,849
Public works	855,227	183,706	811,654	929,746
Culture and recreation	-	-	252,260	694,619
Community development	1,026,706	422,773	364,791	100,000
Total governmental activities program revenues	<u>4,954,275</u>	<u>3,858,101</u>	<u>5,549,543</u>	<u>6,040,061</u>



2017	2018	2019	2020	2021	2022
\$2,087,930	\$2,252,456	\$2,237,467	\$2,436,098	\$2,326,356	\$2,831,501
6,927,308	6,584,189	6,875,101	8,206,813	7,287,477	9,626,765
3,452,239	4,841,290	3,404,984	3,249,175	3,224,168	4,152,035
3,057,306	3,821,503	3,699,635	3,347,512	3,657,301	4,250,380
1,147,550	1,398,103	1,002,298	1,839,279	1,580,857	1,645,020
973,688	688,884	535,798	499,896	556,695	471,434
17,646,021	19,586,425	17,755,283	19,578,773	18,632,854	22,977,135
3,090,927	2,748,803	2,678,905	2,904,931	2,871,174	2,780,251
1,977,662	1,820,151	1,994,854	2,144,690	2,148,646	2,151,278
2,037,098	1,944,325	1,883,849	2,028,140	2,022,654	2,111,546
380,844	511,836	812,304	572,081	546,447	466,958
8,098,980	8,227,772	8,491,315	7,329,328	8,540,899	9,147,359
15,585,511	15,252,887	15,861,227	14,979,170	16,129,820	16,657,392
\$33,231,532	\$34,839,312	\$33,616,510	\$34,557,943	\$34,762,674	\$39,634,527
\$262,466	\$264,782	\$239,208	\$234,197	\$251,742	\$209,288
712,314	766,450	957,982	834,238	913,663	995,282
504,412	154,219	164,769	29,133	16,687	39,307
255,498	289,066	254,286	99,542	227,451	228,981
1,045,924	373,610	704,987	631,749	791,722	799,837
1,993	37,636	11,133	303,740	19,225	31,313
619,900	516,775	515,846	983,477	576,815	717,673
518,923	881,029	323,994	1,152,281	1,573,783	246,509
56,844	20,830	34,236	129,179	36,295	117,766
-	2,455	-	295,993	-	-
-	-	-	39,605	-	131,800
4,237	-	-	297,196	-	-
1,693,222	1,059,322	321,087	139,738	675,394	1,672,256
369,771	-	-	80,330	42,331	70,000
1,500	-	-	57,823	694,087	119,724
6,047,004	4,366,174	3,527,528	5,308,221	5,819,195	5,379,736

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

	2013	2014	2015	2016
<b>Business-type activities:</b>				
Charges for services:				
Water	\$3,020,174	\$2,805,072	\$2,730,516	\$2,961,086
Sewer	1,618,786	1,627,078	1,699,397	1,836,908
Refuse	1,826,226	1,887,038	1,896,230	1,867,504
Storm sewer	368,925	366,384	375,663	399,604
Liquor	8,747,084	8,415,371	8,399,943	8,468,098
Operating grants and contributions:				
Water	1,971	-	-	-
Refuse	68,565	91,421	96,518	99,454
Storm sewer	14,335	-	-	-
Liquor	-	-	-	-
Capital grants and contributions:				
Sewer	-	-	-	70,645
Storm sewer	-	47,369	747,334	-
Total business-type activities program revenues	<u>15,666,066</u>	<u>15,239,733</u>	<u>15,945,601</u>	<u>15,703,299</u>
Total primary government program revenues	<u>\$20,620,341</u>	<u>\$19,097,834</u>	<u>\$21,495,144</u>	<u>\$21,743,360</u>
<b>Net (expense) revenue:</b>				
Governmental activities	(\$10,921,536)	(\$12,371,813)	(\$11,804,590)	(\$12,564,044)
Business-type activities	<u>1,477,531</u>	<u>953,404</u>	<u>1,535,621</u>	<u>772,064</u>
Total primary government net (expense) revenue	<u>(9,444,005)</u>	<u>(11,418,409)</u>	<u>(10,268,969)</u>	<u>(11,791,980)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes:				
Property taxes	9,827,378	10,310,867	10,512,483	10,752,430
Tax increment collections	532,524	463,837	491,639	556,880
Unrestricted grants and contributions	1,000,513	1,496,804	1,682,480	1,588,094
Investment earnings	(664,694)	1,091,263	342,384	232,036
Miscellaneous	11,842	-	(679,895)	9,226
Transfers	288,171	361,426	369,099	422,365
Total governmental activities	<u>10,995,734</u>	<u>13,724,197</u>	<u>12,718,190</u>	<u>13,561,031</u>
Business-type activities:				
Unrestricted grants and contributions	-	-	-	-
Investment earnings	(152,300)	252,360	62,521	40,670
Transfers	(288,171)	(361,426)	(369,099)	(422,365)
Total business-type activities	<u>(440,471)</u>	<u>(109,066)</u>	<u>(306,578)</u>	<u>(381,695)</u>
Total primary government	<u>\$10,555,263</u>	<u>\$13,615,131</u>	<u>\$12,411,612</u>	<u>\$13,179,336</u>
<b>Change in net position:</b>				
Governmental activities	\$74,198	\$1,352,384	\$913,600	\$996,987
Business-type activities	<u>1,037,060</u>	<u>844,338</u>	<u>1,229,043</u>	<u>390,369</u>
Total primary government	<u>\$1,111,258</u>	<u>\$2,196,722</u>	<u>\$2,142,643</u>	<u>\$1,387,356</u>

