

CITY OF NEW BRIGHTON

Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014



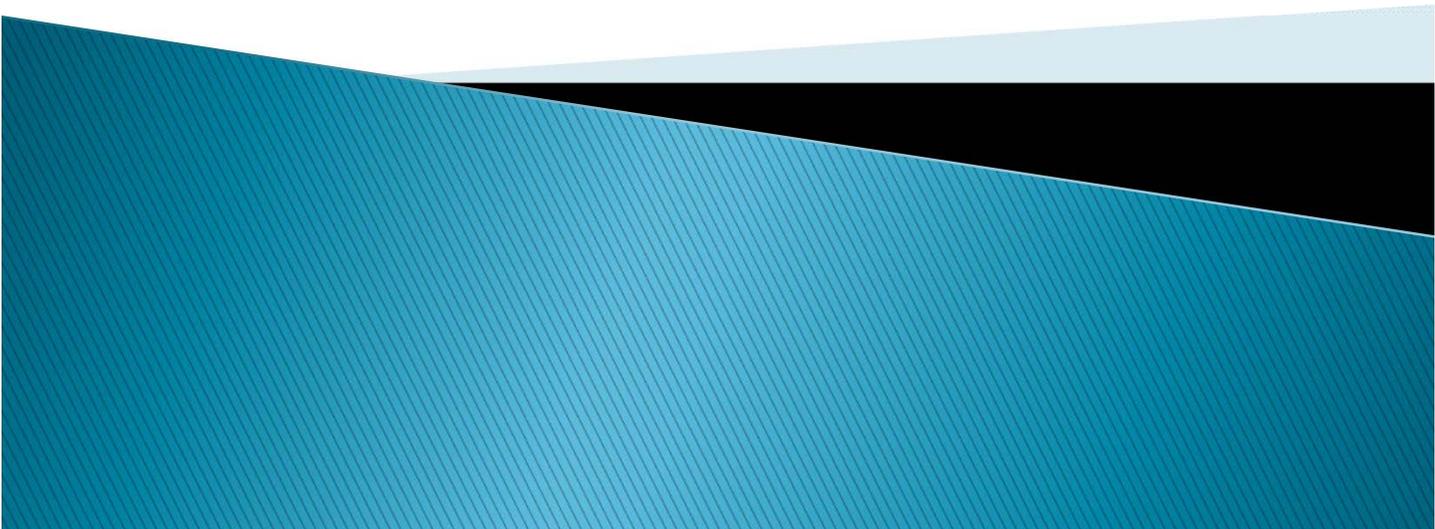
Prepared by the
Finance Department



On the Cover:

A rendering of the new headquarters building of Cardiovascular Systems, Inc. (CSI). Construction began in June of 2014 and the building is expected to be completed by March of 2015.

CSI is a publicly-traded company that currently employs 190 people in Minnesota. It also has a manufacturing facility in Texas. CSI designs and manufactures medical technology for the treatment of cardiovascular disease. If the company continues to grow as projected, up to 500 jobs will be located in the new building. The building will increase the projected tax base of the community and the incremental taxes will be used to help the City recover its investment in New Brighton Exchange.

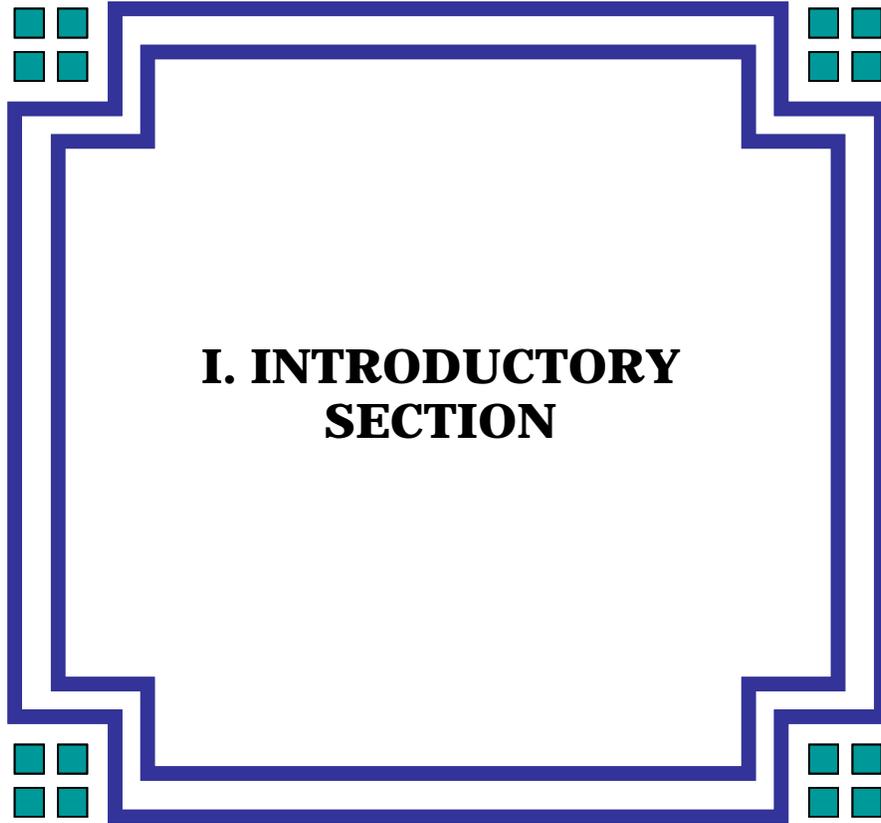


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**I. INTRODUCTORY
SECTION**





May 4, 2015

To the Honorable Mayor, Members of the City Council, and Citizens of the City of New Brighton, Minnesota:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that have been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kern DeWenter Viere, Certified Public Accountants, have issued an unqualified opinion on the City of New Brighton's financial statements for the year ended December 31, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of New Brighton, incorporated in 1887, is located in northwestern Ramsey County, and is a first ring northern suburb of the Minneapolis-St. Paul metropolitan area. The City encompasses an area of 4,464 acres or eight square miles and serves a population of 22,123 (per 2014 Met Council estimate).

The City's eastern boundary is generally defined by Interstate 35W, with Interstate 694 traversing the City approximately midway between its northern and southern boundaries. The City is located 10 minutes north of downtown Minneapolis and 15 minutes northwest of downtown St. Paul. City residents and businesses have easy access to all parts of the Minneapolis-St. Paul metropolitan area.

The City is served by two school districts: Independent School District (ISD) #282 (St. Anthony), which has a 2014/2015 estimated enrollment of 1,769 and ISD #621 (Mounds View), which has a 2014/2015 enrollment of 10,511. ISD # 282 has one school each for elementary, middle and high school. ISD # 621 has six elementary schools, three middle schools and two high schools. The majority of the City is served by ISD # 621.

In 1964, the Council-Manager form of government was adopted. Policy-making and legislative authority are vested in the City Council consisting of the mayor and four council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a two-year term.

The City of New Brighton provides a full range of services including elections; license bureau; police services; fire suppression and prevention; construction, reconstruction and maintenance of streets and other infrastructure; water distribution, sanitary sewer collection, and stormwater systems; parks and forestry maintenance; recycling; and recreational activities, including the New Brighton Community Center and Brightwood Hills Golf Course.

The New Brighton Firefighters' Relief Association is a separate legal entity, and accordingly is excluded from this report. Additional information on this legally separate entity can be found in Note 4A Paragraph 3 in the notes to the financial statements.

The annual budget serves as the foundation for the City of New Brighton's financial planning and control. All departments of the City of New Brighton submit requests for appropriations to the City Manager in late spring of each year. The City Manager uses these requests as the starting point for developing his recommended budget. The City Manager then presents the recommended budget to the City Council for review. The City will adopt a proposed preliminary tax levy prior to September 15. According to Minnesota State Statutes, this proposed preliminary tax levy can be subsequently decreased but not increased (the State does allow a few exceptions) when it is adopted as a final tax levy in December. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by December 31, the close of the City of New Brighton's fiscal year.

The appropriated budget is prepared for the General Fund by function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within the fund, with the approval of the City Manager. Budget-to-actual comparisons are provided on Statement 7.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of New Brighton operates.

Local economy. The Minneapolis-St. Paul metropolitan area has continued to experience a relatively stable economy. The market place for local products and services remains strong. New Brighton is a fully developed city. However, continued long-term growth is anticipated as New Brighton continues to aggressively pursue redevelopment opportunities.

Long-term financial planning. The City maintains four internal service funds for the replacement of various capital assets. The capitalization threshold for capital assets is having a value of \$5,000 or more and a useful life of at least two years. The capitalization threshold for easements is \$50,000. The Fleet Capital Replacement Fund maintains reserves for the replacement of the City's fleet including all vehicles and heavy equipment. The Non-Fleet Capital Replacement Fund has been established for the replacement of non-fleet capital items including miscellaneous equipment and furnishings. The Pavement Management Fund was established to replace parking lots, trails, tennis courts and hard courts. The Information Technology Fund has been established to account for the operations of the city-wide computer network system and the replacement of capital items such as computers, telephone systems, copiers, printers, and various technology related items.

Relevant Financial Policies. The City of New Brighton has a Fund Balance Policy requiring the fund balance of the General Fund to have a designated amount for cash flows for the subsequent year's operating budget. The targeted designated amount is equal to 50% of the subsequent year's General Fund property tax levy, less any debt service portion included, and 50% of State aid revenues anticipated in the ensuing year's operating budget.

The City's Investment Policy states that the foremost investment objective is to preserve capital. Secondary considerations are liquidity and lastly yield. Accordingly, deposits are either insured by federal depository insurance or collateralized. All temporary cash surpluses during the year are invested in various securities permitted by Minnesota Statutes. The City's policy is to invest all available monies at competitive interest rates in accordance with the City's over-all fiscal plan coordinated with operating needs and programs projected over the ensuing 12 months. The yield on the City's investments was 1.02% in 2014.

The City's accounting system was developed and is continually evaluated to ensure the adequacy of internal controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of: (1) safeguarding assets against loss from unauthorized use or disposition; and (2) reliability of financial records and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance adopted by the City of New Brighton recognizes that: (1) the evaluation of cost and benefits requires estimates and judgments by management; and (2) the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

An employee wellness program has been made available to all employees. The implementation of this risk management program aids in preventing worksite accidents and injuries, and in reducing medical expenses and other costs related to lost workdays, replacement workers, etc. The City has been actively working to limit its liability risk and insurance costs. A safety committee consisting of employees from every department meets periodically throughout the year to discuss safety related items, to review accident reports and to provide recommendations to reduce the City's exposure. The City maintains a Risk Management Fund with current cash reserves of \$1,369,389. The financing of this fund is from departmental user charges, insurance premium rebates, and investment earnings. The City's general liability insurance is with the League of Minnesota Cities Insurance Trust. In order to reduce the cost of insurance, a \$50,000 per occurrence deductible and \$200,000 aggregate deductible is maintained and funded by the Risk Management Fund.

Major Initiatives. Significant progress was made in the City's New Brighton Exchange redevelopment project in 2014. In summary, nearly 38 acres were sold for the development of 125 housing units and a 170,000 SF office space. These deals also resulted in approximately eight acres of option land to two companies who could produce an additional 85,000 SF – 110,000 SF of office development within the next three to five years.

In June, ten acres were sold to Cardiovascular Systems, Inc. (CSI) where a 125,000 SF building was nearly completed by the end of 2014. CSI also secured an option to purchase additional land, up to five acres, to accommodate a future expansion of up to 75,000 SF of office space.

Pulte Homes purchased 26 acres of land in early September from the City, where construction of two models homes commenced before the end of the year. Interest has been high for both the single family homes and townhomes, prompting Pulte to secure final land use approvals early in 2015 for all phases of the developments. Home construction is expected over the next several years, with Pulte contractually obligated to finish all 125 units by the end of 2019.

The City and APi Group, Inc. closed on two acres of land in late September, where site grading and utility work was completed. This deal included an additional two acres of option land that could result in construction of a third building for APi. These projects are expected to generate over \$55 million of additional market value to the City's tax base. Construction on all three projects will continue in 2015 and beyond.

The City recently finished the first year of a three year strategic plan. This plan was created by the City Council in 2013. Each of the priorities has key indicators for success and the outcomes the Council expects the City to meet. The plan includes key performance indicators for each strategic priority measuring different outcomes for our service areas. By tracking and measuring these outcomes, the City is able to maintain a longer term vision for success into the future.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Brighton for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department for their assistance and contributions to the preparation of this report. Credit also must be given to the Mayor and the City Council for their support for maintaining the highest standard of professionalism in the management of the City of New Brighton's finances.

Respectfully submitted,



Dean Lotter
City Manager



Brenda Davitt
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

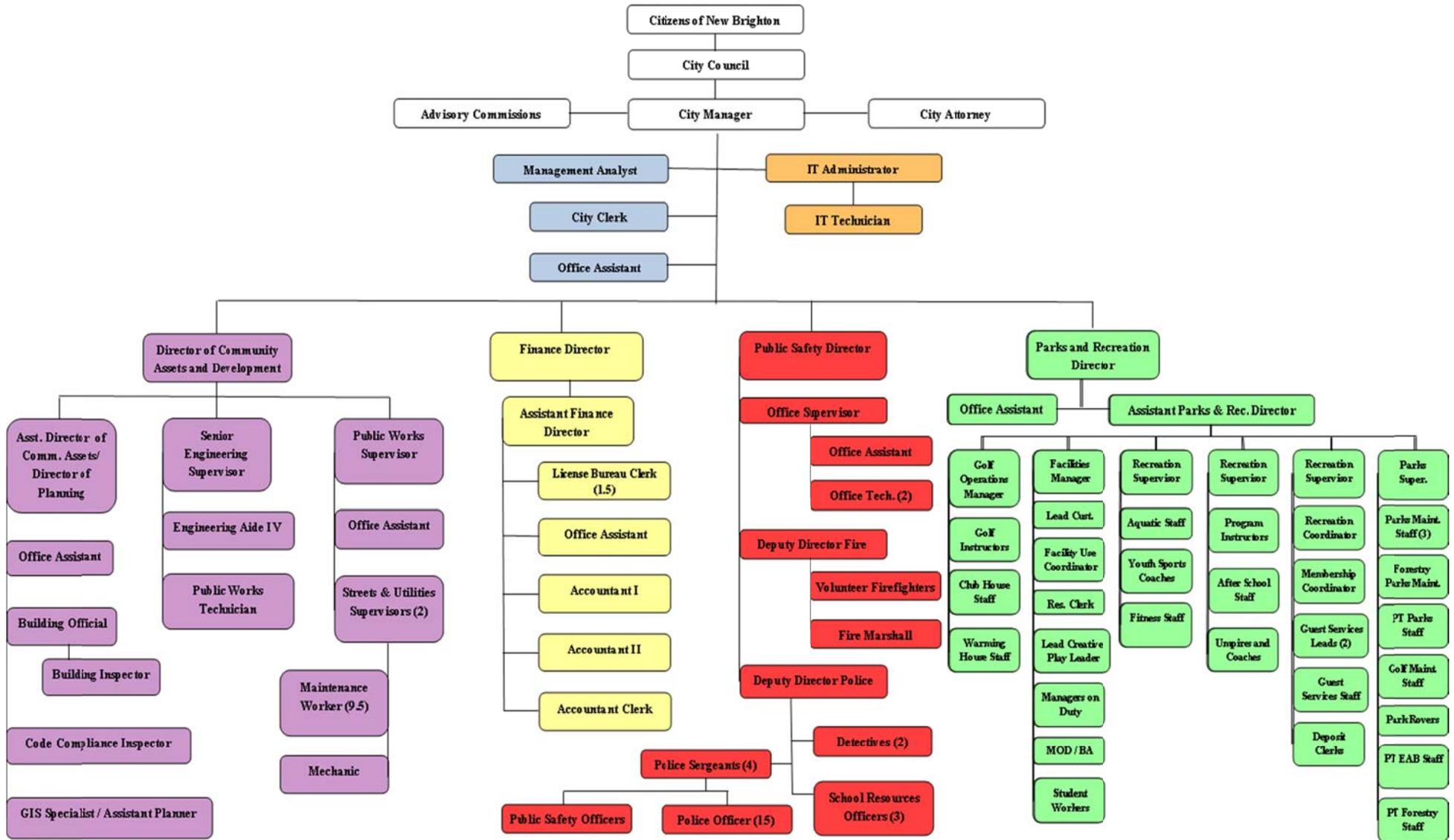
**City of New Brighton
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

2014 Organization Chart



Elected Officials

		<u>Term Expires</u>
Mayor	Dave Jacobsen	December 31, 2015
Councilmember	Mary Burg	December 31, 2015
Councilmember	Paul Jacobsen	December 31, 2015
Councilmember	Gina Bauman	December 31, 2017
Councilmember	Brian Strub	December 31, 2017

Appointed Personnel

City Manager	Dean Lotter
Public Safety Director	Robert Jacobsen
Finance Director	Brenda Davitt
Parks and Recreation Director	Sandy Breuer
Director of Community Assets & Development	Craig Schlichting



**II. FINANCIAL
SECTION**





Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of New Brighton
New Brighton, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Brighton, Minnesota, as of and for the year ended December 31, 2014, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of New Brighton, Minnesota, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New Brighton's basic financial statements. The introductory section, combining and individual fund statements and schedules, supplementary financial information and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2015 on our consideration of the City of New Brighton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of New Brighton's internal control over financial reporting and compliance.

Kern, DeWenter, Viere, Ltd.
KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
May 4, 2015



As management of the City of New Brighton, we offer readers of the City of New Brighton's financial statements this narrative overview and analysis of the financial activities of the City of New Brighton for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

Financial Highlights

- The assets of the City of New Brighton exceeded its liabilities at the close of the most recent fiscal year by \$65,613,410 (*net position*). Of this amount, \$8,483,990 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$2,080,727.
- As of the close of the current fiscal year, the City of New Brighton's governmental funds reported combined ending fund balances of \$32,294,526, a decrease of \$10,726,777 in comparison with the prior year. Approximately 93.9% of this total amount, \$30,352,405, is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,223,393, or 51.6% of total General Fund expenditures.
- The City of New Brighton's total bonded debt decreased by \$3,280,000 (7.6%) during the current fiscal year due to principal payments.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government'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 of New Brighton 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 of New Brighton include general government, community development, parks and recreation, public safety, and public works. The business-type activities of the City of New Brighton include the operation of water, sewer, stormwater utilities, a street light system, and the golf course.

The government-wide financial statements can be found on 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 of New Brighton, 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 of New Brighton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of New Brighton maintains 6 individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, one special revenue fund, two debt service funds, and two capital funds, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregate presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of New Brighton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Statements 3 and 5 of this report.

Proprietary funds. The City of New Brighton 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 of New Brighton uses enterprise funds to account for its water, sewer, stormwater, street light system, and golf course operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of New Brighton's various functions. The City of New Brighton uses internal service funds to account for its risk management programs, compensated absences, replacement program for its fleet of vehicles, replacement program for its non-fleet capital items such as equipment and furnishings, pavement management program for parking lots, trails, and hard courts, and for its information technology systems. Because these services predominantly benefit governmental rather than business-type functions, they 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, stormwater, street light system, and golf course operations, which are considered to be major funds of the City of New Brighton. 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 can be found on Statements 8 through 10 of this report.

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

The basic fiduciary fund financial statement can be found on Statement 11 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following Statement 11 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on Statements 12 through 17 of this report.

CITY OF NEW BRIGHTON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of New Brighton, assets exceeded liabilities by \$65,613,410 at the close of the most recent fiscal year.