2017	2018	2019	2020	2021	2022
\$3,140,940	\$3,325,053	\$3,431,811	\$3,766,630	\$4,056,493	\$4,076,309
1,925,057	2,026,695	2,074,560	2,242,078	2,378,548	2,538,417
1,914,728	1,986,709	2,068,509	2,103,590	2,168,952	2,142,910
455,544	458,573	480,867	523,011	579,975	647,866
8,422,452	8,588,576	8,914,878	7,585,383	8,940,449	9,338,869
-	-	-	-	-	-
103,517	112,679	102,190	103,695	107,937	107,937
-	-	-	-	-	-
3,987	5,694	4,030	4,091	4,414	3,234
-	-	160,288	-	-	-
-	-	350,253	-	-	-
15,966,225	16,503,979	17,587,386	16,328,478	18,236,768	18,855,542
\$22,013,229	\$20,870,153	\$21,114,914	\$21,636,699	\$24,055,963	\$24,235,278
(\$11,599,017)	(\$15,220,251)	(\$14,227,755)	(\$14,270,552)	(\$12,813,659)	(\$17,597,399)
380,714	1,251,092	1,726,159	1,349,308	2,106,948	2,198,150
(11,218,303)	(13,969,159)	(12,501,596)	(12,921,244)	(10,706,711)	(15,399,249)
11,029,020	11,673,168	12,325,204	13,412,668	14,057,170	15,422,671
604,510	732,192	977,598	1,116,114	1,119,574	1,239,015
1,547,164	1,676,553	1,684,119	1,796,904	1,872,127	1,902,817
318,554	354,373	829,368	469,067	(65,570)	(443,163)
574,800	5,528	25,500	2,532,462	26,980	480,372
(231,537)	422,474	422,200	389,100	484,386	698,150
13,842,511	14,864,288	16,263,989	19,716,315	17,494,667	19,299,862
-	-	-	-	286,109	2,208,611
44,453	57,100	118,302	63,599	(11,700)	(125,600)
231,537	(422,474)	(422,200)	(389,100)	(484,386)	(698,150)
275,990	(365,374)	(303,898)	(325,501)	(209,977)	1,384,861
\$14,118,501	\$14,498,914	\$15,960,091	\$19,390,814	\$17,284,690	\$20,684,723
\$2,243,494	(\$355,963)	\$2,036,234	\$5,445,763	\$4,681,008	\$1,702,463
656,704	885,718	1,422,261	1,023,807	1,896,971	3,583,011
\$2,900,198	\$529,755	\$3,458,495	\$6,469,570	\$6,577,979	\$5,285,474

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

	2013	2014	2015	2016
General fund:				
Nonspendable	\$92,638	\$94,892	\$94,848	\$109,841
Committed	50,237	30,548	-	-
Assigned	-	-	44,000	105,000
Unassigned	6,254,402	7,248,380	6,873,054	7,318,303
Total general fund	<u>\$6,397,277</u>	<u>\$7,373,820</u>	<u>\$7,011,902</u>	<u>\$7,533,144</u>
All other governmental funds:				
Nonspendable	\$1,750,114	\$1,522,537	\$2,724	\$2,852
Restricted	3,879,706	4,368,851	9,821,307	6,582,938
Committed	12,229,481	13,593,609	12,902,165	12,417,310
Assigned	-	-	-	-
Unassigned	(39,344)	(75,389)	(92,040)	(209,781)
Total all other governmental funds	<u>\$17,819,957</u>	<u>\$19,409,608</u>	<u>\$22,634,156</u>	<u>\$18,793,319</u>

Table 3

2017	2018	2019	2020	2021	2022
\$105,975	\$136,962	\$137,545	\$131,857	\$131,930	\$143,913
-	-	-	-	-	-
1,604,438	61,477	52,471	177,389	-	-
5,991,395	6,641,233	7,685,738	8,067,967	8,802,310	7,101,674
<u>\$7,701,808</u>	<u>\$6,839,672</u>	<u>\$7,875,754</u>	<u>\$8,377,213</u>	<u>\$8,934,240</u>	<u>\$7,245,587</u>
\$2,689	\$11,938	\$2,587	\$2,602	\$2,794	\$2,655
4,347,012	6,221,392	4,350,015	3,600,385	4,952,718	4,509,035
15,778,762	16,780,634	18,019,074	19,253,241	19,650,232	19,565,647
70,000	-	-	-	-	-
(203,498)	(177,101)	(143,922)	(721,840)	(220,602)	(65,896)
<u>\$19,994,965</u>	<u>\$22,836,863</u>	<u>\$22,227,754</u>	<u>\$22,134,388</u>	<u>\$24,385,142</u>	<u>\$24,011,441</u>

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

	2013	2014	2015	2016
<b>Revenues:</b>				
Taxes	\$10,416,523	\$10,774,987	\$11,022,424	\$11,313,376
Special assessments	667,719	458,670	1,116,734	1,048,926
Licenses and permits	412,208	415,032	626,547	672,000
Intergovernmental	2,719,400	2,766,383	4,079,184	3,989,308
Charges for services	1,710,767	1,702,900	1,440,361	1,429,050
Fines and forfeitures	148,023	140,571	124,067	104,645
Investment earnings	(611,794)	1,011,063	318,284	215,336
Other revenues	104,577	73,815	189,073	463,354
Total revenues	15,567,423	17,343,421	18,916,674	19,235,995
<b>Expenditures:</b>				
Current:				
General government	1,791,379	1,939,689	1,950,062	2,107,655
Public safety	5,171,322	5,270,798	5,595,115	5,570,221
Public works	1,644,075	1,916,874	2,220,057	2,227,108
Culture and recreation	2,233,446	2,247,452	2,581,993	2,605,616
Community development	1,205,273	1,544,419	1,136,220	685,180
Capital outlay:				
General government	13,868	21,642	-	-
Public safety	70,960	103,707	608,932	182,696
Public works	896,223	79,225	1,727,488	1,275,862
Culture and recreation	39,768	100,248	4,173,606	6,284,441
Community development	566,901	413,179	507,472	531,707
Debt service:				
Principal retirement	1,559,730	662,000	1,036,716	3,310,670
Interest and fiscal charges	833,890	770,535	826,921	910,586
Issuance costs	-	-	85,016	107,325
Developer incentives	163,972	55,123	164,188	91,646
Total expenditures	16,190,807	15,124,891	22,613,786	25,890,713
Revenues over (under) expenditures	(623,384)	2,218,530	(3,697,112)	(6,654,718)

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

2017	2018	2019	2020	2021	2022
\$11,653,834	\$12,397,958	\$13,243,758	\$14,624,642	\$15,202,268	\$16,387,332
545,629	640,997	439,609	599,358	908,727	993,417
638,176	469,517	644,829	680,826	1,056,352	875,141
4,192,273	3,466,510	2,727,327	4,266,804	4,102,455	3,546,305
1,875,088	1,100,448	1,370,098	938,184	912,519	1,169,496
108,768	112,553	126,103	109,901	99,887	88,725
290,454	320,573	759,768	429,267	(59,770)	(400,363)
116,643	165,609	445,752	180,278	142,507	209,333
19,420,865	18,674,165	19,757,244	21,829,260	22,364,945	22,869,386
2,012,379	2,200,506	2,167,890	2,455,630	2,380,720	2,616,440
5,914,460	6,213,179	6,402,812	7,919,535	7,649,166	8,638,956
2,216,178	3,395,095	2,248,270	2,141,106	2,042,008	2,808,942
2,700,291	2,867,725	2,869,593	2,646,549	2,979,710	3,363,709
803,035	838,417	671,671	1,076,152	712,318	813,819
28,000	-	80,600	276,828	278,738	2,912,095
230,144	222,395	801,837	598,065	798,428	425,147
2,365,538	404,086	245,736	2,773,861	1,890,539	1,801,106
575,894	659,776	6,314	22,200	65,069	-
71,164	396,783	-	-	1,646	177,177
1,047,635	1,240,000	1,200,000	980,000	1,000,000	1,205,000
667,863	672,741	607,637	555,801	519,477	523,384
108,255	55,615	-	769,402	76,485	-
307,654	254,166	474,949	-	5,569,226	836,105
19,048,490	19,420,484	17,777,309	22,215,129	25,963,530	26,121,880
372,375	(746,319)	1,979,935	(385,869)	(3,598,585)	(3,252,494)

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

	2013	2014	2015	2016
Other financing sources (uses):				
Bonds issued	\$563,021	\$ -	\$6,875,000	\$2,435,000
Payment to refunded bond escrow	-	-	-	-
Bond premium (discount)	-	-	293,651	79,890
Transfers in	326,740	405,728	429,099	435,697
Transfers out	(113,569)	(124,302)	(120,000)	(88,917)
Sale of capital assets	51,997	66,236	9,135	284,536
Special item	-	-	(927,142)	-
Total other financing sources (uses)	828,189	347,662	6,559,743	3,146,206
Net change in fund balance	\$204,805	\$2,566,192	\$2,862,631	(\$3,508,512)
Expenditures capitalized for governmental activities reporting purposes	952,108	417,503	6,602,755	7,797,656
Debt service as a percentage of noncapital expenditures (A) (B)	15.7%	9.7%	11.6%	23.3%
Debt service as a percentage of total expenditures (A) (B)	14.8%	9.5%	8.2%	16.3%

(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.



2017	2018	2019	2020	2021	2022
\$8,505,000	\$2,070,000	\$ -	\$ -	\$5,935,000	\$ -
(8,559,429)	-	(2,030,000)	-	-	-
163,700	19,921	-	-	-	-
1,594,501	512,282	446,588	389,100	444,386	922,050
(1,168,201)	(891)	-	(12,000)	-	(207,500)
651,281	124,769	30,450	22,555	26,980	475,590
-	-	-	394,307	-	-
1,186,852	2,726,081	(1,552,962)	793,962	6,406,366	1,190,140
<u>\$1,559,227</u>	<u>\$1,979,762</u>	<u>\$426,973</u>	<u>\$408,093</u>	<u>\$2,807,781</u>	<u>(\$2,062,354)</u>
3,099,578	679,811	1,134,487	3,670,954	3,034,420	5,315,525
10.8%	10.2%	10.9%	8.3%	6.6%	8.3%
9.0%	9.8%	10.2%	6.9%	5.9%	6.6%

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

**Table 5**

Fiscal Year	Tax Capacity Value		Captured Tax Increment Value	Subtotal	Area Wide Allocation (B)		Adjusted Taxable Net Tax Capacity Value	Total Direct Tax Rate	Estimated Market Value	Adjusted Tax Capacity Value as a Percent of EMV
	Residential	Other Property (A)			Contribution	Distribution				
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%
2019	12,593,359	1,977,200	(917,394)	13,653,165	(653,623)	4,652,048	17,803,023	66.775%	1,466,682,000	1.21%
2020	14,334,714	2,397,882	(1,125,976)	15,606,620	(687,648)	5,017,317	19,936,289	64.306%	1,666,215,700	1.20%
2021	14,522,962	2,360,918	(1,045,367)	15,838,513	(732,481)	4,995,988	20,102,020	69.183%	1,677,580,500	1.20%
2022	15,841,791	2,363,892	(1,130,225)	17,075,458	(784,165)	5,581,672	21,872,965	67.296%	1,808,577,800	1.21%