By far the largest portion of the City of New Brighton's net position (85%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. This increased by \$3,496,778 in 2014 to \$55,684,571. A majority of this increase is due to \$2,543,600 of land previously held for future development being transferred to the City for park and stormwater pond purposes. The City of New Brighton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of New Brighton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of New Brighton's net position (\$1,444,849) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,483,990) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of New Brighton is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of New Brighton's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 50,939,348	\$ 63,790,797	\$ 2,945,027	\$ 2,801,287	\$ 53,884,375	\$ 66,592,084
Capital assets	46,522,892	45,081,120	12,296,679	11,511,673	58,819,571	56,592,793
Total assets	<u>\$ 97,462,240</u>	<u>\$ 108,871,917</u>	<u>\$ 15,241,706</u>	<u>\$ 14,312,960</u>	<u>\$ 112,703,946</u>	<u>\$ 123,184,877</u>
Long-term liabilities						
outstanding	\$ 38,406,877	\$ 43,366,780	\$ 37,869	\$ 158,971	\$ 38,444,746	\$ 43,525,751
Other liabilities	8,418,519	11,872,774	227,271	92,215	8,645,790	11,964,989
Total liabilities	<u>\$ 46,825,396</u>	<u>\$ 55,239,554</u>	<u>\$ 265,140</u>	<u>\$ 251,186</u>	<u>\$ 47,090,536</u>	<u>\$ 55,490,740</u>
Net position:						
Net investment in capital assets	\$ 43,387,892	\$ 40,676,120	\$ 12,296,679	\$ 11,511,673	\$ 55,684,571	\$ 52,187,793
Restricted	1,444,849	1,207,779	-	-	1,444,849	1,207,779
Unrestricted	5,804,103	11,748,464	2,679,887	2,550,101	8,483,990	14,298,565
Total net position	<u>\$ 50,636,844</u>	<u>\$ 53,632,363</u>	<u>\$ 14,976,566</u>	<u>\$ 14,061,774</u>	<u>\$ 65,613,410</u>	<u>\$ 67,694,137</u>

CITY OF NEW BRIGHTON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Governmental activities. Governmental activities decreased the City of New Brighton's net position by \$2,995,519. Business-type activities increased New Brighton's net position by \$914,792, for an overall decrease of \$2,080,727 during the 2014 fiscal year. Key elements of this decrease are as follows:

City of New Brighton's Changes in Net Position

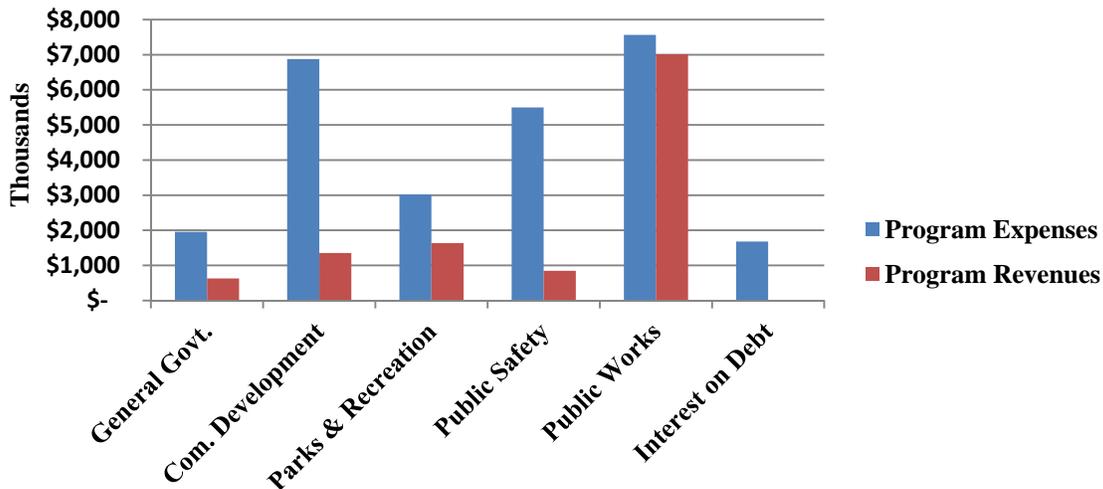
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for service	\$ 9,317,353	\$ 8,004,071	\$ 5,507,868	\$ 5,066,081	\$ 14,825,221	\$ 13,070,152
Operating grants and contributions	742,034	1,218,959	-	-	742,034	1,218,959
Capital grants and contributions	1,413,933	407,943	-	-	1,413,933	407,943
General revenues:						
Property taxes	6,936,603	7,570,367	4,475	4,268	6,941,078	7,574,635
Other taxes	2,980,823	3,588,394	-	-	2,980,823	3,588,394
Grants and contributions not restricted to specific programs	496,215	-	-	-	496,215	-
Investment earnings	1,988,225	(1,376,544)	80,090	(60,143)	2,068,315	(1,436,687)
Gain on sale of capital asset	343,586	12,731	-	-	343,586	12,731
Total Revenues	24,218,772	19,425,921	5,592,433	5,010,206	29,811,205	24,436,127
Expenses:						
General government	1,957,766	1,768,059	-	-	1,957,766	1,768,059
Community development	6,875,181	7,921,259	-	-	6,875,181	7,921,259
Parks and recreation	3,013,969	2,839,949	-	-	3,013,969	2,839,949
Public safety	5,500,940	5,201,983	-	-	5,500,940	5,201,983
Public works	7,563,176	6,710,073	-	-	7,563,176	6,710,073
Interest on debt	1,680,389	1,751,388	-	-	1,680,389	1,751,388
Water	-	-	1,606,114	1,574,048	1,606,114	1,574,048
Sewer	-	-	2,588,947	2,548,167	2,588,947	2,548,167
Stormwater	-	-	610,347	577,036	610,347	577,036
Street lights	-	-	180,786	181,004	180,786	181,004
Golf course	-	-	314,317	317,793	314,317	317,793
Total expenses	26,591,421	26,192,711	5,300,511	5,198,048	31,891,932	31,390,759
Increase (decrease) in net position before transfers	(2,372,649)	(6,766,790)	291,922	(187,842)	(2,080,727)	(6,954,632)
Transfers	(622,870)	241,114	622,870	(241,114)	-	-
Increase (decrease) in net position	(2,995,519)	(6,525,676)	914,792	(428,956)	(2,080,727)	(6,954,632)
Net position-January 1	53,632,363	60,158,039	14,061,774	14,490,730	67,694,137	74,648,769
Net position-December 31	\$ 50,636,844	\$ 53,632,363	\$ 14,976,566	\$ 14,061,774	\$ 65,613,410	\$ 67,694,137

The decrease in net position consists of these key elements:

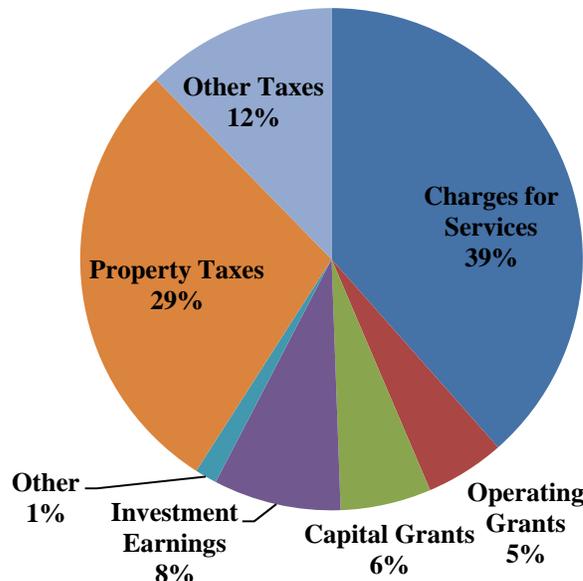
- The Assets held for resale in Tax Increment Districts decreased by \$7,985,150 due to \$4,999,850 loss on property sold for development and \$2,543,600 transferred to the City for parks and stormwater ponding.
- Investment earnings increased by \$3,364,769 due to an increase in the fair value of investments.
- In 2014, the City received \$496,215 in LGA funding and \$764,321 from the State of Minnesota.

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses for the last fiscal year.

**Governmental Activities-
 Program Revenues and Expenses**

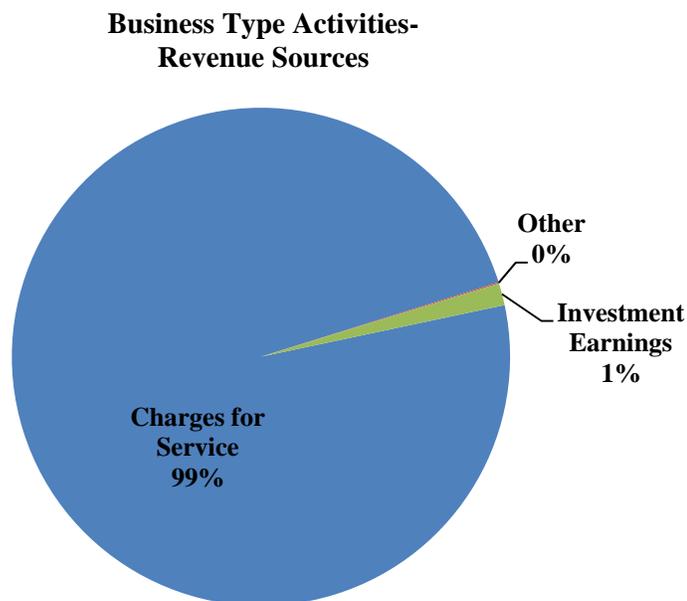
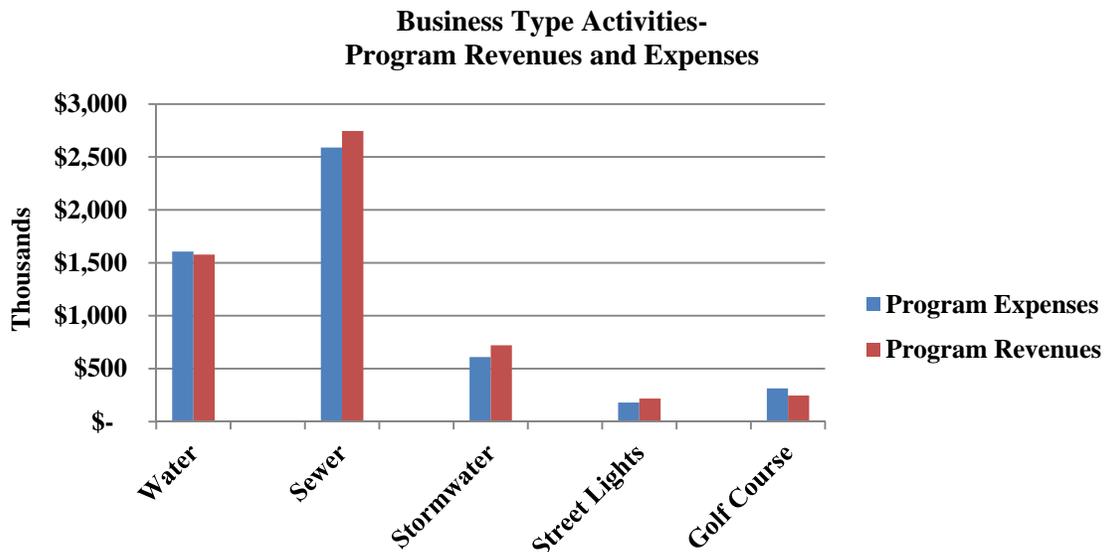


**Governmental Activities-
 Revenue Sources**



Business-type activities. The increase in Business-type activities increased the City of New Brighton's net position by \$914,792. The key elements of this increase are as follows:

- The change in net position of the Water, Sewer, Stormwater, Street Lights and Golf Course enterprise funds increased by \$441,787 due to increased utility rates in 2014.
- The net position of the Water improvements, Sewer improvements, and Stormwater improvements capital projects funds increased by \$622,870, primarily due transfers in to finance a portion of the 2014 street reconstruction project.
- Investment earnings increased by \$140,233 due to an increase in the fair value of investments.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of New Brighton'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 of New Brighton's financing requirements. In particular, *spendable fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of New Brighton's governmental funds reported combined ending fund balances of \$32,294,526, a decrease of \$10,726,777 in comparison with the prior year. Approximately 94% of this total amount (\$30,352,405) constitutes *spendable unrestricted, fund balance*, which is available for spending at the government's discretion. The amount of \$1,875,735 is restricted for 1) park dedication (\$632,478), 2) public safety (\$67,321) and 3) debt retirement (\$1,175,936). The remainder of fund balance is *nonspendable* to indicate that it is not available for spending because it is not in spendable form, (prepaid items totaling \$66,386).

The General Fund is the chief operating fund of the City of New Brighton. At the end of the current fiscal year, the nonspendable fund balance of the General Fund was \$8,117; the unassigned fund balance was \$6,223,393; the restricted fund balance was \$67,321; the committed fund balance was \$46,701; the assigned fund balance was \$97,269 for a total fund balance of \$6,442,801. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 51.6% of total General Fund expenditures and total fund balance represents 53.5% of that same amount.

The Municipal Development Fund accounts for municipal money dedicated to community development and initial project costs. The fund's balance increased by \$897,513, primarily because of interest on investments and interfund loans.

The Tax Increment Districts Fund accounts for the activities in the City's Tax Increment Financing (TIF) Districts. The fund's balance decreased by \$11,323,147 due to a loss on the sale of land sold for development and land transferred to the City for parks and stormwater ponding purposes, further redevelopment expenditures, interest on interfund loans and transfers out to debt service funds.

G.O. Improvement Debt decreased by \$149,549 as a result of principal and interest debt service payments on existing debt. The entire fund balance of \$1,175,936 is restricted for repayment of the City's bonded debt.

The nonmajor governmental funds overall decreased by \$294,346. The Community Reinvestment Fund decreased by \$140,768 due to the new internal loan to the Stormwater Utility. The Closed Bond fund saw an increase of \$308,153 due mainly to the change in fair value of investments and the transfer in from the general fund. The Capital Projects increased by \$243,669 as a result of intergovernmental revenue received from the state for the 2014 street maintenance project. The Street Improvements Fund decreased by \$894,618 due to costs incurred for the 2014 street reconstruction

improvement project. The Parks Improvements Fund increased by \$189,218 due to the receipt of park dedication funds for land purchased in the New Brighton Exchange.

Proprietary funds. The City of New Brighton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water, sewer, stormwater, street light system, and golf course operations at the end of the year amounted to \$2,361,927. The change in net position for each fund was: Water Utility increased \$392,868, Sewer Utility increased \$207,537; Stormwater Management Utility increased \$278,021; Street Light System increased \$40,539; and Municipal Golf Course decreased \$18,033. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of New Brighton's business-type activities.

General Fund Budgetary Highlights

The General Fund balance increased by \$142,752 in 2014, which is extraordinary since it was budgeted to decrease by \$336,000. Some elements which contributed to the \$478,752 difference are:

- Building permit revenues were greater than budgeted by \$162,057 due to the development of the New Brighton Exchange.
- An increase in usage of the community center and participation in recreation programs has Charges for Service \$109,438 greater than budgeted.
- Investment income was greater than budgeted. Interest income of \$58,796 exceeded the budgeted of \$50,000. However, it was the fair value of the investments on December 31st which showed a gain of \$246,954, almost making up for the loss experienced in 2013.
- The position of Finance Director was vacant for several months in 2014 creating a budget surplus of \$58,696.
- The Garage had unexpected building maintenance causing a budget deficit of \$20,485.

Aside from the above, revenues and expenditures were generally as expected.

Capital Asset and Debt Administration

Capital assets. The City of New Brighton's investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$58,819,571 (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, park facilities, roads, highways, and infrastructure. The total increase in the City of New Brighton's investment in capital assets for the current fiscal year was 3.9% (a 3.2% increase for governmental activities and a 6.8% increase for business-type activities).

Major capital asset events during 2014 included the following: land transferred for parks and stormwater ponding, reconstruction of City streets, replacement of machinery and equipment, remodeling of the New Brighton Community Center and replacement of portions of the water distribution, sanitary sewer collection and stormwater systems.

City of New Brighton's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 8,466,186	\$ 6,081,134	\$ 853,776	\$ 853,776	\$ 9,319,962	\$ 6,934,910
Buildings and structures	13,905,718	15,012,942	345,729	3,540,237	14,251,447	18,553,179
Machinery and equipment	4,897,043	4,814,740	51,041	18,899	4,948,084	4,833,639
Infrastructure	14,847,174	14,884,994	3,457,331	3,651,279	18,304,505	18,536,273
Other improvements	3,536,330	3,521,243	7,108,256	2,879,922	10,644,586	6,401,165
Construction in progress	870,441	766,067	480,546	567,560	1,350,987	1,333,627
Net capital assets	<u>\$ 46,522,892</u>	<u>\$ 45,081,120</u>	<u>\$ 12,296,679</u>	<u>\$ 11,511,673</u>	<u>\$ 58,819,571</u>	<u>\$ 56,592,793</u>

Additional information on the City of New Brighton's capital assets can be found in Note 3-D.

Long-term debt. At the end of the current fiscal year, the City of New Brighton had total bonded debt outstanding of \$39,975,000. Of this amount, \$36,840,000 comprises debt backed by the full faith and credit of the government and \$3,135,000 is G.O. improvement debt for which the government is liable in the event of default by the property owners subject to special assessment. In addition, the City also has long-term liabilities in the amount of \$890,665 for compensated absences and \$1,532,000 for pollution remediation obligation.

City of New Brighton's Outstanding Debt
General Obligation Improvement Bonds and Tax Increment Bonds

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds:						
G.O. Improvement bonds	\$ 3,135,000	\$ 4,405,000		\$ -	\$ 3,135,000	\$ 4,405,000
Tax increment bonds	36,840,000	38,850,000		-	36,840,000	38,850,000
Total bonded debt	<u>\$ 39,975,000</u>	<u>\$ 43,255,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,975,000</u>	<u>\$ 43,255,000</u>

The City of New Brighton's total bonded debt decreased by a net amount of \$3,280,000 (7.6%) during 2014. The total decreased due to scheduled principal payments.

The City of New Brighton maintains an "AA" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt the City may issue to 3% of its total market value. The current debt limitation for the City of New Brighton is \$52,427,568. Only \$815,000 of the City's debt is counted against the statutory limitation as the debt is wholly financed by a general tax levy.

Additional information on the City of New Brighton's long-term debt can be found in Note 3-F.

Economic Factors and Next Year's Budgets and Rates

- According to the Minnesota Department of Employment and Economic Development, the City of New Brighton's unemployment rate as of December, 2014, was 3.8%; Ramsey County was 4.2%; the Minneapolis/St. Paul metropolitan area was 4.2%; and the State of Minnesota was 4.7%.
- Maintaining acceptable service levels while being sensitive to increases in property taxes remains the most significant challenge during a time of revenue reductions, followed by a long-term plan to reinvest into the City's capital assets.
- The 2015 total tax levy is \$6,925,000, an increase of \$130,700 from 2014.

These factors were considered in preparing the City of New Brighton's budget for the 2015 fiscal year.

The utility rates for 2015 were increased. The increases were 9.5% for water, 9% for sanitary sewer, 4.5% for stormwater and 15% for street lights.

Requests for Information

This financial report is designed to provide a general overview of the City of New Brighton's 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 Office of the Finance Director, City of New Brighton, 803 Old Highway 8 NW, New Brighton, Minnesota, 55112-2792.



**BASIC FINANCIAL
STATEMENTS**

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2014

Statement 1

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 40,145,591	\$ 2,004,993	\$ 42,150,584
Restricted cash and investments	1,817,497	-	1,817,497
Accrued interest receivable	134,308	3,272	137,580
Due from other governmental units	52,889	3,736	56,625
Internal balances	236,287	(236,287)	-
Accounts receivable-net	191,657	1,157,805	1,349,462
Taxes receivable:			
Delinquent	290,196	-	290,196
Due from county	155,824	-	155,824
Special assessments receivable	291,713	11,508	303,221
Prepaid items	66,386	-	66,386
Assets held for resale	7,557,000	-	7,557,000
Capital assets (net of accumulated depreciation):			
Land	8,466,186	853,776	9,319,962
Buildings and structures	13,905,718	3,457,331	17,363,049
Machinery and equipment	4,897,043	230,979	5,128,022
Infrastructure	14,847,174	7,274,047	22,121,221
Other improvements	3,536,330	-	3,536,330
Construction in progress	870,441	480,546	1,350,987
Total assets	<u>97,462,240</u>	<u>15,241,706</u>	<u>112,703,946</u>
Liabilities:			
Accounts payable	1,510,659	59,049	1,569,708
Special assessments payable	6,886	-	6,886
Salaries payable	254,189	26,790	280,979
Deposits payable	122,493	-	122,493
Due to other governmental units	66,020	9,154	75,174
Contracts payable	44,102	-	44,102
Unearned revenue	1,724,903	-	1,724,903
Accrued interest payable	698,479	-	698,479
Compensated absences:			
Due within one year	516,788	132,278	649,066
Due in more than one year	373,877	37,869	411,746
Bonds payable:			
Due within one year	3,410,000	-	3,410,000
Due in more than one year	36,565,000	-	36,565,000
Pollution remediation obligation			
Due within one year	64,000	-	64,000
Due in more than one year	1,468,000	-	1,468,000
Total liabilities	<u>46,825,396</u>	<u>265,140</u>	<u>47,090,536</u>
Net Position:			
Net investment in capital assets	43,387,892	12,296,679	55,684,571
Restricted for:			
Debt service	745,050	-	745,050
Capital improvements	632,478	-	632,478
Other	67,321	-	67,321
Unrestricted	5,804,103	2,679,887	8,483,990
Total net position	<u>\$ 50,636,844</u>	<u>\$ 14,976,566</u>	<u>\$ 65,613,410</u>

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Statement 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Government activities:							
General government	\$ 1,957,766	\$ 595,503	\$ 17,304	13,534	\$ (1,331,425)	\$ -	\$ (1,331,425)
Community development	6,875,181	1,174,719	55,826	122,700	(5,521,936)	-	(5,521,936)
Parks and recreation	3,013,969	1,383,207	1,846	249,359	(1,379,557)	-	(1,379,557)
Public safety	5,500,940	178,703	655,207	10,500	(4,656,530)	-	(4,656,530)
Public works	7,563,176	5,985,221	11,851	1,017,840	(548,264)	-	(548,264)
Interest on long-term debt	1,680,389	-	-	-	(1,680,389)	-	(1,680,389)
Total government activities	<u>26,591,421</u>	<u>9,317,353</u>	<u>742,034</u>	<u>1,413,933</u>	<u>(15,118,101)</u>	<u>-</u>	<u>(15,118,101)</u>
Business-type activities:							
Water	1,606,114	1,578,036	-	-	-	(28,078)	(28,078)
Sewer	2,588,947	2,745,692	-	-	-	156,745	156,745
Stormwater	610,347	720,385	-	-	-	110,038	110,038
Street lights	180,786	217,308	-	-	-	36,522	36,522
Golf course	314,317	246,447	-	-	-	(67,870)	(67,870)
Total business-type activities	<u>5,300,511</u>	<u>5,507,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,357</u>	<u>207,357</u>
Total primary government	<u>\$ 31,891,932</u>	<u>\$ 14,825,221</u>	<u>\$ 742,034</u>	<u>\$ 1,413,933</u>	<u>(15,118,101)</u>	<u>207,357</u>	<u>(14,910,744)</u>
		General revenues:					
					6,936,603	4,475	6,941,078
					2,980,823	-	2,980,823
					Grants and contributions not		
					496,215	-	496,215
					1,988,225	80,090	2,068,315
					343,586	-	343,586
					(622,870)	622,870	-
					Total general revenues		
					12,122,582	707,435	12,830,017
					and transfers		
					(2,995,519)	914,792	(2,080,727)
					Change in net position		
					53,632,363	14,061,774	67,694,137
					Net position - beginning		
					<u>\$ 50,636,844</u>	<u>\$ 14,976,566</u>	<u>\$ 65,613,410</u>
					Net position - ending		