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

(B) The Metropolitan Fiscal Disparities Act was first implemented for taxes payable in 1975 for the seven Metropolitan counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Forty percent of the increase in commercial-industrial (including public utility) valuation in each assessment district since 1971 is contributed to an area-wide tax base. Using the factors of population and real property market value, a per capita distribution index is calculated. This index is employed in determining what proportion of the valuation shall be distributed back to each assessment district.

Source: Anoka County Auditor's Tax Certificate

**CITY OF COLUMBIA HEIGHTS, MINNESOTA****DIRECT AND OVERLAPPING PROPERTY TAX RATES (A)****Table 6**

Last Ten Fiscal Years

Fiscal Year	City Direct Rate (A)	Overlapping Rates (B)			Total
		School District 13	County	Special Districts ( C)	
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%
2019	66.775%	33.148%	32.505%	9.074%	141.502%
2020	64.306%	23.385%	31.133%	8.494%	127.318%
2021	69.183%	28.771%	31.086%	8.580%	137.620%
2022	67.296%	24.986%	27.575%	8.669%	128.526%

- (A) 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.

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

**Table 7**

Taxpayer	2022			2013		
	Tax Capacity Value (A)	Rank	Percentage of Total City Tax Capacity Value	Taxable Capacity Value (A)	Rank	Percentage of Total City Tax Capacity Value
Columbia Heights Leased Housing I	\$287,608	1	1.58%	N/A	N/A	N/A
Columbia Heights Leased Housing III	221,769	2	1.22%	N/A	N/A	N/A
Medtronic Inc	205,126	3	1.13%	\$154,158	1	1.60%
Jones Family Investments LLC	182,873	4	1.00%	N/A	N/A	N/A
Columbia Park Properties	136,838	5	0.75%	85,636	6	0.89%
Crestview Corporation	134,889	6	0.74%	95,532	3	0.99%
Parkview Limited Partnership	134,485	7	0.74%	N/A	N/A	N/A
Burlington Northern	126,472	8	0.69%	N/A	N/A	N/A
Health Care Reit, Inc	82,779	9	0.45%	68,184	9	0.71%
Columbia Heights Center LLC	71,020	10	0.39%	70,616	7	0.73%
Centro Bradley SPE 5 LLC	N/A	N/A	N/A	120,718	2	1.25%
Stadium Village Properties LLC	N/A	N/A	N/A	93,180	4	0.97%
Hart Lake Apartment LLC	N/A	N/A	N/A	90,570	5	0.94%
Xcel Energy/ Northern States Power Co	N/A	N/A	N/A	69,296	8	0.72%
Lynde Investment Co MN Partnership	N/A	N/A	N/A	67,018	10	0.70%
Total	<u>\$1,583,859</u>		<u>8.70%</u>	<u>\$914,908</u>		<u>9.50%</u>
Total All Property	<u>\$18,205,683</u>			<u>\$9,638,533</u>		

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

Source: Anoka County Auditor's Tax Certificate.

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

Last Ten Years

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Fiscal Year	Gross Tax Levy	County Adjustments to Levy	Net Tax Levy
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	10,795,834	188	10,796,022
2018	11,324,913	97	11,325,010
2019	11,928,224	224	11,928,448
2020	12,943,950	152	12,944,102
2021	13,663,436	282	13,663,718
2022	14,824,834	94	14,824,928

Source: Anoka County Auditor's Tax Certificate.

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.

Table 8

Collected Within The Fiscal Year For Which Levied		Collections in Subsequent Years	Total Collections to Date	
Collection Amount	% of Net Tax Levy		Amount	% of Net Tax Levy
9,379,873	98.36%	155,914	9,535,787	99.99%
9,778,631	98.66%	119,233	9,897,864	99.86%
10,103,675	98.73%	118,047	10,221,722	99.88%
10,335,418	98.85%	112,755	10,448,173	99.93%
10,694,493	99.06%	97,293	10,791,786	99.96%
11,214,710	99.03%	82,184	11,296,894	99.75%
11,752,267	98.52%	107,739	11,860,006	99.43%
12,747,884	98.48%	126,038	12,873,921	99.46%
13,459,735	98.51%	95,167	13,554,902	99.20%
14,577,290	98.33%	N/A	Not Available	Not Available

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Table 9

Fiscal Year	Governmental Activities					Business-Type Activities			All 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	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)
2013	12,685,000	525,000	1,733,021	2,679,000	17,622,021	2,436,979	4,430,000	6,866,979	24,489,000	5.1%	1,245
2014	12,260,000	470,000	1,613,021	2,617,000	16,960,021	2,401,979	4,260,000	6,661,979	23,622,000	4.9%	1,201
2015	18,733,863	410,000	1,379,305	2,549,000	23,072,168	2,085,695	4,080,000	6,165,695	29,237,863	5.9%	1,480
2016	18,330,232	350,000	1,132,635	2,435,000	22,247,867	1,777,365	3,895,000	5,672,365	27,920,232	5.8%	1,422
2017	18,100,531	285,000	880,000	2,315,000	21,580,531	4,783,105	-	4,783,105	26,363,636	5.3%	1,319
2018	19,281,618	220,000	695,000	2,190,000	22,386,618	4,361,429	-	4,361,429	26,748,047	5.0%	1,327
2019	16,497,618	-	550,000	2,065,000	19,112,618	3,875,682	-	3,875,682	22,988,300	4.0%	1,121
2020	15,725,670	-	430,000	1,935,000	18,090,670	3,420,901	-	3,420,901	21,511,571	3.4%	979
2021	14,920,940	5,935,000	325,000	1,805,000	22,985,940	2,962,106	-	2,962,106	25,948,046	3.7%	1,188
2022	14,101,729	5,935,000	40,000	1,670,000	21,746,729	2,494,275	-	2,494,275	24,241,004	3.2%	1,110

(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 Bond

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

**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)
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	20,196,618	3,184,433	17,012,185	1.27%
2019	17,047,618	1,173,486	15,874,132	1.08%
2020	16,155,670	1,215,855	14,939,815	0.92%
2021	21,180,940	1,226,810	19,954,130	1.19%
2022	20,076,729	1,005,914	19,070,815	1.05%

(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

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)
2,436,979	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%	\$20,814,224	1,033
3,875,682	517,262	3,358,420	19.8%	\$19,232,552	938
3,420,901	513,414	2,907,487	17.9%	\$17,847,302	812
2,962,106	521,354	2,440,752	13.5%	\$22,394,882	1,026
2,494,275	530,690	1,963,585	10.5%	\$21,034,400	963

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

December 31, 2022

**Table 11**

Governmental Unit (A)	Debt Outstanding	Estimated Percentage Applicable (B)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Anoka County	\$42,415,000	4.5804%	\$1,942,777
Anoka County - Railroad Authority	21,620,000	4.5804%	990,282
Anoka County - Housing & Redevelopment Authority	10,740,000	14.6815%	1,576,793
Independent School District 13	18,433,058	74.7458%	13,777,937
Metropolitan Council (govtl activities GO debt only)	187,200,000	0.4115%	770,328
Subtotal - overlapping debt			19,058,117
City direct debt - governmental activities			21,746,729
Total direct and overlapping debt			\$40,804,846

(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 2022**

Assessor's Estimated Market Value (A)	\$1,808,577,800
Debt limitation percentage (A)	3%
Debt limit	54,257,334
Net debt applicable to limit (B)	14,101,729
Legal debt margin	\$40,155,605
Legal debt margin as a percentage of limit	74.01%

**Legal Debt Margin Calculation for Fiscal Years 2013 Through 2021**

Fiscal Year	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percentage of Debt Limit
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%
2018	40,063,149	19,281,618	20,781,531	51.87%
2019	44,000,460	16,497,618	27,502,842	62.51%
2020	48,765,373	15,725,670	33,039,703	67.75%
2021	50,327,415	14,920,940	35,406,475	70.35%

(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 2021/2022 Assessor's Estimated Market Value, or \$1,808,577,800. The City's outstanding debt subject to the City Charter is \$14,101,729.

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

	2013	2014	2015	2016
<b>Economic Development Authority</b>				
<b>Tax Increment Revenue Bonds Series 2007/2016:</b>	(A)			
Tax increment revenue from applicable parcels	\$170,496	\$162,056	\$196,024	\$329,617
Bond Proceeds	-	-	-	2,435,000
<b>Net available revenue</b>	<b>\$170,496</b>	<b>\$162,056</b>	<b>\$196,024</b>	<b>\$2,764,617</b>
<b>Debt service:</b>				
Principal (including early redemption)	58,000	62,000	68,000	2,549,000
Interest	143,488	140,488	137,238	133,688
<b>Total debt service</b>	<b>\$201,488</b>	<b>\$202,488</b>	<b>\$205,238</b>	<b>\$2,682,688</b>
<b>Coverage</b>	<b>85%</b>	<b>80%</b>	<b>96%</b>	<b>103%</b>
<b>Economic Development Authority</b>				
<b>Lease Revenue Bonds Series 2007B:</b>	(B)			
Annual appropriation of liquor net revenues	\$390,000	\$384,000	\$380,000	\$392,000
Investment income	(2,500)	3,230	91	400
Issuance costs and administration (expense)	(2,332)	(2,200)	(2,667)	(2,667)
<b>Net available revenue</b>	<b>\$385,168</b>	<b>\$385,030</b>	<b>\$377,424</b>	<b>\$389,733</b>
<b>Debt service:</b>				
Principal (including early redemption)	\$165,000	\$170,000	\$180,000	\$185,000
Interest	213,178	209,030	201,155	192,943
<b>Total debt service</b>	<b>\$378,178</b>	<b>\$379,030</b>	<b>\$381,155</b>	<b>\$377,943</b>
<b>Coverage</b>	<b>102%</b>	<b>102%</b>	<b>99%</b>	<b>103%</b>

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

(B) 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

2017	2018	2019	2020	2021	2022
\$388,276	\$432,825	\$652,796	\$782,617	\$761,831	\$853,261
-	-	-	-	-	-
\$388,276	\$432,825	\$652,796	\$782,617	\$761,831	\$853,261
120,000	125,000	125,000	130,000	130,000	135,000
73,898	65,916	63,873	61,958	59,748	57,295
\$193,898	\$190,916	\$188,873	\$191,958	\$189,748	\$192,295
200%	227%	346%	408%	401%	444%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
455	-	-	-	-	-
(475)	-	-	-	-	-
(\$20)	\$0	\$0	\$0	\$0	\$0
\$3,895,000	\$ -	\$ -	\$ -	\$ -	\$ -
184,392	-	-	-	-	-
\$4,079,392	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

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Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
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	2.8%
2019	20,503	575,375,689	28,063	3.1%
2020	21,973	641,260,032	29,184	6.0%
2021	21,835	710,248,880	32,528	3.6%
2022	21,835	757,543,490	34,694	2.2%

Sources are as follows:

Population: Data for 2011-2019 and 2021-2022 is estimated by the US Census Bureau.  
 Data for 2020 is from the 2020 US Census.