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

CITY OF NEW BRIGHTON, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	Special Revenue Water Treatment Plant No. 1
Assets:		
Cash and investments	\$ 7,134,281	\$ -
Restricted cash and investments	-	1,817,497
Accrued interest receivable	-	47,415
Due from other governmental units	13,647	-
Accounts receivable	190,602	-
Interfund receivable	-	-
Taxes receivable:		
Delinquent	104,556	-
Due from county	99,442	-
Special assessments receivable	3,461	-
Interfund loan receivable	-	-
Prepaid items	8,117	-
Assets held for resale	-	-
	<u>\$ 7,554,106</u>	<u>\$ 1,864,912</u>
Liabilities:		
Accounts payable	\$ 302,330	\$ 422,720
Special assessments payable	-	-
Interfund payable	-	-
Salaries payable	249,709	-
Deposits payable	122,493	-
Due to other governmental units	18,844	39,098
Contracts payable	-	-
Interfund loan payable	-	-
Unearned revenue	313,373	1,403,094
Total liabilities	<u>1,006,749</u>	<u>1,864,912</u>
Deferred inflows of resources:		
Unavailable revenue - delinquent taxes	104,556	-
Unavailable revenue - special assessments not yet due	-	-
Total deferred inflows of resources	<u>104,556</u>	<u>-</u>
Fund balance (deficit):		
Non-spendable	8,117	-
Restricted	67,321	-
Committed	46,701	-
Assigned	97,269	-
Unassigned	6,223,393	-
Total fund balance (deficit)	<u>6,442,801</u>	<u>-</u>
	<u>\$ 7,554,106</u>	<u>\$ 1,864,912</u>

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

Capital Project		Debt Service		Other Governmental Funds	Totals
Municipal Development	Tax Increment Districts	G.O. Improvement Bonds			
\$ 8,281,649	\$ 1,761,676	\$ 1,172,422	\$ 6,485,163	\$ 24,835,191	
-	-	-	-	1,817,497	
49,892	21,738	2,249	13,014	134,308	
-	28,624	-	10,618	52,889	
-	-	-	-	190,602	
-	-	-	1,897,389	1,897,389	
-	176,107	-	9,533	290,196	
-	52,651	-	3,731	155,824	
-	-	270,475	17,777	291,713	
13,069,575	-	-	-	13,069,575	
-	58,269	-	-	66,386	
-	7,557,000	-	-	7,557,000	
<u>\$ 21,401,116</u>	<u>\$ 9,656,065</u>	<u>\$ 1,445,146</u>	<u>\$ 8,437,225</u>	<u>\$ 50,358,570</u>	
\$ -	\$ 66,574	\$ 1,617	\$ 70,193	\$ 863,434	
-	-	-	6,886	6,886	
-	-	-	1,343,142	1,343,142	
-	-	-	-	249,709	
-	-	-	-	122,493	
-	6,936	-	-	64,878	
-	-	-	44,102	44,102	
-	13,069,575	-	-	13,069,575	
-	-	-	8,436	1,724,903	
-	<u>13,143,085</u>	<u>1,617</u>	<u>1,472,759</u>	<u>17,489,122</u>	
-	176,107	-	9,533	290,196	
-	-	267,593	17,133	284,726	
-	<u>176,107</u>	<u>267,593</u>	<u>26,666</u>	<u>574,922</u>	
-	58,269	-	-	66,386	
-	-	1,175,936	632,478	1,875,735	
21,401,116	-	-	3,637,918	25,085,735	
-	-	-	4,088,629	4,185,898	
-	(3,721,396)	-	(1,421,225)	1,080,772	
<u>21,401,116</u>	<u>(3,663,127)</u>	<u>1,175,936</u>	<u>6,937,800</u>	<u>32,294,526</u>	
<u>\$ 21,401,116</u>	<u>\$ 9,656,065</u>	<u>\$ 1,445,146</u>	<u>\$ 8,437,225</u>	<u>\$ 50,358,570</u>	

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



CITY OF NEW BRIGHTON, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
December 31, 2014

Statement 4

Total Fund Balances - Governmental Funds	\$ 32,294,526
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as net position in governmental funds.	
Cost of capital assets	81,947,322
Less accumulated depreciation	(41,154,792)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(39,975,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	290,196
Special assessments	284,726
Governmental funds do not report a liability for accrued interest due and payable.	(698,479)
An Internal Service Fund is used by management to charge the costs of the public works building to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	19,180,345
Pollution Remediation obligation is not due and payable in the current year and is not reported in the funds.	<u>(1,532,000)</u>
Total Net Position - Governmental Activities	<u>\$ 50,636,844</u>

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2014

	General	Special Revenue	Capital Project	
		Water Treatment Plant No. 1	Municipal Development	Tax Increment Districts
Revenues:				
General property taxes	\$ 6,702,739	\$ -	\$ -	\$ -
Tax increment	-	-	-	2,980,823
Licenses and permits	738,257	-	-	-
Intergovernmental	1,212,743	-	-	-
Charges for services	3,994,020	3,990,182	11,248	155,510
Special assessments	-	-	-	-
Fines and forfeits	68,845	-	-	-
Investment income:				
Interest on investments	58,796	38,886	63,232	11,921
Change in fair value of investments	246,954	152,677	264,149	44,324
Interest on interfund loans	-	-	558,884	-
Rents	273,609	-	-	-
Refunds and reimbursements	7,150	-	-	5,000
Other	-	-	-	122,700
Contributions and donations	26,248	-	-	-
Park dedication charge	-	-	-	-
Total revenues	<u>13,329,361</u>	<u>4,181,745</u>	<u>897,513</u>	<u>3,320,278</u>
Expenditures:				
Current:				
General government	1,674,610	-	-	-
Community development	922,020	-	-	6,052,409
Parks and recreation	2,943,043	-	-	-
Public safety	5,156,815	-	-	-
Public works	1,340,084	2,876,899	-	-
Interest on interfund loans	-	-	-	558,885
Capital outlay:				
Community development	-	-	-	2,112,606
Public safety	14,437	-	-	-
Public works	-	1,306,564	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and paying agent fees	-	-	-	-
Total expenditures	<u>12,051,009</u>	<u>4,183,463</u>	<u>-</u>	<u>8,723,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,278,352</u>	<u>(1,718)</u>	<u>897,513</u>	<u>(5,403,622)</u>
Other financing sources (uses):				
Transfers in	88,600	1,718	-	-
Transfers out	(1,225,700)	-	-	(3,641,729)
Sale of assets	1,500	-	-	265,804
Total other financing sources (uses)	<u>(1,135,600)</u>	<u>1,718</u>	<u>-</u>	<u>(3,375,925)</u>
Special Item - Contribution of Land	-	-	-	(2,543,600)
Net increase (decrease) in fund balance	<u>142,752</u>	<u>-</u>	<u>897,513</u>	<u>(11,323,147)</u>
Fund balance - (deficit) - January 1	<u>6,300,049</u>	<u>-</u>	<u>20,503,603</u>	<u>7,660,020</u>
Fund balance (deficit) - December 31	<u>\$ 6,442,801</u>	<u>\$ -</u>	<u>\$ 21,401,116</u>	<u>\$ (3,663,127)</u>

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

Debt Service			
G.O. Improvement Bonds	Tax Increment Bonds	Other Governmental Funds	Totals
\$ -	\$ -	\$ 213,371	\$ 6,916,110
-	-	-	2,980,823
-	-	-	738,257
-	-	764,321	1,977,064
-	-	193	8,151,153
52,933	-	121,625	174,558
-	-	-	68,845
2,380	-	73,896	249,111
9,281	-	301,055	1,018,440
-	-	8,453	567,337
-	-	-	273,609
-	-	29,868	42,018
-	-	-	122,700
-	-	1,846	28,094
-	-	249,359	249,359
<u>64,594</u>	<u>-</u>	<u>1,763,987</u>	<u>23,557,478</u>
4,285	1,271	1,756	1,681,922
-	-	-	6,974,429
-	-	-	2,943,043
-	-	-	5,156,815
-	-	268,813	4,485,796
-	-	-	558,885
-	-	-	2,112,606
-	-	-	14,437
-	-	1,199,657	2,506,221
1,270,000	2,010,000	-	3,280,000
86,074	1,630,458	-	1,716,532
<u>1,360,359</u>	<u>3,641,729</u>	<u>1,470,226</u>	<u>31,430,686</u>
<u>(1,295,765)</u>	<u>(3,641,729)</u>	<u>293,761</u>	<u>(7,873,208)</u>
1,146,216	3,641,729	160,400	5,038,663
-	-	(803,160)	(5,670,589)
-	-	54,653	321,957
<u>1,146,216</u>	<u>3,641,729</u>	<u>(588,107)</u>	<u>(309,969)</u>
-	-	-	(2,543,600)
<u>(149,549)</u>	<u>-</u>	<u>(294,346)</u>	<u>(10,726,777)</u>
<u>1,325,485</u>	<u>-</u>	<u>7,232,146</u>	<u>43,021,303</u>
<u>\$ 1,175,936</u>	<u>\$ -</u>	<u>\$ 6,937,800</u>	<u>\$ 32,294,526</u>

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

CITY OF NEW BRIGHTON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

Statement 6

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

Net changes in fund balances - total governmental funds (statement 5) \$ (10,726,777)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	3,848,976
Assets transferred to enterprise funds	(559,344)
Depreciation expense	(2,322,702)
Disposal of assets	(201,673)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 69,392

The payment of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,280,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 27,691

Internal service funds are used by management to charge the cost of compensated absences, fleet and non-fleet capital asset replacement, information technology and risk management services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 1,566,918

Pollution remediation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 2,022,000

Change in net position of governmental activities (statement 2) \$ (2,995,519)

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

CITY OF NEW BRIGHTON, MINNESOTA

Statement 7

**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
General property taxes	\$ 6,794,300	\$ 6,794,300	\$ 6,702,739	\$ (91,561)
Licenses and permits	576,200	576,200	738,257	162,057
Intergovernmental	1,153,600	1,184,300	1,212,743	28,443
Charges for services	3,859,800	3,871,800	3,994,020	122,220
Fines and forfeits	65,000	80,200	68,845	(11,355)
Investment income:				
Interest on investments	50,000	50,000	58,796	8,796
Change in fair value of investments	-	-	246,954	246,954
Rents	271,200	271,200	273,609	2,409
Refunds and reimbursements	2,200	2,200	7,150	4,950
Contributions and donations	4,700	33,000	26,248	(6,752)
Total revenues	12,777,000	12,863,200	13,329,361	466,161
Expenditures:				
Current				
General government	1,729,300	1,729,300	1,674,610	(54,690)
Community development	951,500	951,500	922,020	(29,480)
Parks and recreation	2,990,900	2,997,900	2,943,043	(54,857)
Public safety	5,066,600	5,080,900	5,156,815	75,915
Public works	1,276,800	1,288,000	1,340,084	52,084
Capital outlay				
Public safety	-	14,500	14,437	(63)
Total expenditures	12,015,100	12,062,100	12,051,009	(11,091)
Excess of revenues over expenditures	761,900	801,100	1,278,352	477,252
Other financing sources (uses):				
Transfers in	218,400	88,600	88,600	-
Transfers out	(980,300)	(1,225,700)	(1,225,700)	-
Sale of land	-	-	1,500	1,500
Total other financing sources (uses)	(761,900)	(1,137,100)	(1,135,600)	1,500
Net increase (decrease) in fund balance	\$ -	\$ (336,000)	142,752	\$ 478,752
Fund balance - January 1			6,300,049	
Fund balance - December 31			<u>\$ 6,442,801</u>	

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Management
Assets			
Current assets:			
Cash and cash equivalents	\$ 588,437	\$ 449,806	\$ 962,502
Accrued interest receivable	2,413	633	-
Due from other governmental units	3,696	-	40
Accounts receivable:			
Customer - unbilled	96,317	223,542	109,251
Customer - billed	144,314	323,061	-
Customer - certified to county	-	243,390	-
Special assessments receivable:			
Due from county	-	11,358	150
Total current assets	<u>835,177</u>	<u>1,251,790</u>	<u>1,071,943</u>
Noncurrent assets:			
Capital assets:			
Land	365,800	600	6,376
Buildings	4,699,672	333,018	-
Equipment	-	245,974	-
Distribution and collection systems	7,978,485	9,121,419	4,511,579
Other improvements	-	-	-
Construction in progress	353,379	20,535	106,632
Less accumulated depreciation	<u>(7,151,975)</u>	<u>(7,878,769)</u>	<u>(1,423,978)</u>
Net capital assets	<u>6,245,361</u>	<u>1,842,777</u>	<u>3,200,609</u>
Total noncurrent assets	<u>6,245,361</u>	<u>1,842,777</u>	<u>3,200,609</u>
Total assets	<u>7,080,538</u>	<u>3,094,567</u>	<u>4,272,552</u>
Liabilities			
Current liabilities:			
Accounts payable	11,532	12,807	16,679
Salaries payable	11,954	9,697	2,935
Due to other governmental units	3,661	5,393	13
Interfund payable	-	-	554,247
Compensated absences payable - current	92,943	27,875	7,596
Total current liabilities	<u>120,090</u>	<u>55,772</u>	<u>581,470</u>
Noncurrent liabilities:			
Compensated absences payable	<u>11,652</u>	<u>16,455</u>	<u>6,470</u>
Total liabilities	<u>131,742</u>	<u>72,227</u>	<u>587,940</u>
Net position:			
Investment in capital assets	6,245,361	1,842,777	3,200,609
Unrestricted	<u>703,435</u>	<u>1,179,563</u>	<u>484,003</u>
Total net position	<u>\$ 6,948,796</u>	<u>\$ 3,022,340</u>	<u>\$ 3,684,612</u>

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

Statement 8

Business-Type Activities - Enterprise Funds			Governmental Activities
Street Light System	Municipal Golf Course	Totals	Internal Service Funds Totals
\$ 2,630	\$ 1,618	\$ 2,004,993	\$ 15,310,400
-	226	3,272	-
-	-	3,736	-
17,930	-	447,040	-
-	-	467,375	1,055
-	-	243,390	-
-	-	11,508	-
<u>20,560</u>	<u>1,844</u>	<u>3,181,314</u>	<u>15,311,455</u>
-	481,000	853,776	-
-	720,410	5,753,100	613,475
-	99,755	345,729	9,184,230
-	-	21,611,483	-
-	165,790	165,790	1,022,773
-	-	480,546	531,158
-	(459,023)	(16,913,745)	(5,621,274)
-	<u>1,007,932</u>	<u>12,296,679</u>	<u>5,730,362</u>
-	<u>1,007,932</u>	<u>12,296,679</u>	<u>5,730,362</u>
<u>20,560</u>	<u>1,009,776</u>	<u>15,477,993</u>	<u>21,041,817</u>
16,167	1,864	59,049	647,225
-	2,204	26,790	4,480
-	87	9,154	1,142
-	-	554,247	-
-	3,864	132,278	516,788
<u>16,167</u>	<u>8,019</u>	<u>781,518</u>	<u>1,169,635</u>
-	3,292	37,869	373,877
<u>16,167</u>	<u>11,311</u>	<u>819,387</u>	<u>1,543,512</u>
-	1,007,932	12,296,679	5,730,362
<u>4,393</u>	<u>(9,467)</u>	<u>2,361,927</u>	<u>13,767,943</u>
<u>\$ 4,393</u>	<u>\$ 998,465</u>	<u>14,658,606</u>	<u>\$ 19,498,305</u>

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

317,960

Net position of business-type activities

\$ 14,976,566

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
For The Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Management Utility
Operating revenues:			
Customer charges	\$ 1,304,676	\$ 2,472,850	\$ 665,154
Late charges	26,109	75,028	-
Other charges	28,917	5,570	-
Total operating revenues	<u>1,359,702</u>	<u>2,553,448</u>	<u>665,154</u>
Operating expenses:			
Personnel services	599,356	451,442	160,741
Materials and supplies	134,790	15,777	13,931
Contractual services	651,567	2,038,406	283,861
Professional services	-	-	-
Depreciation	220,974	81,225	148,517
Total operating expenses	<u>1,606,687</u>	<u>2,586,850</u>	<u>607,050</u>
Operating income (loss)	<u>(246,985)</u>	<u>(33,402)</u>	<u>58,104</u>
Nonoperating revenues (expenses):			
Investment income:			
Interest on investments	3,436	4,935	7,537
Change in fair value of investments	14,487	19,643	31,214
Property taxes	-	-	4,475
Interest on assessments	-	18,410	15
Interest on interfund loan	-	-	(8,453)
In-house engineering and administrative charges	215,003	97,592	54,561
Intergovernmental	-	76,242	-
School district grant	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
Refunds and reimbursements	3,331	-	-
Other - net	-	-	655
Total nonoperating revenues (expenses)	<u>236,257</u>	<u>216,822</u>	<u>90,004</u>
Income (loss) before contributions and transfers	<u>(10,728)</u>	<u>183,420</u>	<u>148,108</u>
Capital contributions	<u>405,314</u>	<u>24,117</u>	<u>129,913</u>
Transfers:			
Transfers in	-	-	-
Transfers out	(1,718)	-	-
Total transfers	<u>(1,718)</u>	<u>-</u>	<u>-</u>
Change in net position	392,868	207,537	278,021
Net position - January 1	<u>6,555,928</u>	<u>2,814,803</u>	<u>3,406,591</u>
Net position - December 31	<u>\$ 6,948,796</u>	<u>\$ 3,022,340</u>	<u>\$ 3,684,612</u>

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Street Light System	Municipal Golf Course	Totals	Totals	
\$ 217,308	\$ 246,447	\$ 4,906,435	\$ 1,974,881	
-	-	101,137	-	
-	-	34,487	-	
<u>217,308</u>	<u>246,447</u>	<u>5,042,059</u>	<u>1,974,881</u>	
-	187,810	1,399,349	282,505	
2,253	19,182	185,933	49,006	
174,203	103,980	3,252,017	744,855	
-	-	-	80,851	
-	17,903	468,619	642,568	
<u>176,456</u>	<u>328,875</u>	<u>5,305,918</u>	<u>1,799,785</u>	
<u>40,852</u>	<u>(82,428)</u>	<u>(263,859)</u>	<u>175,096</u>	
(65)	(197)	15,646	141,003	
(248)	(652)	64,444	579,671	
-	-	4,475	-	
-	-	18,425	-	
-	-	(8,453)	-	
-	-	367,156	-	
-	-	76,242	-	
-	-	-	10,500	
-	-	-	21,629	
-	-	3,331	67,945	
-	-	655	3,000	
<u>(313)</u>	<u>(849)</u>	<u>541,921</u>	<u>823,748</u>	
<u>40,539</u>	<u>(83,277)</u>	<u>278,062</u>	<u>998,844</u>	
-	-	559,344	13,534	
-	65,244	65,244	568,400	
-	-	(1,718)	-	
-	65,244	63,526	568,400	
40,539	(18,033)	900,932	1,580,778	
<u>(36,146)</u>	<u>1,016,498</u>		<u>17,917,527</u>	
<u>\$ 4,393</u>	<u>\$ 998,465</u>		<u>\$ 19,498,305</u>	

Transfers In of Capital Assets from
Governmental Activities 559,344
Governmental Activities Contribution Revenue
Reported Above (559,344)
Adjustment to reflect the consolidation
of internal service activities related to
enterprise funds 13,860
Change in net position of
business-type activities \$ 914,792

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Stormwater Management
Cash flows - operating activities:			
Receipts from customers and users	\$ 1,484,424	\$ 2,612,805	\$ 664,108
Receipts from interfund services provided	-	-	-
Payments to employees	(591,779)	(446,353)	(159,104)
Payments to suppliers for goods and services	(357,302)	(1,527,099)	(76,581)
Payments for interfund services used	(439,100)	(530,700)	(216,500)
Net cash flows - operating activities	<u>96,243</u>	<u>108,653</u>	<u>211,923</u>
Cash flows - noncapital financing activities:			
Refunds and reimbursements	<u>3,331</u>	<u>-</u>	<u>655</u>
Cash flows - capital and related financing activities:			
Intergovernmental	-	76,242	-
General property taxes	-	-	4,475
Acquisition of capital assets	(11,945)	(506,265)	(176,070)
In-house engineering and administrative charges	215,003	97,592	54,561
Interfund Interest	-	-	(8,453)
Interest on assessments	-	18,410	15
Principal on interfund loan	-	-	161,362
Donations	-	-	-
Transfer in	-	-	-
Transfer out	(1,718)	-	-
Proceeds from sale of capital assets	-	-	-
Net cash flows - capital and related financing activities	<u>201,340</u>	<u>(314,021)</u>	<u>35,890</u>
Cash flows - investing activities:			
Investment income:			
Interest on investments	4,430	7,711	8,763
Change in fair value of investments	14,487	19,643	31,214
Net cash flows - investing activities	<u>18,917</u>	<u>27,354</u>	<u>39,977</u>
Net change in cash and cash equivalents	319,831	(178,014)	288,445
Cash and cash equivalents - January 1	<u>268,606</u>	<u>627,820</u>	<u>674,057</u>
Cash and cash equivalents - December 31	<u>\$ 588,437</u>	<u>\$ 449,806</u>	<u>\$ 962,502</u>
Reconciliation of operating income (loss) to net cash flows - operating activities:			
Operating income (loss)	(246,985)	(33,402)	58,104
Adjustments to reconcile operating income (loss) to net cash flows - operating activities:			
Miscellaneous revenue	-	-	-
Depreciation	220,974	81,225	148,517
Changes in assets and liabilities:			
Decrease (increase) in receivables	124,722	59,357	(1,046)
Increase (decrease) in payables	(10,045)	(3,616)	4,711
Salaries and compensated absences payable	7,577	5,089	1,637
Total adjustments	<u>343,228</u>	<u>142,055</u>	<u>153,819</u>
Net cash flows - operating activities	<u>\$ 96,243</u>	<u>\$ 108,653</u>	<u>\$ 211,923</u>
Noncash investing, capital and financing activities:			
Capital contributions	\$ 405,314	\$ 24,117	\$ 129,913

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Street Light System	Municipal Golf Course	Totals	Totals	
\$ 199,378	\$ 246,447	\$ 5,207,162	\$ -	1,973,826
-	-	-	-	(244,068)
(143,962)	(187,119)	(1,384,355)	-	(391,141)
(25,600)	(78,970)	(2,183,914)	-	-
29,816	(44,100)	(1,256,000)	-	-
	(63,742)	382,893		1,338,617
-	-	3,986	-	61,945
-	-	76,242	-	-
-	-	4,475	-	-
-	-	(694,280)	(1,353,156)	-
-	-	367,156	-	-
-	-	(8,453)	-	-
-	-	18,425	-	-
(26,873)	-	134,489	-	-
-	-	-	19,500	-
-	65,244	65,244	568,400	-
-	-	(1,718)	-	-
-	-	-	114,684	-
(26,873)	65,244	(38,420)	(650,572)	-
(65)	(232)	20,607	148,190	-
(248)	(652)	64,444	579,671	-
(313)	(884)	85,051	727,861	-
2,630	618	433,510	1,477,851	-
-	1,000	1,571,483	13,832,549	-
\$ 2,630	\$ 1,618	\$ 2,004,993	\$ 15,310,400	-
40,852	(82,428)	(263,859)	175,096	-
-	-	-	-	-
-	17,903	468,619	642,568	-
(17,930)	-	165,103	(1,055)	-
6,894	92	(1,964)	522,008	-
-	691	14,994	-	-
(11,036)	18,686	646,752	1,163,521	-
\$ 29,816	\$ (63,742)	\$ 382,893	\$ 1,338,617	-
\$ -	\$ -	\$ 559,344	\$ 13,534	-

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

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014

Statement 11

	<u>Hazardous Materials Program</u>
Assets:	
Cash and investments	\$ 15,042
Due from other governmental units	<u>878</u>
Total assets	<u><u>\$ 15,920</u></u>
Liabilities:	
Accounts payable	\$ 297
Due to other governmental units	<u>15,623</u>
Total liabilities	<u><u>\$ 15,920</u></u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of New Brighton was incorporated in 1887 and operates under the State of Minnesota Statutory Plan B form of government. The governing body consists of a 5 member council elected by voters of the City.

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

A. Financial Reporting Entity

In accordance with GASB pronouncements and generally accepted accounting principles, the financial statements of the reporting entity include those of the City of New Brighton (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Component Unit

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's government body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

As a result of applying the component unit definition criteria above, it has been determined the City has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 to external parties for support.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

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

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

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Property taxes, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

The government reports the following major governmental funds:

The *General Fund* is the government'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 *Water Treatment Plant No. 1 Special Revenue Fund* was established pursuant to the long-term LitSAGIA Implementing Agreement to account for all financial matters relating to the operation and maintenance of the New Brighton Contaminated Ground Water Recovery System. Its revenue is derived from interest income and the recognition of the portion of the U.S. Army advance funding that reimburses the Fund for its water treatment costs.

The *Municipal Development Capital Projects Fund* accounts for municipal money dedicated to community development and initial project costs.

The *Tax Increment Districts Capital Projects Fund* accounts for development costs for projects which are financed with tax increments.

The *G.O. Improvement Bonds* and *Tax Increment Bonds Debt Service Funds* account for resources accumulated and payments for principal and interest on long-term general obligation debt.

The government reports the following major proprietary funds:

The *Water Utility Fund* accounts for activities related to the operation of a water distribution system.

The *Sewer Utility Fund* accounts for activities related to the operation of a sanitary collection system.

The *Stormwater Management Fund* accounts for activities related to the operation of a surface water collection system.

The *Street Light System Fund* accounts for the activities related to the operation of a city-wide street lighting system.

The *Municipal Golf Course Fund* accounts resources and payments related to the operation and maintenance of a nine-hole golf course.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

Additionally, the government reports the following fund types:

Internal Service Funds account for compensated absences, fleet and non-fleet capital asset replacement, information technology, pavement management, and risk management services provided to other departments or agencies of the City or to other governments, on a cost-reimbursement basis.

The *Agency Fund* accounts for assets held by the City as an agent for the joint powers Hazardous Materials Response Team. Members of the Response Team are the Cities of New Brighton, Falcon Heights, Vadnais Heights and the Lake Johanna Fire Department.

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 of New Brighton. 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 utility, sewer utility, stormwater management, street light system and municipal golf course enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for the 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 non-operating revenues and expenses.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. No budgets are prepared for other governmental funds which include special revenue, debt service, and capital projects. All annual appropriations lapse at fiscal year-end. The legal level of budgetary control is at the fund level.

Legal compliance budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council, a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget and makes appropriate changes.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is prepared by department and legally enacted through passage of a resolution on a fund basis.
5. The City Manager is authorized to transfer appropriations within and between any departmental budgets without Council approval. Additional appropriations and deletions are authorized by Council with fund (contingency) reserves or additional revenues.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund. The General Fund is the only fund with a legally adopted annual budget.
7. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the debt service funds. Supplementary budgets are adopted for the proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
8. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
9. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets for the General Fund is maintained at the function level.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance

1. Deposits and investments

Cash and cash equivalents consist of available cash, cash deposits and highly liquid investments with an original maturity date at the time of purchase of three months or less. In accordance with *Minnesota Statutes*, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged).

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. *Minnesota Statutes* require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

Minnesota Statutes authorize 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 registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities or repurchase or reverse repurchase agreements.
- c) Municipal general obligations rated "A" or better
- d) Municipal revenue obligations rated "AA" or better
- e) General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- f) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- g) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- h) Guaranteed Investment Contract guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories.
- i) Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualifies as a "depository" by the City entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$ 10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York or certain Minnesota securities broker-dealers or a bank qualified as a depositor.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance (Continued)

Investments for the government are reported at fair value. The City participates in an external investment pool sponsored by the League of Minnesota Cities. The pool is established in accordance with *Minnesota Statutes*, Section 471.59. Only municipalities as defined by statute are permitted to open accounts and become participants in the fund. As of December 31, 2014, the fair value of the City's position in the pool is the same as the value of the pool shares.

2. Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "interfund receivable" or "interfund payable". All short-term interfund receivables and payables at December 31, 2014 are planned to be eliminated in 2015. Long-term interfund loans are classified as "interfund loan receivable/payable". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

All utility and property tax receivables are shown at a gross amount, since both taxes and utility receivables are assessable to the property taxes and are collectible upon the sale of the assessed property.

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15.

3. Inventories and prepaid items

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. The City does not maintain material amounts of inventories of goods and supplies.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance (Continued)

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$ 5,000 (amount not rounded) (except for easements which is \$50,000) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets, the City chose to include all such items regardless of their acquisition date or amount. These assets are reported at historical cost or estimated historical cost, using the 1987 base highway construction price trend, when historical costs were unavailable.

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. For the year ended December 31, 2014, no interest was capitalized in connection with construction in progress.

Capital assets of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the estimated useful lives of assets, as follows:

<u>Assets</u>	<u>Useful Lives</u>
Buildings and Structures	15-100 years
Machinery, Equipment and Furnishings	5-25 years
Other Improvements	10-40 years
Fleet (Vehicles)	3-25 years
Water Lines	40-50 years
Sewer Lines	40 years
Stormwater	30 years
Street Lights	30 years
Sidewalks and Curbs	70 years
Streets	30 years
Temporary easements	2-15 years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance (Continued)

5. Deferred inflows of resources

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

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay.

7. Long-term obligations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance (Continued)

8. 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 form, such as prepaid items.

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

Committed – consists of internally imposed constraints. These constraints are established by resolution of the City Council.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. The City Council has adopted a fund balance policy that authorizes the Finance Director to determine the assigned fund balances.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

9. Minimum fund balance policy

The City Council has formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target fund balance amount for cash-flow timing needs (working capital) and contingencies.

At December 31, 2014, the targeted unassigned fund balance for the General Fund was as follows:

Working capital	\$ 3,596,900
Contingencies	<u>1,278,900</u>
Total	<u>\$ 4,875,800</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, liabilities, deferred inflows of resources, and net position/fund balance (Continued)

10. Restricted assets

Assets of the Water Treatment Plant No. 1 fund are classified as restricted cash and investments assets in the Balance Sheet, because their use is limited to the operation and maintenance of the New Brighton Contaminated Ground Water Recovery System pursuant to the long-term LitSAGIA Implementing Agreement.

11. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulation depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit fund equity

The City has deficit fund balances at December 31, 2014 as follows:

<u>Fund</u>	<u>Amount</u>
Tax increment districts	\$ 3,663,127
Street Improvements	<u>1,421,225</u>
Total	<u>\$ 5,084,352</u>

It is anticipated future tax increments and sale of assets held for resale will eliminate the deficits in the Tax Increment Districts. Future Municipal State Aid street fund revenues along with a G.O. Improvement debt issuance for street reconstruction projects will reimburse the street improvements fund and eliminate its deficit.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Components of Cash and Investments

Summary of cash deposits and investments as of December 31, 2014:

Petty cash	\$	3,543
Deposits		53,565
Investments		<u>43,926,015</u>
 Total	 \$	 <u><u>43,983,123</u></u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Positions - Government Wide		
Cash and cash equivalents - Primary Government	\$	42,150,584
Restricted investments - Primary Government		1,817,497
Cash and cash equivalents - Fiduciary Funds		<u>15,042</u>
 Total	 \$	 <u><u>43,983,123</u></u>

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may be lost. 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 federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City’s investment policy has no additional deposit policies addressing custodial credit risk.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

2. Investments

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Total	Interest Risk - Maturity Duration in Years		
		1 to 5	5 to 10	10 to 15
Brokered certificates of deposit	\$ 16,537,899	\$ 16,537,899	\$ -	\$ -
Federal Agency Securities	25,841,201	7,027,452	17,814,519	999,230
Money Market Fund	1,546,915	1,546,915	-	-
Total Investments	<u>\$ 43,926,015</u>	<u>\$ 25,112,266</u>	<u>\$ 17,814,519</u>	<u>\$ 999,230</u>

Investments are subject to various risks, the following of which are considered the most significant:

Credit risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; banker’s acceptance of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by the United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in lending agreements with financial institutions qualified as a “depository” by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000 that are primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

2. Investments (Continued)

The federal agency securities and money market funds are rated Aaa by Moody's and AA+ by Standard and Poor's rating agencies.

Concentration of Credit Risk: The City addresses credit risk beyond what is prescribed by State Statute by placing the following limits on the amount that the City may invest in any one issuer:

- No more than 25% of the portfolio shall be invested in any one security issuer with the exception of U.S. Treasury or agency obligations which could represent 100% of the portfolio.
- No more than 35% of the City's total investment portfolio shall be invested in commercial paper at any time. The total investment in commercial paper from one corporation shall not exceed \$ 5 million. The total investment in any one corporation shall not exceed 10% of the corporation's outstanding obligations.
- No more than 40% of the total investment portfolio will be invested with a single financial institution.

Investments in any one issuer that represent 5% or more of the City's total investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount Reported</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	Federal agency security	\$ 20,314,702	46%
Federal National Mortgage Association	Federal agency security	3,487,199	8%

Custodial credit risk – investments: For an investment, this is the risk in the event of the failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not further address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Interest rate risk: This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy does not address interest rate risk.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Governmental funds also defer recognition in connection with resources that are not yet available.

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Recreation fees received but unearned (General Fund)	\$ 82,401
Contributions contingent on eligible expenses: (Dedicated Treatment Plant #1 Financing Fund)	1,403,094
Permit fee received but unearned (General Fund)	3,330
Liquor licenses received but unearned (General Fund)	30,150
Miscellaneous fees received but unearned (General Fund)	1,189
Municipal State Aid (Nonmajor funds)	8,436
Antenna leases received but unearned (General Fund)	<u>196,303</u>
Total unearned revenue for governmental funds	<u>\$ 1,724,903</u>

C. Construction Commitments

At December 31, 2014, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended To Date</u>	<u>Remaining Commitment</u>
FE/MN Removal	\$ 929,893	\$ 781,962	\$ 147,931
Granular Activated Carbon - TP#1	1,694,200	1,023,721	670,479
2014 Flood Mitigation	146,820	139,392	7,428
2014 Street Reconstruction	791,661	725,196	66,465
Community Center Restroom/Locker Room Remodel	<u>689,309</u>	<u>423,653</u>	<u>265,656</u>
Total	<u>\$ 4,251,883</u>	<u>\$ 3,093,924</u>	<u>\$ 1,157,959</u>

CITY OF NEW BRIGHTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 6,081,134	\$ 2,543,600	\$ 158,548	\$ 8,466,186
Construction in Progress	766,067	870,441	766,067	870,441
Total Capital Assets not being Depreciated	<u>6,847,201</u>	<u>3,414,041</u>	<u>924,615</u>	<u>9,336,627</u>
Capital Assets being Depreciated:				
Infrastructure	29,231,239	846,818	392,848	29,685,209
Buildings	36,628,924	37,150	-	36,666,074
Improvements	5,986,309	263,563	10,594	6,239,278
Machinery and Equipment	11,138,367	906,266	672,863	11,371,770
Total Capital Assets being Depreciated	<u>82,984,839</u>	<u>2,053,797</u>	<u>1,076,305</u>	<u>83,962,331</u>
Less Accumulated Depreciation for:				
Infrastructure	14,346,244	855,048	363,257	14,838,035
Buildings	21,615,983	1,144,373		22,760,356
Improvements	2,465,066	248,476	10,594	2,702,948
Machinery and Equipment	6,323,627	717,373	566,273	6,474,727
Total Accumulated Depreciation	<u>44,750,920</u>	<u>2,965,270</u>	<u>940,124</u>	<u>46,776,066</u>
Total Capital Assets being Depreciated, Net	<u>38,233,919</u>	<u>(911,473)</u>	<u>136,181</u>	<u>37,186,265</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,081,120</u>	<u>\$ 2,502,568</u>	<u>\$ 1,060,796</u>	<u>\$ 46,522,892</u>

CITY OF NEW BRIGHTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 853,776	\$ -	\$ -	\$ 853,776
Construction in Progress	567,560	480,546	567,560	480,546
Total Capital Assets not being Depreciated	<u>1,421,336</u>	<u>480,546</u>	<u>567,560</u>	<u>1,334,322</u>
Capital Assets being Depreciated:				
Buildings and structures	5,761,626	-	8,526	5,753,100
Machinery and equipment	106,752	238,977	-	345,729
Water/sewer lines and other	20,675,612	1,101,661	-	21,777,273
Total Capital Assets being Depreciated	<u>26,543,990</u>	<u>1,340,638</u>	<u>8,526</u>	<u>27,876,102</u>
Less Accumulated Depreciation for:				
Buildings and structures	2,221,389	82,906	8,526	2,295,769
Machinery and equipment	87,853	26,897	-	114,750
Water/sewer lines and other	14,144,410	358,816	-	14,503,226
Total Accumulated Depreciation	<u>16,453,652</u>	<u>468,619</u>	<u>8,526</u>	<u>16,913,745</u>
Total Capital Assets being Depreciated, Net	<u>10,090,338</u>	<u>872,019</u>	<u>-</u>	<u>10,962,357</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,511,674</u>	<u>\$ 1,352,565</u>	<u>\$ 567,560</u>	<u>\$ 12,296,679</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital assets (Continued)

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

General government	\$148,442
Community development	523
Parks & recreation	440,683
Public safety	522,352
Public works	<u>1,853,270</u>
Total depreciation expense - governmental activities	<u><u>\$2,965,270</u></u>
Business Activities:	
Water	\$220,974
Sewer	81,225
Stormwater	148,517
Golf course	<u>17,903</u>
Total depreciation expense - business-type activities	<u><u>\$468,619</u></u>

E. Interfund receivables, payables, and transfers

The composition of interfund balances as of December 31, 2014, is as follows:

Due to/from other funds:

Interfund payables/receivables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Closed Bond Fund (Nonmajor)	Street Improvements (Nonmajor)	\$ 1,343,142

Interfund receivables and payables are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payables, and transfers (Continued)

Interfund loans were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Reinvestment (Nonmajor)	Stormwater Management	\$ 249,409
Community Reinvestment (Nonmajor)	Stormwater Management	104,838
Community Reinvestment (Nonmajor)	Stormwater Management	<u>200,000</u>
Total		<u>\$ 554,247</u>

The first loan was issued for \$305,800 on November 1, 2012, to finance project 12-9, “Phase I Freedom Park Flood Mitigation Improvements”. The loan will be repaid by increasing future stormwater utility rates. The loan carries an interest rate of 2% and will be repaid in semi-annual installments of \$16,946. The final payment is scheduled for November 1, 2022.

The second loan was issued for \$115,000 on November 1, 2013, to finance 2011 – 2013 stormwater mitigation project costs. This loan will also be repaid by increasing future stormwater utility rates. The loan carries an interest rate of 2.7% and will be repaid in semi-annual installments of \$6,600. The final payment is scheduled for November 1, 2023.

The third loan was issued for \$200,000 on November 1, 2014, to finance the Oakwood, Imperial, and 15th Avenue flood mitigation project. This loan will be repaid by increasing future stormwater utility rates. The loan carries an interest rate of 2.7% and will be repaid in semi-annual installments of \$11,478. The final payment is scheduled for November 1, 2024.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Municipal Development	Tax Increment Districts	\$ 13,069,575

Tax increment financing districts are established to finance many of the City’s redevelopment projects. The loans from the Municipal Development Fund cover the cash deficits that often exist in the early stages of tax increment districts. The loans will be repaid with interest from available tax increments generated from the increase in tax capacity values of the redeveloped area.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund receivables, payables, and transfers (Continued)

Transfers In:	Transfers Out				Total Transfers In
	General Fund	Tax Increment Districts	Nonmajor Governmental	Water Utility	
General Fund	\$ -	\$ -	\$ 88,600	\$ -	\$ 88,600
Water Treatment Plant No. 1	-	-	-	1,718	1,718
GO Improvement Debt Svc	694,100	-	452,116	-	1,146,216
Tax Increment Bonds	-	3,641,729	-	-	3,641,729
Nonmajor Governemental	160,400	-	-	-	160,400
Internal Service	371,200	-	197,200	-	568,400
Municipal Golf Course	-	-	65,244	-	65,244
Total Transfers Out	\$ 1,225,700	\$ 3,641,729	\$ 803,160	\$ 1,718	\$ 5,672,307

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. Most of the City's interfund transfers fall into that category.