Per Capita Income: Data provided by the US Census Bureau, American Community Survey.

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

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



**CITY OF COLUMBIA HEIGHTS, MINNESOTA**
**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 15**

Principal Employers Within City	2022			2013		
	Employees	Rank	Percentage of Total Anoka County (A) Employment	Employees	Rank	Percentage of Total Anoka County (A) Employment
All Temporaries/All Homecaring	500	1	2.56%	484	2	0.26%
Independent School District 13	490	2	2.51%	484	2	0.26%
Crestview Corporation	290	3	1.49%	245	3	0.13%
City of Columbia Heights	224	4	1.15%	208	4	0.11%
Columbia Park Clinic	120	5	0.62%	120	5	0.07%
Invest Cast	70	6	0.36%	60	8	0.03%
SAVERS/Unique Thrift Shop	N/A		N/A	75	7	0.04%
Sarna's Classic Grill	60	7	0.31%	N/A	N/A	N/A
Bobby & Steve's Auto World	50	8	0.26%	53	10	0.03%
La Casita Mexican Restaurant	50	9	0.26%	60	9	0.03%
Medtronic Inc	N/A		N/A	600	1	0.33%
Rainbow Foods	N/A		N/A	65	6	0.04%
Total	1,854		9.51%	2,454		1.33%

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

**Sources:**

County-level employment data was provided by the Minnesota Department of Employment and Economic Development

Employee counts for the City of Columbia Heights are from Table 16 of this report.

Employee counts for other employers were estimated using the most recent year available from a combination of ReferenceUSA and local telephone/written surveys.

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Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Mayor/council	5	5	5	5	5	5	5	5	5	5
Administration	10	4	4	4	4	5	5	6	6	6
Finance	13	13	13	13	13	13	13	13	13	13
Public safety:										
Police	36	35	35	37	39	36	41	42	43	43
Fire	31	31	30	29	30	30	30	31	31	38
Public works	15	21	23	23	22	22	22	24	24	24
Culture and recreation:										
Library	21	21	18	18	20	20	21	20	20	17
Parks	5	5	5	5	5	5	5	5	5	5
Recreation	15	15	15	15	16	16	16	16	16	16
Community development	4	4	4	6	6	6	6	6	6	6
Water	4	4	4	4	4	4	4	4	4	4
Sewer	4	4	4	4	4	4	4	4	4	4
Storm sewer	1	1	1	1	1	1	1	1	1	1
Liquor	40	40	41	41	42	42	42	42	42	42
Total	204	203	202	205	211	209	215	219	220	224

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

Note: The above table shows the distribution of all permanent 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.

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

Function/Program	2013	2014	2015	2016
General government:				
Resolutions approved by City Council	94	98	96	114
Ordinances adopted by City Council	3	2	9	11
Public safety:				
Police:				
Part I crimes (A)	674	684	673	496
Part II crimes (A)	1,326	1,052	1,018	934
Fire:				
Emergency medical calls (A)	1,942	1,811	1,980	1,963
Fire calls (A)	852	729	787	791
Inspections & Related Actions (A)	5,249	5,077	4,855	5,205
Public works:				
Street paving and patching (tons of asphalt)	224	782	696	703
Street sweeping (tons of debris)	574	540	470	448
Trees removed	284	217	282	216
Culture and recreation:				
Library: (E)				
Items in collection	76,658	78,137	73,907	57,531
Circulation	121,827	117,888	109,018	116,201
Reference inquiries	16,068	13,208	13,923	12,805
Parks and recreation:				
Athletics participants (B)	5,534	5,125	10,836	11,871
Other programs, estimated attendance (C)	10,485	10,637	22,679	26,986
Number of paid room rentals	139	140	153	143
Community development:				
Number of business licenses issued	346	339	359	348
Number of building permits issued (D)	1,303	1,212	2,164	1,458
Construction value of permits issued	\$7,388,271	\$7,609,375	\$25,476,137	\$35,252,845
Water:				
Consumption (thousands of gallons)	461,520	449,415	455,527	453,736
Sewer (sanitary):				
Wastewater (thousands of gallons, 12 months ended June 3)	455,310	467,680	414,930	423,920
Miles of line cleaned/rodded/root-sawed	33	33	26	28
Refuse:				
Refuse (tons)	6,684	6,648	6,895	7,234
Recycling (tons)	1,690	1,670	1,824	1,633
Yardwaste (tons)	1,169	1,250	1,450	1,385
Storm sewer:				
No operating indicators available	not avail	not avail	not avail	not avail
Liquor:				
Number of units sold	1,045,188	1,038,985	1,090,131	1,106,305

- (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 752.
- (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.
- (F) 2020 pandemic impacted many statistics, due to building closures, stay home orders and social distancing.

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

Sources: Various City departments.