F. Long-term debt

The City issues General Obligation (G.O.) bonds and equipment certificates to provide funds for street improvements, tax increment financing projects and acquisition of capital equipment. Debt service is covered respectively by special assessments against benefited properties and tax increments with any shortfalls being paid from general taxes.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The amounts are repaid from governmental activities. General obligation bonds outstanding as of December 31, 2014 are as follows:

CITY OF NEW BRIGHTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term debt (Continued)

	Interest Rate	Issue Date	Final Maturity Date	Authorized and Issued	Principal Outstanding
Governmental Activities:					
G.O. Improvement Bonds:					
2007A Improvement Bonds	3.70%-4.00%	06/01/07	02/01/19	\$ 455,000	\$ 215,000
2009A Improvement Bonds	2.00%-4.25%	06/17/09	02/01/20	375,000	235,000
2010A Improvement Bonds	2.00%-2.50%	03/18/10	02/01/16	4,760,000	1,610,000
2011A Improvement Bonds	.50%-3.30%	01/28/11	02/01/22	1,395,000	505,000
2012A Improvement Bonds	.35%-2.35%	04/24/12	02/01/23	930,000	570,000
Total G.O. Improvement Bonds				<u>7,915,000</u>	<u>3,135,000</u>
G.O. Tax Increment Bonds:					
2006A Tax Increment Bonds	4.25%-5.00%	07/15/06	02/01/32	20,450,000	19,640,000
2007B Tax Increment Bonds	4.00%-4.75%	06/01/07	02/01/33	14,985,000	14,810,000
2011A Tax Increment Bonds	.50%-1.25%	01/28/11	02/01/15	735,000	190,000
2011B Taxable Tax Increment Bonds	.65%-2.40%	01/28/11	02/01/16	2,205,000	645,000
2012A Tax Increment Bonds	.35%-1.00%	04/24/12	02/01/17	1,765,000	695,000
2012B Taxable Tax Increment Bonds	.70%-2.35%	04/24/12	02/01/20	1,095,000	860,000
Total Tax Increment Bonds				<u>41,235,000</u>	<u>36,840,000</u>
Total - General Obligation Bonds				<u>\$ 49,150,000</u>	<u>\$ 39,975,000</u>

Annual debt service requirements to maturity for these issues are as follows:

Year Ending December 31,	G.O. Improvement Bonds			Tax Increment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 1,130,000	\$ 63,590	\$ 1,193,590	\$ 2,280,000	\$ 1,580,828	\$ 3,860,828
2016	990,000	41,047	1,031,047	1,680,000	1,523,600	3,203,600
2017	195,000	26,228	221,228	1,685,000	1,463,766	3,148,766
2018	195,000	20,998	215,998	1,545,000	1,403,103	2,948,103
2019	195,000	15,269	210,269	1,580,000	1,339,760	2,919,760
2020-2024	430,000	19,596	449,596	8,460,000	5,631,320	14,091,320
2025-2029	-	-	-	10,510,000	3,423,800	13,933,800
2030-2034	-	-	-	9,100,000	779,297	9,879,297
Total	<u>\$ 3,135,000</u>	<u>\$ 186,728</u>	<u>\$ 3,321,728</u>	<u>\$ 36,840,000</u>	<u>\$ 17,145,474</u>	<u>\$ 53,985,474</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term debt (Continued)

Changes in long-term liabilities

	Balance 01/01/14	Additions	Deletions	Balance 12/31/14	Due Within One Year
Governmental activities:					
Bonded Debt:					
G.O. Improvement bonds	\$ 4,405,000	\$ -	\$ 1,270,000	\$ 3,135,000	\$1,130,000
Tax increment bonds	38,850,000	-	2,010,000	36,840,000	2,280,000
Total bonds payable	43,255,000	-	3,280,000	39,975,000	3,410,000
Compensated Absences	853,294	507,885	470,514	890,665	516,788
Pollution remediation obligation	3,554,000	58,000	2,080,000	1,532,000	64,000
Total government activity long-term liabilities	<u>\$47,662,294</u>	<u>\$565,885</u>	<u>\$ 5,830,514</u>	<u>\$42,397,665</u>	<u>\$3,990,788</u>
Business-type activities:					
Compensated absences	\$ 158,971	\$ 99,555	\$ 88,379	\$ 170,147	\$ 132,277
Total business-type activity long-term liabilities	<u>\$ 158,971</u>	<u>\$ 99,555</u>	<u>\$ 88,379</u>	<u>\$ 170,147</u>	<u>\$ 132,277</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities totaling \$890,665 for compensated absences are included as part of the totals for governmental activities. For governmental activities, other post-employment benefits are liquidated through the general fund and compensated absences payments are paid from the compensated absences internal service fund.

Pollution remediation liability

One of the City's goals for the New Brighton Exchange redevelopment project (formerly known as Northwest Quadrant Redevelopment), located at the northwest quadrant of Interstate Highways 694 and 35W, is to voluntarily clean up environmental contamination from former industries. Old Highway 8 runs north and south through the redevelopment area splitting it into two projects, the West Side and the East Side.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-term Debt (Continued)

Pollution remediation liability (Continued)

Contamination in the West Side was caused by land owners and operators of a refinery, industrial solvent recycling, and gas station with leaking underground storage tanks. Contaminated soils were removed down to the water table and taken to an approved landfill. Currently, only a portion of the northern point of the project area remains contaminated due to the refinery. Ashland Oil is the Responsible Party and is conducting the remediation under the oversight of the Minnesota Pollution Control Agency (MPCA). Ashland is responsible for the costs involved in the remediation of the site. The estimated liability related to this portion of the liability is not determinable.

On the East Side, a private dump operated on 20 acres. Low lying wetlands and depressions were filled in with construction and household debris. Organic material continues to decompose, emitting gases. The western edge of the dump material has been removed and consolidated. A special membrane has been laid over the dump materials to collect the gases. Venting has been installed along the perimeter of the new buildings to intercept residual gases; gas collection and venting systems will also be required beneath building structures.

The MPCA has already approved some of our detailed remediation plans and is in the process of approving others. An environmental consultant has been used to assist the City in the preparation of these plans and the various studies that support them. The future estimated costs for further remediation and monitoring, as prepared by the environmental consultant, include \$145,000 for continued monitoring and environmental cleanup on the West Side and \$1,387,000 for future dump closure monitoring on the East Side. These amounts are estimates and are subject to changes due to requirements of the MPCA, proposed development, technology and bidding climate. There are no estimated recoveries anticipated to reduce these liabilities. The pollution remediation liability is liquidated through the tax increment districts fund.

G. Conduit debt obligations

From time-to-time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Conduit debt obligations (Continued)

As of December 31, 2014, the following series of Industrial Revenue Bonds were outstanding:

<u>Project Name</u>	<u>Bonds Issued</u>	<u>Original Principal</u>	<u>12/31/14 Principal</u>	<u>Maturity Date</u>
Golden Pond	07/18/02	\$ 3,120,000	\$ 3,120,000	07/15/32

H. Operating leases

The City leases space above its water towers to several communication companies. The space is used for antennas and other equipment necessary to provide radio communications. Lease terms are as follows:

<u>Location</u>	<u>Lessee</u>	<u>2014 Amount</u>	<u>Annual Lease Adjustment Factor*</u>	<u>Renewal Options</u>
600 5th Street SW	Sirius Satellite Radio	\$ 24,137	Greater of CPI or 4%	3 5-year terms
660 5th Street SW	New Cingular Wireless	29,120	Greater of CPI or 4%	3 5-year terms
660 5th Street SW	Verizon (Airtouch)	31,168	3%	4 5-year terms
660 5th Street SW	Sprint/Nextel	22,287	Greater of CPI or 4%	3 5-year terms
660 5th Street SW	TTM Operating Corp.	5,615	Greater of CPI or 4%	3 5-year terms
660 5th Street SW	Clearwire Communications	23,397	Greater of CPI or 4%	3 5-year terms
675 Forestdale Road	T-Mobile	22,563	Greater of CPI or 4%	3 5-year terms
700 Silver Lake Road	Nextel	21,427	Greater of CPI or 4%	3 5-year terms
700 Silver Lake Road	Verizon (US West)	28,685	Greater of CPI or 4%	3 5-year terms
700 Silver Lake Road	TTM Operating Corp.	5,615	Greater of CPI or 4%	3 5-year terms
2121 14th Street NW	Clearwire Communications	20,443	Greater of CPI or 4%	3 5-year terms
2123 Old Highway 8	Clear Channel	1,000	Greater of CPI or 4%	4 5-year terms
2400 Mississippi Street	Crown Castle	13,788	Greater of CPI or 4%	3 5-year terms
2400 Mississippi Street	New Cingular Wireless	20,440	Greater of CPI or 4%	3 5-year terms

* Amounts for future lease receipts are unavailable because they are based on the Consumer Price Index.

CITY OF NEW BRIGHTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

I. Fund balance

1. Classifications

At December 31, 2014, a summary of the governmental fund balance classifications are as follows:

	General Fund	Municipal Development	Tax Increments Districts	G.O. Improvement Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ 8,117	\$ -	\$ 58,269	\$ -	\$ -	\$ 66,386
Total nonspendable	8,117	-	58,269	-	-	66,386
Restricted for:						
Park dedication	-	-	-	-	632,478	632,478
Public safety	67,321	-	-	-	-	67,321
Debt service	-	-	-	1,175,936	-	1,175,936
Total restricted	67,321	-	-	1,175,936	632,478	1,875,735
Committed to:						
Municipal development	-	21,401,116	-	-	-	21,401,116
Debt Service	-	-	-	-	3,637,918	3,637,918
Public safety	46,701	-	-	-	-	46,701
Total committed	46,701	21,401,116	-	-	3,637,918	25,085,735
Assigned to:						
Community reinvestment	-	-	-	-	3,747,834	3,747,834
Public safety	14,614	-	-	-	-	14,614
Park improvements	-	-	-	-	27,257	27,257
Capital projects	82,655	-	-	-	313,538	396,193
Total assigned	97,269	-	-	-	4,088,629	4,185,898
Unassigned	6,223,393	-	(3,721,396)	-	(1,421,225)	1,080,772
Total Fund Balance	\$ 6,442,801	\$ 21,401,116	\$ (3,663,127)	\$ 1,175,936	\$ 6,937,800	\$ 32,294,526

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

J. Change in accounting principle

For the year ended December 31, 2014 the City changed its CAFR presentation by reclassifying several funds for better presentation purposes. These changes are as follows:

		2013 Ending Fund Balance/ Net Position	2014 Beginning Fund Balance/ Net Position
General fund	Major general fund		\$ 6,300,049
Operating grants	Major general fund	\$ -	\$ -
Special revenue projects	Major general fund	\$ 220,968	\$ -
General fund	Major general fund	\$ 6,079,081	\$ -
G.O. Improvement bonds	Major debt service		\$ 1,325,485
2007A Improvement bonds	Nonmajor debt service	\$ 42,730	\$ -
2009A Improvement bonds	Nonmajor debt service	\$ 37,850	\$ -
2010A Improvement bonds	Nonmajor debt service	\$ 810,742	\$ -
2011A Improvement bonds	Nonmajor debt service	\$ 213,755	\$ -
2012A Improvement bonds	Nonmajor debt service	\$ 220,408	\$ -
Tax increment bonds	Major debt service		\$ -
2006A Tax increment bonds	Nonmajor debt service	\$ -	\$ -
2007B Tax increment bonds	Nonmajor debt service	\$ -	\$ -
2009A Tax increment bonds	Nonmajor debt service	\$ -	\$ -
2009B Taxable tax increment bonds	Nonmajor debt service	\$ -	\$ -
2011A Tax increment bonds	Nonmajor debt service	\$ -	\$ -
2011B Taxable tax increment bonds	Nonmajor debt service	\$ -	\$ -
2012A Tax increment bonds	Nonmajor debt service	\$ -	\$ -
2012B Taxable tax increment bonds	Nonmajor debt service	\$ -	\$ -

CITY OF NEW BRIGHTON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

J. Change in accounting principle (Continued)

		2013 Ending Fund Balance/ Net Position	2014 Beginning Fund Balance/ Net Position
Tax increment districts	Major capital projects		\$ 7,660,020
Tax increment district #31	Major capital projects	\$ 2,654,009	\$ -
Tax increment district #31A	Major capital projects	\$ (1,015,255)	\$ -
Tax increment district #32	Major capital projects	\$ 8,054,592	\$ -
Tax increment district #32A	Major capital projects	\$ (2,354,407)	\$ -
Tax increment district #12	Nonmajor capital projects	\$ 407,043	\$ -
Tax increment district #14	Nonmajor capital projects	\$ 296,474	\$ -
Tax increment district #15	Nonmajor capital projects	\$ 397,577	\$ -
Tax increment district #16	Nonmajor capital projects	\$ 51,339	\$ -
Tax increment district #17	Nonmajor capital projects	\$ 37,263	\$ -
Tax increment district #18	Nonmajor capital projects	\$ 535,752	\$ -
Tax increment district #20	Nonmajor capital projects	\$ 213,015	\$ -
Tax increment district #23	Nonmajor capital projects	\$ (69,669)	\$ -
Tax increment district #25	Nonmajor capital projects	\$ (838,202)	\$ -
Tax increment district #26	Nonmajor capital projects	\$ 695,305	\$ -
Tax increment district #27	Nonmajor capital projects	\$ (219,204)	\$ -
Tax increment district #28	Nonmajor capital projects	\$ 260,459	\$ -
Tax increment district #29	Nonmajor capital projects	\$ (125,419)	\$ -
Tax increment district #30	Nonmajor capital projects	\$ (1,008,718)	\$ -
Tax increment district #33	Nonmajor capital projects	\$ (311,934)	\$ -
Water utility	Business-type enterprise fund		\$ 6,555,928
Water improvements	Nonmajor capital projects	\$ 108,884	\$ -
Water utility	Business-type enterprise fund	\$ 6,447,044	\$ -
Sewer utility	Business-type enterprise fund		\$ 2,814,803
Sewer improvements	Nonmajor capital projects	\$ 533,520	\$ -
Sewer utility	Business-type enterprise fund	\$ 2,281,283	\$ -
Stormwater management utility	Business-type enterprise fund		\$ 3,406,591
Stormwater improvements	Nonmajor capital projects	\$ (318,522)	\$ -
Stormwater management utility	Business-type enterprise fund	\$ 3,725,113	\$ -

NOTE 4 OTHER INFORMATION

A. Employee retirement systems and pension plans

1. Defined benefit pension plans – statewide employees plan

a. Plan Description

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

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by social security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF and GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced social security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

NOTE 4 OTHER INFORMATION (Continued)

A. Employee retirement systems and pension plans (Continued)

1. Defined benefit pension plans – statewide employees plan (Continued)

a. Plan Description (Continued)

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active Plan participants.

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

b. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by State Statutes. GERP Basic Plan and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. The DCP members were required to contribute 5.0% of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan PERF members, 15.3% for PEPFF members and 5.0% for DCP members. The City's contributions to PERF for the years ending December 31, 2014, 2013, and 2012 were \$302,032, \$293,638, and \$287,726 respectively. The City's contributions to PEPFF for the years ending December 31, 2014, 2013, and 2012 were \$373,455, \$334,729, and \$334,963 respectively. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the PEPFF (10.8% for members and 16.2% for employers).

NOTE 4 OTHER INFORMATION (Continued)

A. Employee retirement systems and pension plans (Continued)

2. Defined Contribution Plan

a. Plan description

Two council members of the City of New Brighton are covered by the defined contribution pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Defined Contribution Plan (PEDCP), which is a multi-employer deferred compensation plan.

b. Funding policy

The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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

For salaried employees contributions must be a fixed percentage of salary. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the six accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and four-tenths of one percent of the assets in each member's account annually. The City's contributions to the Defined Contribution Plan for the years ending December 31, 2014, 2013, and 2012 were \$671, \$350 and \$350 respectively. These amounts are equal to the contractually required contributions for each year as set by state statute.

3. Single employer defined benefit pension plan – volunteer fire relief association

a. Plan Description

The New Brighton Firefighters' Relief Association (the "Association") is the administrator of a single-employer Public Employee Retirement System (PERS) established to provide benefits for members of the New Brighton Fire Department. Nonemployer contributions include the City of New Brighton and the State of Minnesota.

NOTE 4 OTHER INFORMATION (Continued)

A. Employee retirement systems and pension plans (Continued)

3. Single employer defined benefit pension plan – volunteer fire relief association (Continued)

b. Plan Description (Continued)

The Association provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established in accordance with *Minnesota Statutes*, and vest after 10 years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Association within the parameters provided by *Minnesota Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the City of New Brighton, 803 Old Highway 8 NW, New Brighton, Minnesota 55112.

c. Funding Policy

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10 year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

Contributions totaling \$116,465 (\$0 City of New Brighton and \$116,465 State of Minnesota) were made in accordance with contribution requirements determined by an actuarial valuation of the Plan as of December 31, 2014. These contributions were entirely for normal service cost and are included as revenues and expenses in the City's financial statements.

NOTE 4 OTHER INFORMATION (Continued)

A. Employee retirement systems and pension plans (Continued)

3. Single employer defined benefit pension plan – volunteer fire relief association (Continued)

c. Funding Policy (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2014
Actuarial cost method	Entry Age Normal
Amortization method	Level annual dollar closed
Remaining amortization period:	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	N/A
Includes inflation at	N/A
Cost of living adjustments	None
Age of service retirement	50
Post retirement benefit increases	None

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Excess of/ (Unfunded) Accrued Liability	Funded Ratio
12/31/08	\$ 1,923,307	\$ 2,472,137	\$ (548,830)	77.8%
12/31/09	2,460,679	2,630,241	(169,562)	93.6%
12/31/10	2,744,808	2,632,205	112,603	104.3%
12/31/11	2,848,076	2,811,406	36,670	101.3%
12/31/12	3,025,547	2,735,071	290,476	110.6%
12/31/13	3,827,671	2,941,847	885,824	130.1%
12/31/14	3,832,700	2,924,451	908,249	131.1%

Updates of the actuarial valuation are required every two years.

Covered payroll is not an actuarial factor in determining benefits or funding obligations under applicable Minnesota statutes.

NOTE 4 OTHER INFORMATION (Continued)

B. Risk management

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

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 has a \$50,000 deductible. The City's workers' compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Comprehensive general liability, comprehensive automotive liability, and property/casualty insurance are provided through a pooled self-insurance program through the LMCIT up to the maximum of \$2,000,000. 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 the risk of the first \$50,000 of each occurrence with an annual maximum exposure of \$200,000. These amounts are considered immaterial to the financial statements.

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

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

C. Deferred ad valorem tax levies – bonded debt

General Obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2014.

NOTE 4 OTHER INFORMATION (Continued)

D. Other post-employment benefits

In 2008, the City of New Brighton implemented the requirement of a new accounting pronouncement, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. An actuarial valuation was calculated to determine the City's annual required contribution (ARC) liability. The City has only the implicit rate subsidy OPEB and, historically, retirees reaching the age of 65 do not stay on the plan. The ARC liability calculated was determined to be immaterial for 2014. Therefore, no liability for other post-employment benefits has been recorded in the financial statements.

NOTE 5 - GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning new pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014.

NOTE 6 - SUBSEQUENT EVENTS

A. Army Settlement

On January 27, 2015 the City of New Brighton reached an agreement with the United States Army and the United States Department of Justice under which the federal government will continue to pay New Brighton's costs for operating its water treatment facility for the next thirty years. The new agreement continues and reinforces the 1988 settlement of the City's lawsuit against the Army. Under the new Supplemental Litigation Settlement Agreement, the federal government will pay a minimum of \$59.4 million to New Brighton to cover the City's expected costs for the next 30 years for owning and operating its water treatment facility. New Brighton and the federal government will negotiate a new funding agreement beyond that period, if conditions require continued treatment of the water supply.

NOTE 6 - SUBSEQUENT EVENTS (Continued)

B. Advance Crossover Refunding

On February 24, 2015, the City issued \$17,385,000 of G.O. Tax Increment Refunding Bonds with an interest rate of 2.6784%. The proceeds will be used to refund \$18,140,000 of outstanding G.O. Tax Increment Bonds, series 2006A which had interest rates of 4.25% to 5.00%. The net proceeds were deposited into a Crossover Escrow Fund with an escrow agent to provide payment of the principal maturities and interest of the refunded bonds on the call date of February 1, 2017. The refunding resulted in a net present value savings of \$2,084,024.

C. New G.O. Improvement Debt

On February 24, 2015 the City issued \$1,695,000 of G.O. Improvement Bonds, series 2015A with an interest rate of 2.2732%. The proceeds will be used to finance the 2013, 2014, and 2015 street improvement reconstruction projects.

D. Redemption of Debt

On April 3, 2015, the City called for the prepayment and redemption of the 2007A and 2009A G.O. Improvement Bonds. The 2007A G.O. Improvement Bonds had a principal balance outstanding of \$215,000 and the 2009 G.O. Improvement Bonds had a principal balance outstanding of \$235,000. Interest rates which remained on these bonds varied from 3% to 4.25%.

NOTE 7 – SPECIAL ITEM

As part of the sale of the redevelopment land held in the New Brighton Exchange the City acquired five parcels of land with a market value of \$2,543,600 to be kept for future park/pond open space.



NONMAJOR GOVERNMENTAL FUNDS

Community Reinvestment - Accounts for funds which the City has dedicated to the community improvements.

Closed Bond Fund - Accumulates the residual from bond issues which is used to pay debt.

Capital Projects - Accounts for construction which is financed by nonbond sources.

Street Improvements - Accounts for street improvement projects to be financed by a future bond issue.

Park Improvements - Accounts for capital projects in the municipal parks.