Table 17

2017	2018	2019	2020 (F)	2021	2022
123 5	91 7	94 5	114 5	101 9	119 10
564 873	585 1,022	600 1,109	729 1,065	769 1,242	709 1,081
2,485 419 4,719	2,463 598 4,621	2,352 432 2,382	1,695 476 2,416	1,249 822 4,727	1,538 563 4,788
612 368 243	869 269 162	1,227 570 103	435 139 163	632 432 149	520 425 118
53,638 123,812 12,909	53,501 144,112 14,703	53,578 137,978 15,730	52,785 103,774 10,413	51,740 127,837 10,777	48,752 112,373 26,126
13,698 26,016 235	14,415 26,480 203	7,891 20,242 201	1,270 3,496 36	1,352 8,394 92	1,354 9,633 99
336 1,434 \$36,189,715	329 1,108 \$9,095,404	336 1,176 \$14,753,109	307 1,125 \$22,346,834	242 1,292 \$62,338,011	205 1,405 \$29,666,711
447,155	454,725	437,890	461,077	479,260	455,078
454,830 42	443,630 26	450,020 24	500,510 36	459,390 23	419,120 26
7,127 1,718 1,231	6,535 1,747 1,090	6,301 1,955 1,602	7,358 1,850 1,876	7,119 1,446 1,209	7,000 1,800 1,000
not avail	not avail	not avail	not avail	not avail	not avail
1,099,497	1,150,458	1,188,991	796,687	1,032,342	1,144,991

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

Function/Program	2013	2014	2015	2016
General government:				
City hall square footage	28,530	28,530	28,530	28,530
Public safety:				
Police Stations	1	1	1	1
Fire Stations	1	1	1	1
Public Safety Bldg square footage	47,088	47,088	47,088	47,088
Public works:				
Office and shop square footage	31,075	31,075	31,075	31,075
Trunk highway miles	3	3	3	3
County road miles	6	6	6	6
City street miles	62	62	62	62
Alley miles	19	19	19	19
Culture and recreation:				
Libraries	1	1	1	1
Library square footage	7,896	7,896	7,896	22,600
Parks	13	13	13	15
Playgrounds	11	11	11	12
Gymnasiums square footage	12,726	12,726	12,726	12,726
Mtg & banquet rooms square footage	22,000	22,000	22,000	22,000
Community development:				
Senior high-rise apartments (A)	145	145	-	-
Water:				
Watermain miles	66	66	66	66
Sewer:				
Sanitary sewer miles	59	59	59	59
Refuse:				
Recycling centers	1	1	1	1
Storm sewer:				
Storm sewer miles	34	34	34	34
Liquor:				
Retail stores owned	3	3	3	3

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

Sources: Various City departments.

Table 18

2017	2018	2019	2020	2021	2022
28,530	28,530	28,530	28,530	28,530	28,530
1	1	1	1	1	1
1	1	1	1	1	1
47,088	47,088	47,088	47,088	47,088	47,088
31,075	31,075	31,075	31,075	31,075	31,075
3	3	3	3	3	3
6	6	6	6	6	6
62	62	62	62	62	62
19	19	19	19	19	19
1	1	1	1	1	1
22,600	22,600	22,600	22,600	22,600	22,600
15	15	15	15	15	15
15	15	15	15	15	15
12,726	12,726	12,726	12,726	12,726	12,726
22,000	22,000	22,000	22,000	22,000	22,000
-	-	-	-	-	-
66	66	66	66	66	66
59	59	59	59	59	59
1	1	1	1	1	1
34	34	34	34	34	34
3	3	3	3	3	3

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

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## 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, 2022, 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 26, 2023.

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 contracting – bid laws, deposits of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute § 6.65, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

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.

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REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 26, 2023

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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, 2022, 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 26, 2023.

**Report on 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) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

### **Report on 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 financial statements. 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*.

### **City of Columbia Heights, Minnesota's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Columbia Heights, Minnesota's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Columbia Heights, Minnesota's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

### **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 City of Columbia Heights, Minnesota'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 City of Columbia Heights, Minnesota's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 26, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Columbia Heights, Minnesota's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Columbia Heights, Minnesota's major federal programs for the year ended December 31, 2022. The City of Columbia Heights, Minnesota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Columbia Heights, Minnesota complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Columbia Heights, Minnesota and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Columbia Heights, Minnesota's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Columbia Heights, Minnesota's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Columbia Heights, Minnesota's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Columbia Heights, Minnesota's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Columbia Heights, Minnesota's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Columbia Heights, Minnesota's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Columbia Heights, Minnesota's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Columbia Heights, Minnesota's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Columbia Heights, Minnesota's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on City of Columbia Heights, Minnesota's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs.

The City of Columbia Heights, Minnesota's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Columbia Heights, Minnesota as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Columbia Heights, Minnesota's basic financial statements. We issued our report thereon dated June 26, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 26, 2023

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<b>U.S. Department of Housing and Urban Development:</b>			
Passed through Anoka County:			
Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Clust	14.218	Not provided	\$83,720
Total U.S. Department of Housing and Urban Development			83,720
<b>U.S. Department of Justice:</b>			
Received directly from federal sources:			
Public Safety Partnership and Community Policing Grants	16.710	Not applicable	53,877
Regional Information Sharing Systems	16.610	Not applicable	692
Total U.S. Department of Justice			54,569
<b>U.S. Department of Transportation:</b>			
Passed through State of Minnesota:			
COVID-19 - Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	Not provided	57,713
State and Community Highway Safety (Highway Safety Cluster)	20.600	Not provided	1,175
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Not provided	2,756
National Priority Safety Programs	20.616	Not provided	1,559
Total U.S. Department of Transportation			63,203
<b>U.S. Department of Treasury:</b>			
Received directly from federal sources:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	2,208,611
Total U.S. Department of Treasury			2,208,611
<b>U.S. Department of Education:</b>			
Passed through Columbia Heights Public School (ISD #13):			
Twenty-First Century Community Learning Centers	84.287	Not provided	66,270
Total U.S. Department of Education			66,270
<b>Total expenditures of federal awards</b>			<b>\$2,476,373</b>

Notes to the schedule of expenditures of federal awards

**Note 1. Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Columbia Heights and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized when incurred, following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2. Indirect Costs**

The City of Columbia Heights did not elect to use the 10% de minimis cost rate for indirect (F&A) costs.

**Note 3. Subrecipients**

The City of Columbia Heights did not pass any federal funds to subrecipients during 2022.

**Note 4. Reporting Entity**

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

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2022

**SECTION I - SUMMARY OF AUDIT RESULTS**

**Financial Statements**

- |  |                   |                  |  |
|--|-------------------|------------------|--|
| A. Type of auditors' report issued:                      | Unmodified        |                  |  |
| B. Internal control over financial reporting:            |                   |                  |  |
| • Material weakness(es) identified?                      | <u>  X  </u> Yes  | <u>      </u> No |  |
| • Significant deficiencies identified?                   | <u>      </u> Yes | <u>  X  </u> No  |  |
| C. Noncompliance material to financial statements noted? | <u>      </u> Yes | <u>  X  </u> No  |  |

**Federal Awards**

- |   |                   |                  |  |
|---|-------------------|------------------|--|
| D. Internal control over major programs:  |                   |                  |  |
| • Material weakness(es) identified?   | <u>      </u> Yes | <u>  X  </u> No  |  |
| • Significant deficiencies identified?  | <u>  X  </u> Yes  | <u>      </u> No |  |
| E. Type of auditors' report issued on compliance for major programs:  | Unmodified        |                  |  |
| F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | <u>  X  </u> Yes  | <u>      </u> No |  |
| G. Major programs:  |                   |                  |  |

Name of Federal Program	Assistance Listing Number
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

- |   |                                     |
|---|-------------------------------------|
| H. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000                           |
| I. Auditee qualified as a low-risk auditee:                                 | <u>      </u> Yes <u>  X  </u> No * |

\* The auditee was not required to have a single audit in the prior year, and therefore does not qualify as a low-risk auditee.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2022

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<b>SECTION II – FINANCIAL STATEMENT FINDINGS</b>
--

2022-001 Financial Statement Corrections

*Criteria:* A material audit adjustment is considered to be a deficiency in internal control as defined by auditing standards.

*Condition:* Audit procedures identified one material adjustment to the financial statements related to an overstatement of construction in progress and retainage payable in the Sewer Utility fund for approximately \$84,000.

*Cause:* The City's year-end closing processes did not identify the misstatement prior to the audit. We understand that staff turn-over within the finance department may have been a contributing factor.

*Effect:* There is an increased risk that financial statement misstatements may occur and not be detected and corrected in a timely manner.

*Recommendation:* We recommend the City continue efforts to assure that all adjustments are identified during the year-end closing process.

*City Response:* The City concurs with the finding and the recommendation; and adds the following additional context: The initial error was a vendor payment misclassified as an expense rather than as a release of contract retainage. The internal control that will be improved to detect such misclassifications is a timely review of outstanding contract retainage payable, construction escrows, etc. The City notes that the related internal control to limit vendor payments to the total amount of the contract was carried out timely, effectively limiting the misclassification to a timing difference.

<b>SECTION III – FEDERAL AWARD FINDINGS</b>
---

2022-002 Significant Deficiency in Internal Controls over Compliance and Noncompliance with Reporting Requirements; U.S. Department of Treasury; COVID-19 Coronavirus State and Local Fiscal Recovery Funds—Assistance Listing No. 21.027; Grant period—Year ended December 31, 2022

*Criteria:* The major program requires the City of Columbia Heights, Minnesota to provide a Project and Expenditure Report on an annual basis, reporting on financial data, projects funded, expenditures, and other information.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2022**

---

*Condition:* During our audit, we noted that the City did not have sufficient controls in place to ensure proper reporting of total expenditures incurred by project through December 31, 2022.

*Questioned Costs:* \$0

*Context:* One of the projects using ARPA funding (Manhole Replacement, Pipe Repairs; pipe upsizing on TH 65) was overstated by approximately \$84,000 and the other project using ARPA funding (Structural lining of 4,000 lineal feet of water main) was understated by the same amount.

*Repeat Finding:* No

*Cause:* This reporting error was caused by the significant deficiency in financial reporting described in Finding 2022-001 above.

*Effect:* The amounts reported by project were incorrect for the year ending December 31, 2022.

*Recommendation:* Refer to the recommendation in Finding No. 2022-001 above. Additionally, we recommend that the City continue efforts to thoroughly review the ARPA reporting before submission.

*City Response:* The City concurs with the finding and the recommendation. The City notes that the misclassification between water project costs and sewer project costs in the interim grant progress report referred to above will be corrected in the next interim grant progress report filed by the City. Refer also to the City's related response in 2022-001 above.

**CITY OF COLUMBIA HEIGHTS, MINNESOTA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended December 31, 2022

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<b>FOLLOW-UP ON PRIOR YEAR FINDINGS</b>
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**FINANCIAL STATEMENT FINDINGS**

None.

**FEDERAL AWARD FINDINGS**

A single audit was not required to be performed for the year ended December 31, 2021.

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