CITY ON NEW BRIGHTON, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2014

	Capital Project		
	Community Reinvestment	Closed Bond Fund	Capital Projects
Assets:			
Cash and investments	\$ 3,178,915	\$ 2,296,855	\$ 349,082
Accrued interest receivable	12,490	524	-
Due from other governmental units	2,182	-	8,436
Interfund receivable	554,247	1,343,142	-
Taxes receivable:			
Delinquent	9,533	-	-
Due from county	-	3,731	-
Special assessments receivable:			
Delinquent	-	143	-
Deferred	-	16,990	-
Due from county	-	644	-
Total assets	<u>\$ 3,757,367</u>	<u>\$ 3,662,029</u>	<u>\$ 357,518</u>
Liabilities			
Accounts payable	\$ -	\$ 92	\$ 5,946
Special assessments payable	-	6,886	-
Interfund payable	-	-	-
Contracts payable	-	-	29,598
Unearned revenue	-	-	8,436
Total liabilities	<u>-</u>	<u>6,978</u>	<u>43,980</u>
Deferred inflows of resources			
Unavailable revenue - delinquent taxes	9,533	-	-
Unavailable revenue - special assessments not yet due	-	17,133	-
Total deferred inflows of resources	<u>9,533</u>	<u>17,133</u>	<u>-</u>
Fund Balance:			
Restricted	-	-	-
Committed	-	3,637,918	-
Assigned	3,747,834	-	313,538
Unassigned	-	-	-
Total fund balance	<u>3,747,834</u>	<u>3,637,918</u>	<u>313,538</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,757,367</u>	<u>\$ 3,662,029</u>	<u>\$ 357,518</u>

Capital Project		
Street Improvements	Park Improvements	Total
\$ -	\$ 660,311	\$ 6,485,163
-	-	13,014
-	-	10,618
-	-	1,897,389
-	-	9,533
-	-	3,731
-	-	143
-	-	16,990
-	-	644
<u>\$ -</u>	<u>\$ 660,311</u>	<u>\$ 8,437,225</u>
\$ 63,579	\$ 576	\$ 70,193
-	-	6,886
1,343,142	-	1,343,142
14,504	-	44,102
-	-	8,436
<u>1,421,225</u>	<u>576</u>	<u>1,472,759</u>
-	-	9,533
-	-	17,133
-	-	26,666
-	632,478	632,478
-	-	3,637,918
-	27,257	4,088,629
(1,421,225)	-	(1,421,225)
<u>(1,421,225)</u>	<u>659,735</u>	<u>6,937,800</u>
<u>\$ -</u>	<u>\$ 660,311</u>	<u>\$ 8,437,225</u>

CITY OF NEW BRIGHTON, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2014

	Capital Project		
	Community Reinvestment	Closed Bond Fund	Capital Projects
Revenues:			
General property taxes:			
Current and delinquent	\$ 213,371	\$ -	\$ -
Intergovernmental	-	-	764,321
Charges for services	-	-	193
Special assessments:			
Current and delinquent	-	10,292	-
Prepayments	-	3,849	-
Penalties and interest	-	20,336	-
Investment income:			
Interest on investments	35,875	33,938	4,813
Change in fair value of investments	147,597	139,798	19,383
Interest on interfund loan	8,453	-	-
Refunds and reimbursements		1,192	28,676
Other:			
Donations	-	-	-
Park dedication charge	-	-	-
Total revenues	<u>405,296</u>	<u>209,405</u>	<u>817,386</u>
Expenditures			
Current:			
General government	-	1,756	-
Public works	-	-	70,606
Capital outlay:			
Public works	-	-	395,111
Total expenditures	<u>-</u>	<u>1,756</u>	<u>465,717</u>
Excess deficiency of revenues over (under) expenditures	<u>405,296</u>	<u>207,649</u>	<u>351,669</u>
Other financing sources (uses)			
Transfer in	46,200	114,200	-
Transfer out	(592,264)	(13,696)	(108,000)
Sale of land or capital assets	-	-	-
Total other financing sources (uses)	<u>(546,064)</u>	<u>100,504</u>	<u>(108,000)</u>
Net increase (decrease) in fund balance	(140,768)	308,153	243,669
Fund balance (deficit) - January 1	<u>3,888,602</u>	<u>3,329,765</u>	<u>69,869</u>
Fund balance (deficit) - December 31	<u>\$ 3,747,834</u>	<u>\$ 3,637,918</u>	<u>\$ 313,538</u>

<u>Capital Project</u>		
<u>Street Improvements</u>	<u>Park Improvements</u>	<u>Total</u>
\$ -	\$ -	\$ 213,371
-	-	764,321
-	-	193
-	-	10,292
87,148	-	90,997
-	-	20,336
(6,043)	5,313	73,896
(27,623)	21,900	301,055
-	-	8,453
-	-	29,868
-	1,846	1,846
-	249,359	249,359
<u>53,482</u>	<u>278,418</u>	<u>1,763,987</u>
-	-	1,756
198,207	-	268,813
804,546	-	1,199,657
<u>1,002,753</u>	<u>-</u>	<u>1,470,226</u>
<u>(949,271)</u>	<u>278,418</u>	<u>293,761</u>
-	-	160,400
-	(89,200)	(803,160)
54,653	-	54,653
<u>54,653</u>	<u>(89,200)</u>	<u>(588,107)</u>
(894,618)	189,218	(294,346)
<u>(526,607)</u>	<u>470,517</u>	<u>7,232,146</u>
<u>\$ (1,421,225)</u>	<u>\$ 659,735</u>	<u>\$ 6,937,800</u>



INTERNAL SERVICE FUNDS

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

Risk Management Fund - This fund is used to account for liability and workers' compensation insurance programs related to the ongoing operations.

Compensated Absences Fund - This fund is used to account for payment of unused vacation, severance and compensatory time, and allocation of such costs to respective departments.

Fleet Replacement Fund – This fund is used to account for the replacement of the City's fleet including all vehicles and heavy equipment that have a value of \$ 5,000 or more and a useful life of at least two years.

Non-Fleet Replacement Fund – This fund is used to account for the replacement of nonfleet capital items including miscellaneous equipment and furnishings that have a value of \$ 5,000 or more and a useful life of at least two years.

Information Technology Fund – This fund is used to account for the operations of the city-wide computer network system and the replacement of capital items such as computers, copiers, printers, and various technology related items that have a value of \$ 5,000 or more and a useful life of at least two years.

Payment Management Fund – This fund is used to account for the replacement of parking lots, trails and hard courts that have a value of \$ 5,000 or more and a useful life of at least two years.

CITY OF NEW BRIGHTON, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
For The Year Ended December 31, 2014

Statement 14

	<u>Risk Management</u>	<u>Compensated Absences</u>	<u>Fleet Replacement</u>	<u>Non-Fleet Replacement</u>	<u>Information Technology</u>	<u>Pavement Management</u>	<u>Total</u>
Assets:							
Current assets:							
Cash and investments	\$ 1,369,389	\$ 907,068	\$ 6,133,492	\$ 4,582,758	\$ 1,523,291	\$ 794,402	\$ 15,310,400
Accounts receivable	-	-	1,055	-	-	-	1,055
Total current assets	<u>1,369,389</u>	<u>907,068</u>	<u>6,134,547</u>	<u>4,582,758</u>	<u>1,523,291</u>	<u>794,402</u>	<u>15,311,455</u>
Noncurrent assets:							
Capital assets:							
Buildings	-	-	-	613,475	-	-	613,475
Equipment	-	-	6,323,030	1,549,287	1,311,913	-	9,184,230
Other improvements	-	-	-	306,573	89,913	626,287	1,022,773
Construction in progress	-	-	59,295	443,420	28,443	-	531,158
Less: allowance for depreciation	-	-	(3,492,329)	(1,065,597)	(1,013,444)	(49,904)	(5,621,274)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>2,889,996</u>	<u>1,847,158</u>	<u>416,825</u>	<u>576,383</u>	<u>5,730,362</u>
Total assets	<u>\$ 1,369,389</u>	<u>\$ 907,068</u>	<u>\$ 9,024,543</u>	<u>\$ 6,429,916</u>	<u>\$ 1,940,116</u>	<u>\$ 1,370,785</u>	<u>\$ 21,041,817</u>
Liabilities:							
Current liabilities:							
Accounts payable	\$ 5,644	\$ 2,283	\$ 126,803	\$ 434,664	\$ 76,163	\$ 1,668	\$ 647,225
Salaries payable	372	-	-	-	4,108	-	4,480
Due to other governmental units	-	-	-	634	508	-	1,142
Compensated absences - current	-	516,788	-	-	-	-	516,788
Total current liabilities	<u>6,016</u>	<u>519,071</u>	<u>126,803</u>	<u>435,298</u>	<u>80,779</u>	<u>1,668</u>	<u>1,169,635</u>
Noncurrent liabilities:							
Compensated absences - noncurrent	-	373,877	-	-	-	-	373,877
Total liabilities	<u>6,016</u>	<u>892,948</u>	<u>126,803</u>	<u>435,298</u>	<u>80,779</u>	<u>1,668</u>	<u>1,543,512</u>
Net Position:							
Investment in capital assets	-	-	2,889,996	1,847,158	416,825	576,383	5,730,362
Unrestricted	1,363,373	14,120	6,007,744	4,147,460	1,442,512	792,734	13,767,943
Total net position	<u>\$ 1,363,373</u>	<u>\$ 14,120</u>	<u>\$ 8,897,740</u>	<u>\$ 5,994,618</u>	<u>\$ 1,859,337</u>	<u>\$ 1,369,117</u>	<u>\$ 19,498,305</u>

CITY OF NEW BRIGHTON, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUE,
EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2014

Statement 15

	<u>Risk Management</u>	<u>Compensated Absences</u>	<u>Fleet Replacement</u>	<u>Non-Fleet Replacement</u>	<u>Information Technology</u>	<u>Pavement Management</u>	<u>Total</u>
Operating revenue:							
Customer charges	\$ 473,300	\$ 92,482	\$ 407,899	\$ 382,100	\$ 514,700	\$ 104,400	\$ 1,974,881
Total operating revenues	<u>473,300</u>	<u>92,482</u>	<u>407,899</u>	<u>382,100</u>	<u>514,700</u>	<u>104,400</u>	<u>1,974,881</u>
Operating expenses:							
Personnel services	13,271	115,008	-	-	154,226	-	282,505
Materials and supplies	-	-	-	19,309	29,697	-	49,006
Contractual services	568,018	-	-	-	176,837	-	744,855
Professional services	-	-	6,627	-	60,977	13,247	80,851
Depreciation	-	-	377,107	136,215	108,815	20,431	642,568
Total operating expenses	<u>581,289</u>	<u>115,008</u>	<u>383,734</u>	<u>155,524</u>	<u>530,552</u>	<u>33,678</u>	<u>1,799,785</u>
Operating income (loss)	<u>(107,989)</u>	<u>(22,526)</u>	<u>24,165</u>	<u>226,576</u>	<u>(15,852)</u>	<u>70,722</u>	<u>175,096</u>
Nonoperating revenues (expenses):							
Investment income:							
Interest on investments	11,757	8,133	58,511	40,953	14,486	7,163	141,003
Change in fair value of investments	47,971	33,450	240,316	168,925	59,449	29,560	579,671
School district grant	-	-	9,000	-	1,500	-	10,500
Gain (loss) on disposal of capital assets	-	-	24,243	(164)	(2,450)	-	21,629
Refunds and reimbursements	61,945	-	-	-	6,000	-	67,945
Other	3,000	-	-	-	-	-	3,000
Total nonoperating revenues (expenses)	<u>124,673</u>	<u>41,583</u>	<u>332,070</u>	<u>209,714</u>	<u>78,985</u>	<u>36,723</u>	<u>823,748</u>
Income (loss) before capital contributions and transfers	<u>16,684</u>	<u>19,057</u>	<u>356,235</u>	<u>436,290</u>	<u>63,133</u>	<u>107,445</u>	<u>998,844</u>
Capital contributions	-	-	-	13,534	-	-	13,534
Transfers in	-	-	161,421	356,979	-	50,000	568,400
Change in net position	16,684	19,057	517,656	806,803	63,133	157,445	1,580,778
Net position - January 1	<u>1,346,689</u>	<u>(4,937)</u>	<u>8,380,084</u>	<u>5,187,815</u>	<u>1,796,204</u>	<u>1,211,672</u>	<u>17,917,527</u>
Net position - December 31	<u>\$ 1,363,373</u>	<u>\$ 14,120</u>	<u>\$ 8,897,740</u>	<u>\$ 5,994,618</u>	<u>\$ 1,859,337</u>	<u>\$ 1,369,117</u>	<u>\$ 19,498,305</u>

CITY OF NEW BRIGHTON, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2014

	<u>Risk Management</u>	<u>Compensated Absences</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 473,300	\$ 92,482
Payments to employees	(13,228)	(77,636)
Payments to suppliers for goods and services	(569,275)	-
Net cash provided (used) by operating activities	<u>(109,203)</u>	<u>14,846</u>
Cash flows from noncapital financing activities:		
Refunds and reimbursements	<u>61,945</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	-	-
Transfers	-	-
Proceeds from sale of capital assets	-	-
Contributions and donations	<u>3,000</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>3,000</u>	<u>-</u>
Cash flows from investing activities:		
Investment income:		
Interest on investments	12,342	8,506
Change in fair value of investments	<u>47,971</u>	<u>33,450</u>
Net cash provided (used) by investing activities	<u>60,313</u>	<u>41,956</u>
Net increase in cash and cash equivalents	16,055	56,802
Cash and cash equivalents - January 1	<u>1,353,334</u>	<u>850,266</u>
Cash and cash equivalents - December 31	<u>\$ 1,369,389</u>	<u>\$ 907,068</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (107,989)	\$ (22,526)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation	-	-
Changes in assets and liabilities:		
Decrease (increase) in receivables	-	-
Increase (decrease) in payables	<u>(1,214)</u>	<u>37,372</u>
Total adjustments	<u>(1,214)</u>	<u>37,372</u>
Net cash provided (used) by operating activities	<u>\$ (109,203)</u>	<u>\$ 14,846</u>
Noncash investing, capital and financing activities:		
Capital Contributions	\$ -	\$ -

Fleet Replacement	Non-Fleet Replacement	Information Technology	Pavement Management	Total
\$ 406,844	\$ 382,100	\$ 514,700	\$ 104,400	\$ 1,973,826
-	-	(153,204)	-	(244,068)
(6,627)	403,671	(205,663)	(13,247)	(391,141)
<u>400,217</u>	<u>785,771</u>	<u>155,833</u>	<u>91,153</u>	<u>1,338,617</u>
-	-	-	-	61,945
(514,607)	(675,067)	(141,976)	(21,506)	(1,353,156)
161,421	356,979	-	50,000	568,400
113,184	1,500	-	-	114,684
9,000	-	7,500	-	19,500
<u>(231,002)</u>	<u>(316,588)</u>	<u>(134,476)</u>	<u>28,494</u>	<u>(650,572)</u>
61,405	43,187	15,200	7,550	148,190
240,316	168,925	59,449	29,560	579,671
<u>301,721</u>	<u>212,112</u>	<u>74,649</u>	<u>37,110</u>	<u>727,861</u>
470,936	681,295	96,006	156,757	1,477,851
<u>5,662,556</u>	<u>3,901,463</u>	<u>1,427,285</u>	<u>637,645</u>	<u>13,832,549</u>
<u>\$ 6,133,492</u>	<u>\$ 4,582,758</u>	<u>\$ 1,523,291</u>	<u>\$ 794,402</u>	<u>\$ 15,310,400</u>
\$ 24,165	\$ 226,576	\$ (15,852)	\$ 70,722	\$ 175,096
377,107	136,215	108,815	20,431	642,568
(1,055)	-	-	-	(1,055)
-	422,980	62,870	-	522,008
<u>376,052</u>	<u>559,195</u>	<u>171,685</u>	<u>20,431</u>	<u>1,163,521</u>
<u>\$ 400,217</u>	<u>\$ 785,771</u>	<u>\$ 155,833</u>	<u>\$ 91,153</u>	<u>\$ 1,338,617</u>
\$ -	\$ 13,534	\$ -	\$ -	\$ 13,534



AGENCY FUNDS

Agency Funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City of New Brighton has the following Agency Funds:

Hazardous Materials Program - Accounts for a joint powers hazardous materials response team. Members of the response team are the cities of New Brighton and Roseville and the Lake Johanna Fire Department.

CITY OF NEW BRIGHTON, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2014

Statement 17

	<u>Balance</u> 1/1/2014	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> 12/31/2014
Hazardous Materials Program Fund:				
Assets				
Cash and investments with trust agent	\$ -	\$ 29,624	\$ 14,582	\$ 15,042
Due from other governmental units	<u>22,428</u>	<u>878</u>	<u>22,428</u>	<u>878</u>
Total assets	<u>\$ 22,428</u>	<u>\$ 30,502</u>	<u>\$ 37,010</u>	<u>\$ 15,920</u>
Liabilities				
Accounts payable	\$ 1,282	\$ 151	\$ 1,136	\$ 297
Due to other governmental units	<u>21,146</u>	<u>1,462</u>	<u>6,985</u>	<u>15,623</u>
Total liabilities	<u>\$ 22,428</u>	<u>\$ 1,613</u>	<u>\$ 8,121</u>	<u>\$ 15,920</u>

**SUPPLEMENTARY
FINANCIAL
INFORMATION**

CITY OF NEW BRIGHTON, MINNESOTA
TAX INCREMENT FINANCING CAPITAL PROJECT FUNDS
SUBCOMBINING BALANCE SHEET
December 31, 2014

	Tax Increment District 16	Tax Increment District 17	Tax Increment District 18
Assets:			
Cash and investments	\$ 37,357	\$ 77,067	\$ 472,390
Accrued interest receivable	-	309	-
Due from other governmental units	-	-	-
Taxes receivable:			
Delinquent	-	17,061	15,716
Due from county	-	-	1,245
Assets held for resale	-	-	-
Prepaid expenses	-	-	-
Total assets	\$ 37,357	\$ 94,437	\$ 489,351
Liabilities:			
Accounts payable	\$ 861	\$ 734	\$ 4,025
Due to other governmental units	-	-	-
Interfund loans payable	-	-	-
Total Liabilities	861	734	4,025
Deferred inflows of resources:			
Unavailable revenue - delinquent taxes	-	17,061	15,716
Fund balance (deficit):			
Nonspendable	-	-	-
Restricted	36,496	76,642	469,610
Unassigned	-	-	-
Total fund balance (deficit)	36,496	76,642	469,610
Total liabilities, deferred inflows of resources and fund balances	\$ 37,357	\$ 94,437	\$ 489,351

Tax Increment District 20	Tax Increment District 23	Tax Increment District 25	Tax Increment District 26	Tax Increment District 27	Tax Increment District 28
\$ 196,939	\$ 1,657	\$ (3,187)	\$ 702,826	\$ (13,781)	\$ 291,617
4,088	51	-	-	-	-
-	-	-	-	-	-
43,216	-	60,913	1,623	-	1,124
-	-	48,694	2,712	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 244,243</u>	<u>\$ 1,708</u>	<u>\$ 106,420</u>	<u>\$ 707,161</u>	<u>\$ (13,781)</u>	<u>\$ 292,741</u>
\$ 851	\$ 699	\$ 798	\$ 3,763	\$ 810	\$ 2,324
-	-	-	-	-	-
-	59,871	855,056	-	191,506	-
<u>851</u>	<u>60,570</u>	<u>855,854</u>	<u>3,763</u>	<u>192,316</u>	<u>2,324</u>
43,216	-	60,913	1,623	-	1,124
-	-	-	-	-	-
200,176	-	-	701,775	-	289,293
-	(58,862)	(810,347)	-	(206,097)	-
<u>200,176</u>	<u>(58,862)</u>	<u>(810,347)</u>	<u>701,775</u>	<u>(206,097)</u>	<u>289,293</u>
<u>\$ 244,243</u>	<u>\$ 1,708</u>	<u>\$ 106,420</u>	<u>\$ 707,161</u>	<u>\$ (13,781)</u>	<u>\$ 292,741</u>

CITY OF NEW BRIGHTON, MINNESOTA
TAX INCREMENT FINANCING CAPITAL PROJECT FUNDS
SUBCOMBINING BALANCE SHEET
December 31, 2014

	Tax Increment District 29	Tax Increment District 30	Tax Increment District #31
Assets:			
Cash and investments	\$ (5,527)	\$ 2,458	\$ 43,891
Accrued interest receivable	-	-	8,931
Due from other governmental units	-	-	-
Taxes receivable:			
Delinquent	7,152	-	-
Due from county	-	-	-
Assets held for resale	-	-	603,700
Prepaid expenses	-	-	-
Total assets	\$ 1,625	\$ 2,458	\$ 656,522
Liabilities:			
Accounts payable	\$ 857	\$ 1,219	26,993
Due to other governmental units	-	-	-
Interfund loans payable	143,942	864,987	4,048,798
Total Liabilities	144,799	866,206	4,075,791
Deferred inflows of resources:			
Unavailable revenue - delinquent taxes	7,152	-	-
Fund balance (deficit):			
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	(150,326)	(863,748)	(3,419,269)
Total fund balance (deficit)	(150,326)	(863,748)	(3,419,269)
Total liabilities, deferred inflows of resources and fund balances	\$ 1,625	\$ 2,458	\$ 656,522

Tax Increment District #31A	Tax Increment District #32	Tax Increment District #32A	Tax Increment District 33	Total
\$ (4,564)	\$ (25,610)	\$ (6,869)	\$ (4,988)	\$ 1,761,676
3,454	732	4,173	-	21,738
-	-	28,624	-	28,624
-	-	29,302	-	176,107
-	-	-	-	52,651
-	6,953,300	-	-	7,557,000
-	58,269	-	-	58,269
<u>\$ (1,110)</u>	<u>\$ 6,986,691</u>	<u>\$ 55,230</u>	<u>\$ (4,988)</u>	<u>\$ 9,656,065</u>
4,289	4,037	13,539	\$ 775	\$ 66,574
1,053,370	3,102,268	2,443,658	6,936	6,936
<u>1,057,659</u>	<u>3,106,305</u>	<u>2,443,658</u>	<u>306,119</u>	<u>13,069,575</u>
<u>1,057,659</u>	<u>3,106,305</u>	<u>2,457,197</u>	<u>313,830</u>	<u>13,143,085</u>
-	-	29,302	-	176,107
-	58,269	-	-	58,269
-	6,953,300	-	-	8,727,292
<u>(1,058,769)</u>	<u>(3,131,183)</u>	<u>(2,431,269)</u>	<u>(318,818)</u>	<u>(12,448,688)</u>
<u>(1,058,769)</u>	<u>3,880,386</u>	<u>(2,431,269)</u>	<u>(318,818)</u>	<u>(3,663,127)</u>
<u>\$ (1,110)</u>	<u>\$ 6,986,691</u>	<u>\$ 55,230</u>	<u>\$ (4,988)</u>	<u>\$ 9,656,065</u>

CITY OF NEW BRIGHTON, MINNESOTA
TAX INCREMENT FINANCING CAPITAL PROJECT FUNDS
SUBCOMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended December 31, 2014

	Tax Increment District 12	Tax Increment District 14	Tax Increment District 15	Tax Increment District 16
Revenue:				
Taxes:				
Tax increment	\$ 109,094	\$ 88,237	\$ 324,997	\$ 5,419
Charges for services	-	-	-	-
Investment income:				
Interest on investments	3,896	2,725	3,642	405
Change in fair value of investments	16,085	11,263	14,846	1,516
Refunds and reimbursements	-	-	-	-
Other	-	-	-	-
Total revenue	<u>129,075</u>	<u>102,225</u>	<u>343,485</u>	<u>7,340</u>
Expenditures:				
Current:				
Community development	1,055	1,044	1,128	1,075
Interfund interest	-	-	-	-
Capital outlay:				
Community development	-	-	-	-
Total expenditures	<u>1,055</u>	<u>1,044</u>	<u>1,128</u>	<u>1,075</u>
Excess (deficiency) of revenue over (under) expenditures	<u>128,020</u>	<u>101,181</u>	<u>342,357</u>	<u>6,265</u>
Other financing source (uses):				
Transfer in	-	-	-	-
Transfer out	(535,063)	(397,655)	(739,934)	(21,108)
Sale of land or capital assets	-	-	-	-
Total other financing sources (uses)	<u>(535,063)</u>	<u>(397,655)</u>	<u>(739,934)</u>	<u>(21,108)</u>
Net increase (decrease) in fund balance	(407,043)	(296,474)	(397,577)	(14,843)
Special item - contribution of land	-	-	-	-
Fund balance (deficit) - January 1	<u>407,043</u>	<u>296,474</u>	<u>397,577</u>	<u>51,339</u>
Fund balance (deficit) - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,496</u>

<u>Tax Increment District 17</u>	<u>Tax Increment District 18</u>	<u>Tax Increment District 20</u>	<u>Tax Increment District 23</u>	<u>Tax Increment District 25</u>	<u>Tax Increment District 26</u>
\$ 91,466	\$ 221,588	\$ 195,052	\$ 14,556	\$ 135,379	\$ 828,368
-	-	-	-	-	-
111	3,283	2,556	20	495	4,484
540	13,687	10,177	62	2,091	18,555
-	-	-	-	-	-
-	-	-	-	-	-
<u>92,117</u>	<u>238,558</u>	<u>207,785</u>	<u>14,638</u>	<u>137,965</u>	<u>851,407</u>
1,078	2,062	1,258	1,042	46,156	3,021
-	-	-	2,789	33,526	-
-	-	-	-	-	-
<u>1,078</u>	<u>2,062</u>	<u>1,258</u>	<u>3,831</u>	<u>79,682</u>	<u>3,021</u>
91,039	236,496	206,527	10,807	58,283	848,386
-	-	-	-	-	-
(51,660)	(302,638)	(219,366)	-	(30,428)	(841,916)
-	-	-	-	-	-
<u>(51,660)</u>	<u>(302,638)</u>	<u>(219,366)</u>	<u>-</u>	<u>(30,428)</u>	<u>(841,916)</u>
39,379	(66,142)	(12,839)	10,807	27,855	6,470
-	-	-	-	-	-
<u>37,263</u>	<u>535,752</u>	<u>213,015</u>	<u>(69,669)</u>	<u>(838,202)</u>	<u>695,305</u>
<u>\$ 76,642</u>	<u>\$ 469,610</u>	<u>\$ 200,176</u>	<u>\$ (58,862)</u>	<u>\$ (810,347)</u>	<u>\$ 701,775</u>

CITY OF NEW BRIGHTON, MINNESOTA
TAX INCREMENT FINANCING CAPITAL PROJECT FUNDS
SUBCOMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended December 31, 2014

	Tax Increment District 27	Tax Increment District 28	Tax Increment District 29	Tax Increment District 30
Revenue:				
Taxes:				
Tax increment	\$ 25,597	\$ 260,352	\$ 18,953	\$ 183,412
Charges for services	-	-	-	-
Investment income:				
Interest on investments	172	2,033	(189)	1,314
Change in fair value of investments	615	8,334	(722)	4,957
Refunds and reimbursements	-	-	-	-
Other	-	-	-	-
Total revenue	<u>26,384</u>	<u>270,719</u>	<u>18,042</u>	<u>189,683</u>
Expenditures:				
Current:				
Community development	1,049	81,310	1,095	1,066
Interfund interest	8,764	-	5,010	43,647
Capital outlay:				
Community development	-	-	-	-
Total expenditures	<u>9,813</u>	<u>81,310</u>	<u>6,105</u>	<u>44,713</u>
Excess (deficiency) of revenue over (under) expenditures	<u>16,571</u>	<u>189,409</u>	<u>11,937</u>	<u>144,970</u>
Other financing source (uses):				
Transfer in	-	-	-	-
Transfer out	(3,464)	(160,575)	(36,844)	-
Sale of land or capital assets	-	-	-	-
Total other financing sources (uses)	<u>(3,464)</u>	<u>(160,575)</u>	<u>(36,844)</u>	<u>-</u>
Net increase (decrease) in fund balance	13,107	28,834	(24,907)	144,970
Special item - contribution of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - January 1	<u>(219,204)</u>	<u>260,459</u>	<u>(125,419)</u>	<u>(1,008,718)</u>
Fund balance (deficit) - December 31	<u>\$ (206,097)</u>	<u>\$ 289,293</u>	<u>\$ (150,326)</u>	<u>\$ (863,748)</u>

<u>Tax Increment District #31</u>	<u>Tax Increment District #31A</u>	<u>Tax Increment District #32</u>	<u>Tax Increment District #32A</u>	<u>Tax Increment District 33</u>	<u>Total</u>
\$ 270,100	\$ -	\$ 168,451	\$ 33,550	\$ 6,252	\$ 2,980,823
155,300	-	-	210	-	155,510
(7,665)	(96)	(4,090)	(1,258)	83	11,921
(33,943)	(427)	(17,992)	(5,619)	299	44,324
-	-	-	5,000	-	5,000
-	-	122,700	-	-	122,700
<u>383,792</u>	<u>(523)</u>	<u>269,069</u>	<u>31,883</u>	<u>6,634</u>	<u>3,320,278</u>
2,361,259	39,941	3,389,053	117,674	1,043	6,052,409
198,855	40,514	119,318	93,987	12,475	558,885
1,000,000	-	915,674	196,932	-	2,112,606
<u>3,560,114</u>	<u>80,455</u>	<u>4,424,045</u>	<u>408,593</u>	<u>13,518</u>	<u>8,723,900</u>
<u>(3,176,322)</u>	<u>(80,978)</u>	<u>(4,154,976)</u>	<u>(376,710)</u>	<u>(6,884)</u>	<u>(5,403,622)</u>
922,064	37,464	653,603	299,848	-	1,912,979
(2,063,024)	-	(151,033)	-	-	(5,554,708)
265,804	-	-	-	-	265,804
<u>(875,156)</u>	<u>37,464</u>	<u>502,570</u>	<u>299,848</u>	<u>-</u>	<u>(3,375,925)</u>
(4,051,478)	(43,514)	(3,652,406)	(76,862)	(6,884)	(8,779,547)
<u>(2,021,800)</u>	<u>-</u>	<u>(521,800)</u>	<u>-</u>	<u>-</u>	<u>(2,543,600)</u>
2,654,009	(1,015,255)	8,054,592	(2,354,407)	(311,934)	7,660,020
<u>\$ (3,419,269)</u>	<u>\$ (1,058,769)</u>	<u>\$ 3,880,386</u>	<u>\$ (2,431,269)</u>	<u>\$ (318,818)</u>	<u>\$ (3,663,127)</u>





**III. STATISTICAL
SECTION
(UNAUDITED)**



III. Statistical Section (Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends -----	110
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity -----	118
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity -----	122
These schedules present information to help the reader assess the afford-ability 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 -----	129
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information -----	131
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF NEW BRIGHTON, MINNESOTA

Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011, Restated
Governmental activities				
Net Investment in capital assets	\$ 43,387,892	\$ 40,676,120	\$ 40,746,517	\$ 41,276,316
Restricted	1,444,849	1,207,779	1,337,498	1,452,611
Unrestricted	5,804,103	11,748,464	18,074,024	15,851,796
Total governmental activities net position	<u>\$ 50,636,844</u>	<u>\$ 53,632,363</u>	<u>\$ 60,158,039</u>	<u>\$ 58,580,723</u>
Business-type activities				
Net Investment in capital assets	\$ 12,296,679	\$ 11,511,673	\$ 11,326,255	\$ 11,054,111
Restricted	-	-	-	58,940
Unrestricted	2,679,887	2,550,101	3,164,475	3,366,382
Total business-type activities net position	<u>\$ 14,976,566</u>	<u>\$ 14,061,774</u>	<u>\$ 14,490,730</u>	<u>\$ 14,479,433</u>
Primary government				
Net Investment in capital assets	\$ 55,684,571	\$ 52,187,793	\$ 52,072,772	\$ 52,330,427
Restricted	1,444,849	1,207,779	1,337,498	1,511,551
Unrestricted	8,483,990	14,298,565	21,238,499	19,218,178
Total primary government net position	<u>\$ 65,613,410</u>	<u>\$ 67,694,137</u>	<u>\$ 74,648,769</u>	<u>\$ 73,060,156</u>

Schedule 1

Fiscal Year					
2010	2009	2008	2007, Restated	2006	2005
\$ 39,399,953	\$ 37,130,837	\$ 36,252,630	\$ 35,983,366	\$ (1,308,162)	\$ 16,449,848
2,802,493	4,505,248	6,942,556	9,623,225	23,466,889	25,988,169
14,083,779	10,417,177	483,829	(4,503,677)	28,563,054	18,586,677
<u>\$ 56,286,225</u>	<u>\$ 52,053,262</u>	<u>\$ 43,679,015</u>	<u>\$ 41,102,914</u>	<u>\$ 50,721,781</u>	<u>\$ 61,024,694</u>
\$ 10,560,115	\$ 10,124,668	\$ 9,302,659	\$ 9,513,849	\$ 9,767,381	\$ 9,250,962
58,940	58,940	58,940	58,940	58,940	58,940
3,508,642	3,839,992	4,926,513	4,802,394	3,538,189	3,492,932
<u>\$ 14,127,697</u>	<u>\$ 14,023,600</u>	<u>\$ 14,288,112</u>	<u>\$ 14,375,183</u>	<u>\$ 13,364,510</u>	<u>\$ 12,802,834</u>
\$ 49,960,068	\$ 47,255,505	\$ 45,555,289	\$ 45,497,215	\$ 8,459,219	\$ 25,700,810
2,861,433	4,564,188	7,001,496	9,682,165	23,525,829	26,047,109
17,592,421	14,257,169	5,410,342	298,717	32,101,243	22,079,609
<u>\$ 70,413,922</u>	<u>\$ 66,076,862</u>	<u>\$ 57,967,127</u>	<u>\$ 55,478,097</u>	<u>\$ 64,086,291</u>	<u>\$ 73,827,528</u>

CITY OF NEW BRIGHTON, MINNESOTA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011, restated
Expenses				
Governmental activities:				
General government	\$ 1,957,766	\$ 1,768,059	\$ 1,708,455	\$ 1,669,295
Community development	6,875,181	7,921,259	2,338,616	2,294,932
Public safety	3,013,969	5,201,983	5,074,784	5,131,153
Public works	5,500,940	6,710,073	5,620,482	4,939,938
Parks and recreation	7,563,176	2,839,949	2,787,129	1,958,747
Interest on long-term debt	1,680,389	1,751,388	1,966,395	2,085,176
Total governmental activities expenses	<u>\$ 26,591,421</u>	<u>\$ 26,192,711</u>	<u>\$ 19,495,861</u>	<u>\$ 18,079,241</u>
Business-type activities:				
Water	\$ 1,606,114	\$ 1,574,048	\$ 1,575,995	\$ 1,390,229
Sewer	2,588,947	2,548,167	2,402,868	2,354,110
Stormwater	610,347	577,036	577,794	584,133
Street lights	180,786	181,004	202,503	180,971
Golf course	314,317	317,793	334,621	321,992
Driving range	-	-	-	-
Total business-type activities expenses	<u>5,300,511</u>	<u>5,198,048</u>	<u>5,093,781</u>	<u>4,831,435</u>
Total primary government expenses	<u>\$ 31,891,932</u>	<u>\$ 31,390,759</u>	<u>\$ 24,589,642</u>	<u>\$ 22,910,676</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 595,503	\$ 579,246	\$ 585,618	\$ 575,232
Community development	1,174,719	754,608	913,972	341,215
Public safety	178,703	187,172	190,095	171,107
Public works	5,985,221	5,115,235	4,444,908	4,030,699
Parks and recreation	1,383,207	1,367,810	1,302,489	300,830
Operating grants and contributions	742,034	1,218,959	1,336,617	16,581
Capital grants and contributions	1,413,933	407,943	342,903	2,627,411
Total governmental activities program revenues	<u>\$ 11,473,320</u>	<u>\$ 9,630,973</u>	<u>\$ 9,116,602</u>	<u>\$ 8,063,075</u>
Business-type activities:				
Charges for services:				
Water	\$ 1,578,036	\$ 1,603,368	\$ 1,565,125	\$ 1,483,494
Sewer	2,745,692	2,407,673	2,245,207	2,340,793
Stormwater	720,385	629,458	642,159	644,395
Street lights	217,308	189,845	181,562	176,641
Golf Course	246,447	235,737	257,495	246,508
Driving range	-	-	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,507,868</u>	<u>5,066,081</u>	<u>4,891,548</u>	<u>4,891,831</u>
Total primary government program revenues	<u>\$ 16,981,188</u>	<u>\$ 14,697,054</u>	<u>\$ 14,008,150</u>	<u>\$ 12,954,906</u>
Net (Expense)/Revenue				
Governmental activities	\$ (15,118,101)	\$ (16,561,738)	\$ (10,379,259)	\$ (10,016,166)
Business-type activities	207,357	(131,967)	(202,233)	60,396
Total primary government net (expense)	<u>\$ (14,910,744)</u>	<u>\$ (16,693,705)</u>	<u>\$ (10,581,492)</u>	<u>\$ (9,955,770)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 6,936,603	\$ 7,570,367	\$ 7,520,854	\$ 7,205,425
Tax increment	2,980,823	3,588,394	4,361,146	4,377,928
Unrestricted grants and contributions	496,215	-	-	33,968
Unrestricted investment earnings	1,988,225	(1,376,544)	259,280	925,189
Gain (loss) on sale of capital assets	343,586	12,731	14,394	13,091
Premium on debt issued	-	-	-	-
Transfers	(622,870)	241,114	(199,099)	(244,937)
Total governmental activities	<u>\$ 12,122,582</u>	<u>\$ 10,036,062</u>	<u>\$ 11,956,575</u>	<u>\$ 12,310,664</u>
Business-type activities:				
Taxes:				
Property taxes	\$ 4,475	\$ 4,268	\$ 2,207	\$ 2,219
Unrestricted investment earnings	80,090	(60,143)	12,224	44,184
Transfers	622,870	(241,114)	199,099	244,937
Total business-type activities	<u>707,435</u>	<u>(296,989)</u>	<u>213,530</u>	<u>291,340</u>
Total primary government	<u>\$ 12,830,017</u>	<u>\$ 9,739,073</u>	<u>\$ 12,170,105</u>	<u>\$ 12,602,004</u>
Change in Net Position				
Governmental activities	\$ (2,995,519)	\$ (6,525,676)	\$ 1,577,316	\$ 2,294,498
Business-type activities	914,792	(428,956)	11,297	351,736
Total primary government	<u>\$ (2,080,727)</u>	<u>\$ (6,954,632)</u>	<u>\$ 1,588,613</u>	<u>\$ 2,646,234</u>

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 1,649,952	\$ 1,563,223	\$ 1,761,472	\$ 1,387,717	\$ 1,621,987	\$ 898,444
1,929,557	1,010,044	5,553,914	8,265,917	16,583,307	7,057,696
5,180,599	5,125,263	4,924,853	4,637,656	4,499,574	4,687,187
5,202,189	5,115,047	5,003,738	5,132,600	4,334,246	6,011,310
2,597,584	2,547,634	2,794,698	2,721,099	2,569,548	3,102,466
2,277,117	2,653,080	2,848,149	3,262,742	1,956,610	1,758,376
<u>\$ 18,836,998</u>	<u>\$ 18,014,291</u>	<u>\$ 22,886,824</u>	<u>\$ 25,407,731</u>	<u>\$ 31,565,272</u>	<u>\$ 23,515,479</u>
\$ 1,475,820	\$ 2,448,142	\$ 1,773,056	\$ 1,348,406	\$ 1,302,442	\$ 1,278,387
2,377,676	2,365,701	2,310,703	2,127,942	2,075,864	2,120,194
499,466	547,197	487,139	440,236	412,708	464,777
135,291	154,145	162,066	136,754	143,245	114,282
381,813	326,760	333,179	326,205	330,781	301,700
-	-	-	-	-	-
4,870,066	5,841,945	5,066,143	4,379,543	4,265,040	4,279,340
<u>\$ 23,707,064</u>	<u>\$ 23,856,236</u>	<u>\$ 27,952,967</u>	<u>\$ 29,787,274</u>	<u>\$ 35,830,312</u>	<u>\$ 27,794,819</u>
\$ 473,030	\$ 619,381	\$ 705,376	\$ 556,358	\$ 469,381	\$ 446,664
907,172	4,361,146	2,460,694	2,478,331	3,694,047	983,430
205,459	184,173	174,948	260,361	291,643	94,815
3,923,552	3,451,319	3,190,634	2,403,579	1,541,892	1,488,568
1,151,129	1,399,049	1,454,712	1,347,426	1,311,123	1,529,661
865,658	1,108,118	3,426,066	2,026,319	655,103	783,038
2,804,804	3,100,371	205,136	137,023	469,710	2,330,459
<u>\$ 10,330,804</u>	<u>\$ 14,223,557</u>	<u>\$ 11,617,566</u>	<u>\$ 9,209,397</u>	<u>\$ 8,432,899</u>	<u>\$ 7,656,635</u>
\$ 1,395,182	\$ 1,476,476	\$ 1,460,811	\$ 1,454,951	\$ 1,489,953	\$ 1,503,409
2,195,172	2,119,513	2,019,223	1,998,062	1,860,718	1,822,857
694,998	753,890	825,785	824,511	786,637	629,005
164,902	170,113	149,436	144,681	129,903	102,245
303,604	317,075	311,314	286,737	282,033	244,982
-	-	-	-	-	-
2,918	21,416	20,834	22,727	24,547	26,297
-	-	105,070	26,782	805,195	-
4,756,776	4,858,483	4,892,473	4,758,451	5,378,986	4,328,795
<u>\$ 15,087,580</u>	<u>\$ 19,082,040</u>	<u>\$ 16,510,039</u>	<u>\$ 13,967,848</u>	<u>\$ 13,811,885</u>	<u>\$ 11,985,430</u>
\$ (8,506,194)	\$ (3,790,734)	\$ (11,269,258)	\$ (16,198,334)	\$ (23,132,373)	\$ (15,858,844)
(113,290)	(983,462)	(173,670)	378,908	1,113,946	49,455
<u>\$ (8,619,484)</u>	<u>\$ (4,774,196)</u>	<u>\$ (11,442,928)</u>	<u>\$ (15,819,426)</u>	<u>\$ (22,018,427)</u>	<u>\$ (15,809,389)</u>
\$ 7,182,201	\$ 7,251,348	\$ 7,011,671	\$ 6,760,673	\$ 6,388,283	\$ 5,887,601
4,481,254	4,054,948	3,595,188	3,360,048	3,006,534	2,821,055
56,987	203,872	-	277,110	306,390	381,184
1,104,505	1,091,817	2,485,044	3,818,651	2,357,892	1,789,083
74,993	20,113	678,001	5,664,244	1,051	-
-	-	-	-	121,189	-
(160,783)	(457,117)	75,455	940,630	648,121	62,853
<u>\$ 12,739,157</u>	<u>\$ 12,164,981</u>	<u>\$ 13,845,359</u>	<u>\$ 20,821,356</u>	<u>\$ 12,829,460</u>	<u>\$ 10,941,776</u>
\$ 4,158	\$ 4,186	\$ 6,173	\$ -	\$ 3,211	\$ 3,160
52,446	71,706	155,881	146,230	92,640	62,921
160,783	457,117	(75,455)	(940,630)	(648,121)	(62,853)
217,387	533,009	86,599	(794,400)	(552,270)	3,228
<u>\$ 12,956,544</u>	<u>\$ 12,697,990</u>	<u>\$ 13,931,958</u>	<u>\$ 20,026,956</u>	<u>\$ 12,277,190</u>	<u>\$ 10,945,004</u>
\$ 4,232,963	\$ 8,374,247	\$ 2,576,101	\$ 4,623,022	\$ (10,302,913)	\$ (4,917,068)
104,097	(450,453)	(87,071)	(415,492)	561,676	52,683
<u>\$ 4,337,060</u>	<u>\$ 7,923,794</u>	<u>\$ 2,489,030</u>	<u>\$ 4,207,530</u>	<u>\$ (9,741,237)</u>	<u>\$ (4,864,385)</u>

CITY OF NEW BRIGHTON, MINNESOTA
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable:				
Prepays	8,117	8,059	3,938	9,631
Restricted	67,321	-	-	-
Committed	46,701	-	-	-
Assigned	97,269	-	-	-
Unassigned	6,223,393	6,071,022	6,031,782	5,744,435
Total Reserved	-	-	-	-
Total Unreserved	-	-	-	-
Total General Fund Balance	<u>\$ 6,442,801</u>	<u>\$ 6,079,081</u>	<u>\$ 6,035,720</u>	<u>\$ 5,754,066</u>
All Other Governmental Funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Nonspendable:				
Prepays	58,269	-	-	429
Restricted	1,808,414	15,410,209	6,312,907	5,279,524
Committed	25,039,034	23,878,389	23,377,592	-
Assigned				
Special revenue funds	-	95,812	89,660	96,917
Capital projects funds	-	4,669,631	5,867,005	29,402,857
Other Governmental Fund	4,088,629	-	-	-
Unassigned	(5,142,621)	(6,787,937)	(13,198,761)	(12,722,794)
Total Reserved	-	-	-	-
Total Unreserved	-	-	-	-
Total All Other Governmental Funds	<u>25,851,725</u>	<u>37,266,104</u>	<u>22,448,403</u>	<u>22,056,933</u>
Total All Governmental Funds	<u>\$ 32,294,526</u>	<u>\$ 43,345,185</u>	<u>\$ 28,484,123</u>	<u>\$ 27,810,999</u>

Note: GASB 54 was implemented in 2011.

Schedule 3

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 8,032	\$ 6,628	\$ 11,859	\$ 7,168	\$ 7,932	\$ -
4,845,673	5,901,102	5,656,083	5,515,202	4,758,287	4,252,689
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,032</u>	<u>6,628</u>	<u>11,859</u>	<u>7,168</u>	<u>7,932</u>	<u>-</u>
<u>4,845,673</u>	<u>5,901,102</u>	<u>5,656,083</u>	<u>5,515,202</u>	<u>4,758,287</u>	<u>4,252,689</u>
<u>\$ 4,853,705</u>	<u>\$ 5,907,730</u>	<u>\$ 5,667,942</u>	<u>\$ 5,522,370</u>	<u>\$ 4,766,219</u>	<u>\$ 4,252,689</u>
\$ 11,650,364	\$ 13,542,485	\$ 11,668,615	\$ 10,356,458	\$ 17,100,648	\$ 25,726,964
2,391,073	4,273,491	6,365,347	7,956,366	-	-
9,421,952	7,180,581	11,245,580	17,062,279	15,109,514	(6,418,830)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,650,364</u>	<u>13,542,485</u>	<u>11,668,615</u>	<u>10,356,458</u>	<u>17,100,648</u>	<u>25,726,964</u>
<u>11,813,025</u>	<u>11,454,072</u>	<u>17,610,927</u>	<u>25,018,645</u>	<u>15,109,514</u>	<u>(6,418,830)</u>
<u>23,463,389</u>	<u>24,996,557</u>	<u>29,279,542</u>	<u>35,375,103</u>	<u>32,210,162</u>	<u>19,308,134</u>
<u>\$ 28,317,094</u>	<u>\$ 30,904,287</u>	<u>\$ 34,947,484</u>	<u>\$ 40,897,473</u>	<u>\$ 36,976,381</u>	<u>\$ 23,560,823</u>

CITY OF NEW BRIGHTON, MINNESOTA
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2013	2012	2011, restated
Revenues				
General property taxes	\$ 6,916,110	\$ 7,688,670	\$ 7,559,535	\$ 7,301,270
Tax increment	2,980,823	3,588,394	4,361,145	4,377,928
Licenses and permits	738,257	516,160	482,589	691,400
Intergovernmental	1,977,064	1,435,030	1,437,101	1,333,219
Charges for services	8,151,153	7,097,184	8,893,525	7,685,258
Notes receivable payments	-	-	-	-
Loan receivable payments	-	-	-	-
Special assessments	174,558	95,327	145,934	205,342
Fines and forfeits	68,845	118,675	95,798	98,140
Investment earnings	1,267,551	(979,447)	191,949	717,309
Interest on note receivable	-	-	-	-
Interest on interfund loans	567,337	515,909	464,602	465,892
Other Interest	-	97	790	-
Capital use fee	-	-	-	-
Rents	273,609	238,722	260,637	217,959
Refunds and reimbursements	42,018	30,179	39,295	11,942
In-house engineering and administrative charges	-	-	8,557	36,466
Contributions and donations	28,094	64,575	31,120	24,121
Park dedication charge	249,359	-	1,630	202,120
Other	122,700	-	-	-
Total revenues	23,557,478	20,409,475	23,974,207	23,368,366
Expenditures				
General government	1,681,922	1,685,427	1,641,015	1,563,831
Community development	6,974,429	7,108,035	1,265,774	1,349,740
Parks and recreation	2,943,043	2,824,212	2,687,080	2,521,209
Public safety	5,156,815	4,847,483	4,778,626	4,868,047
Public works	4,485,796	3,923,398	6,654,129	5,407,871
Interfund interest	558,885	515,909	464,602	465,875
Capital outlay	4,633,264	2,793,433	1,240,885	3,713,523
Debt service:				
Principal	3,280,000	3,770,000	5,865,000	3,515,000
Interest	1,716,532	1,814,228	2,011,060	2,190,988
Bond issuance costs	-	-	-	-
Other	-	-	-	-
Total expenditures	31,430,686	29,282,125	26,608,171	25,596,084
Excess of revenues over (under) expenditures:	(17,873,208)	(8,872,650)	(2,633,964)	(2,227,718)
Other Financing Sources (Uses)				
Bond proceeds	-	-	3,790,000	4,335,000
Premium (discount) on debt issued	-	-	-	-
Refunded debt	-	(1,015,000)	-	(3,640,000)
Transfers in	5,038,663	7,943,246	6,947,232	8,349,567
Transfers out	(5,670,589)	(7,767,783)	(7,430,144)	(8,017,729)
Sale of land or capital assets	321,957	4,149	-	-
Total other financing sources (uses)	(309,969)	(835,388)	3,307,088	1,026,838
Special Item - contribution of land	12,543,600	-	-	-
Special Item - sale of land	-	-	-	694,785
Net change in fund balances	\$ (5,639,577)	\$ (9,708,038)	\$ 673,124	\$ (506,095)
Debt service as a percentage of noncapital expenditures:	18.1%	20.0%	30.6%	25.0%

Schedule 4

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 7,059,034	\$ 7,048,127	\$ 6,972,578	\$ 6,729,161	\$ 6,380,719	\$ 5,882,683
4,481,254	4,054,948	3,595,188	3,360,048	3,006,534	2,817,671
481,672	437,869	782,484	862,997	648,967	646,285
3,719,919	4,095,446	4,628,885	3,264,869	1,779,972	1,572,950
8,095,320	7,850,869	7,260,010	6,617,810	3,622,963	3,578,593
-	-	9,427	18,854	18,854	18,854
-	-	-	-	-	-
161,272	258,479	240,044	234,659	303,828	330,975
59,827	65,897	63,621	57,784	66,659	60,211
901,177	958,723	2,203,761	3,333,296	2,055,174	1,576,372
-	-	-	-	-	9,000
531,654	455,275	405,125	329,352	469,255	5,300
-	-	-	-	-	-
-	63,000	60,600	79,400	-	10,000
204,931	208,253	250,289	216,919	192,815	227,052
24,170	55,733	25,390	12,192	3,268,472	1,442,263
-	-	-	-	-	-
55,598	45,838	126,921	46,642	53,572	27,576
-	-	-	-	-	-
-	-	8,167	102,190	35,539	271,050
<u>25,775,828</u>	<u>25,598,457</u>	<u>26,632,490</u>	<u>25,266,173</u>	<u>21,903,323</u>	<u>18,476,835</u>
1,579,475	1,579,060	1,741,393	1,594,251	1,562,324	1,466,849
1,617,739	2,149,606	3,045,866	3,252,155	23,228,341	12,513,813
2,665,955	2,514,504	2,582,137	2,461,861	2,405,097	3,056,577
4,914,930	4,850,850	4,702,894	4,347,562	4,262,344	4,149,531
6,155,603	5,587,675	5,290,764	4,924,220	4,516,946	3,491,436
531,323	453,342	401,598	329,644	450,373	259,910
2,564,031	6,542,705	8,993,065	5,745,954	38,869	639,345
3,680,000	3,945,000	3,860,000	3,765,000	3,609,404	3,056,622
2,490,903	2,764,390	3,009,469	2,793,666	1,575,817	1,661,834
-	-	-	-	-	12,700
-	3,745	4,548	-	-	-
<u>26,199,959</u>	<u>30,390,877</u>	<u>33,631,734</u>	<u>29,214,313</u>	<u>41,649,515</u>	<u>30,308,617</u>
(424,131)	(4,792,420)	(6,999,244)	(3,948,140)	(19,746,192)	(11,831,782)
4,760,000	2,295,000	-	15,440,000	32,401,940	-
76,238	14,116	-	(199,241)	121,189	-
(5,725,000)	(1,890,000)	-	(11,951,940)	-	-
8,422,604	6,235,149	11,893,296	10,396,641	8,103,833	264,496
(9,751,653)	(5,907,842)	(11,126,267)	(9,370,987)	(7,468,712)	-
54,749	2,800	282,226	3,554,759	3,500	1,935
<u>(2,163,062)</u>	<u>749,223</u>	<u>1,049,255</u>	<u>7,869,232</u>	<u>33,161,750</u>	<u>266,431</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (2,587,193)</u>	<u>\$ (4,043,197)</u>	<u>\$ (5,949,989)</u>	<u>\$ 3,921,092</u>	<u>\$ 13,415,558</u>	<u>\$ (11,565,351)</u>
25.0%	23.3%	21.4%	22.9%	12.6%	16.2%

CITY OF NEW BRIGHTON, MINNESOTA
TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (Unaudited)

Schedule 5

Year Taxes Payable	Tax Capacity Value					Net Taxable Value	Assessor's Estimated Market Value of Taxable Property	Total Direct Tax Rate
	Real Property	Personal Property	Total	Fiscal Disparities	Tax Increment			
2005	\$ 20,014,100	\$ 236,700	\$ 20,250,800	\$ 566,700	\$ (2,649,400)	\$ 18,168,100	\$ 1,732,531,300	1.20
2006	21,645,300	246,500	21,891,800	557,800	(2,776,700)	19,672,900	1,888,235,800	1.21
2007	23,336,100	257,300	23,593,400	613,400	(3,176,000)	21,030,800	2,026,064,400	1.14
2008	24,599,600	259,800	24,859,400	887,100	(3,657,800)	22,088,700	2,115,568,700	1.12
2009	24,615,700	260,600	24,876,300	996,700	(3,929,500)	21,943,500	2,091,744,100	1.20
2010	23,727,900	255,600	23,983,500	1,083,000	(4,103,900)	20,962,600	2,005,697,200	1.36
2011	22,461,200	270,700	22,731,900	862,500	(3,850,800)	19,743,600	1,910,547,900	1.35
2012	20,644,900	283,500	20,928,400	528,400	(3,602,300)	17,854,500	1,736,054,500	1.59
2013	19,548,500	300,900	19,849,400	747,400	(2,950,000)	17,646,800	1,746,296,100	1.63
2014	19,537,600	302,400	19,840,000	475,700	(2,875,600)	17,400,000	1,747,585,600	1.52

Source: Ramsey County Department of Property Records and Revenue.

Note: Amounts rounded to the nearest hundred.

CITY OF NEW BRIGHTON, MINNESOTA

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

(Unaudited)

Schedule 6

Fiscal Year	City Direct Rates			Overlapping Rates			Total
	Basic Rate	General Obligation Debt Service	Total Direct	School (1)	County	Other (2)	
2005	0.95	0.25	1.20	0.79	1.76	0.21	3.96
2006	0.96	0.25	1.21	0.83	1.66	0.26	3.96
2007	0.91	0.23	1.14	0.80	1.55	0.27	3.76
2008	0.92	0.20	1.12	0.70	1.51	0.26	3.59
2009	1.05	0.15	1.20	0.81	1.65	0.27	3.93
2010	1.17	0.19	1.36	0.91	1.85	0.29	4.41
2011	1.18	0.17	1.35	0.98	2.09	0.32	4.74
2012	1.34	0.25	1.59	1.22	2.57	0.42	5.80
2013	1.47	0.17	1.63	1.15	2.54	0.40	5.71
2014	1.37	0.15	1.52	1.18	2.53	0.39	5.61

(1) The majority of New Brighton is served by School District 621 and Intermediate School District 916. Rates for these districts are used in the table.

(2) Other includes: Metropolitan Council, Metropolitan Airports Commission, and Metro Watershed

Source: Ramsey County Department of Taxation.

CITY OF NEW BRIGHTON, MINNESOTA

Principal Property Taxpayers
 Current Year and Nine Years Ago
 (Unaudited)

Schedule 7

Taxpayer	2014			2005		
	Net Tax Capacity for Taxes Payable	Rank	Percent of Total City Net Tax Capacity	Net Tax Capacity for Taxes Payable	Rank	Percent of Total City Net Tax Capacity
Industrial Equities Group LLC	\$ 625,756	1	3.15%	\$ 220,020	1	1.09%
Xcel Energy	265,522	2	1.34%	-		0.00%
HSNB LLC	211,250	3	1.06%	-		-
AX US LP	181,808	4	0.92%	-		-
Engelsma Investment	180,338	5	0.91%	-		-
New Brighton Business Center LLC	178,934	6	0.90%	196,930	3	0.97%
Brighton Village Apts LLC	17,454	7		123,948	9	
View At Long Lake LLC	162,501	7				
CU Mortgage Services Inc	161,700	9	0.82%	152,850	5	0.75%
Polynesian Village 1994 LP	152,816	10				
Northern States Power Co.	-			216,856	2	1.07%
Polynesian Village 1994 LP	-		-	273,000	4	1.35%
Donnatelle				132,042	6	0.65%
LL900 Assoc. LP	-		-	124,366	7	0.61%
Business Data Records Services	-		-	130,000	8	0.64%
Remmele Engineering Inc.	-		-	116,502	10	0.58%
Total	<u>\$ 2,138,079</u>		<u>9.10%</u>	<u>\$ 1,686,514</u>		<u>7.71%</u>

Source: Ramsey County Department of Property Records and Revenue.

CITY OF NEW BRIGHTON, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years
 (Unaudited)

Schedule 8

Fiscal Year Ended Dec 31,	Total Tax Levy	Current Tax Collections	Percent of Current Levy Collected	Delinquent Tax Collections in Subsequent Years	Total Tax Collections	Total Collections and Adjustments as a Percent of Levy
2005	\$ 6,187,900	\$ 6,122,100	98.94%	\$ 16,600	\$ 6,138,700	99.20%
2006	6,708,100	6,590,500	98.25%	56,800	6,647,300	99.09%
2007	6,973,500	6,866,600	98.47%	41,800	6,908,400	99.07%
2008	7,248,200	7,143,900	98.56%	52,689	7,196,589	99.29%
2009	7,395,700	7,261,300	98.18%	54,455	7,315,755	98.92%
2010	7,395,700	7,243,400	97.94%	77,796	7,321,196	98.99%
2011	7,395,700	7,312,200	98.87%	45,448	7,357,648	99.49%
2012	7,287,300	7,215,400	99.01%	38,321	7,253,721	99.54%
2013	7,388,300	7,330,800	99.22%	23,459	7,354,259	99.54%
2014	6,794,300	6,744,500	99.27%	-	6,744,500	99.27%

Note: Does not include tax increment levies and collections.

Note: Amounts rounded to the nearest hundred.

CITY OF NEW BRIGHTON, MINNESOTA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Governmental Activities				
	Equipment Certificates	G.O. Improvement Bonds	Tax Increment Bonds	EDA Revenue Bonds	Notes Payable
2005	\$ 455,000	\$ 7,510,000	\$ 18,545,000	\$ 10,340,000	\$ 238,900
2006	-	6,420,000	37,465,000	9,420,000	12,101,600
2007	-	5,775,000	50,745,000	8,460,000	52,100
2008	-	4,685,000	48,980,000	7,455,000	-
2009	-	4,010,000	47,165,000	6,405,000	-
2010	-	7,715,000	45,220,000	-	-
2011	-	6,790,000	43,325,000	-	-
2012	-	5,775,000	42,265,000	-	-
2013	-	4,405,000	38,850,000	-	-
2014	-	3,135,000	36,840,000	-	-

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

(1) See Schedule 14 for personal income and population data.

Schedule 9

<u>Contract for Deed Payable</u>	<u>Business- Type Activities Revenue Bonds</u>	<u>Total Primary Government</u>	<u>Debt as a Percentage of Personal Income (1)</u>	<u>Debt Per Capita (1)</u>
\$ 159,800	\$ 1,030,000	\$ 38,278,700	6.25%	1,724
140,100	905,000	66,451,700	10.85%	2,993
122,700	770,000	65,924,800	9.33%	2,944
101,300	675,000	61,896,300	8.37%	2,764
80,700	580,000	58,240,700	8.38%	2,587
59,265	480,000	53,474,265	8.28%	2,492
38,855	340,000	50,493,855	7.29%	2,353
-	-	48,040,000	6.93%	2,235
-	-	43,255,000	6.10%	1,966
-	-	39,975,000	5.60%	1,807

CITY OF NEW BRIGHTON, MINNESOTA
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Schedule 10

<u>Fiscal Year</u>	<u>Equipment Certificates</u>	<u>G.O. Improvement Bonds</u>	<u>Less Amount Restricted to Debt Service</u>	<u>Total</u>	<u>Percentage of Assessor's Estimated Market Value of Taxable Property (1)</u>	<u>Per Capita (2)</u>
2005	\$ 455,000	\$ 7,510,000	\$ -	\$ 7,965,000	0.46%	\$ 359
2006	-	6,420,000	-	6,420,000	0.34%	289
2007	-	5,775,000	-	5,775,000	0.29%	258
2008	-	4,685,000	-	4,685,000	0.22%	209
2009	-	4,010,000	-	4,010,000	0.19%	178
2010	-	7,715,000	-	7,715,000	0.38%	360
2011	-	6,790,000	1,110,567	5,679,433	0.30%	265
2012	-	5,775,000	934,884	4,840,116	0.28%	225
2013	-	4,405,000	806,018	3,598,982	0.21%	164
2014	-	3,135,000	745,050	2,389,950	0.14%	108

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

(1) See Schedule 5 for property value data.

(2) See Schedule 14 for population data.

CITY OF NEW BRIGHTON, MINNESOTA
 Direct and Overlapping Governmental Activities Debt
 As of December 31, 2014
 (Unaudited)

Schedule 11

<u>Governmental Unit:</u>	<u>Bonded Gross Debt Outstanding</u>	<u>Percentage Applicable In City*</u>	<u>Estimated City Share of Debt</u>
<u>Debt repaid with property taxes</u>			
Ramsey County	\$ 185,362,000	3.89%	\$ 7,214,234
Ramsey County Library	21,000,000	7.60%	1,597,000
Metro Watershed	1,394,386,000	-	-
School Districts:			
ISD No. 282	21,160,000	13.80%	2,920,973
ISD No. 621	109,550,000	20.54%	22,503,768
ISD No. 916	2,695,000	7.20%	193,994
Metro Council	1,507,019,856	0.58%	8,763,567
Metro Airports Commision	<u>2,840,000</u>	0.58%	<u>16,515</u>
Total Overlapping Debt	3,244,012,856		43,210,051
<u>Direct Debt:</u>			
City of New Brighton	<u>39,975,000</u>		<u>39,975,000</u>
Total Overlapping and Direct Debt	<u><u>\$ 3,283,987,856</u></u>		<u><u>\$ 83,185,051</u></u>
<u>Debt Ratios:</u>			
Ratio of debt per capita (22,123 population) - overlapping			\$ 1,953
Ratio of debt per capita (22,123 population) - direct			\$ 1,807
Ratio of debt per capita (22,123 population) - total			\$ 3,760
Ratio of debt to estimated market valuation of \$1,838,979,100			4.52%

* Determined by ratio of net tax capacity (after fiscal disparities and tax increment adjustment) of property subject to taxation in overlapping unit to net tax capacity of property subject to taxation in City.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the debt of those overlapping governments that is borne by the residents and businesses of the City of New Brighton. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Ramsey County

CITY OF NEW BRIGHTON, MINNESOTA
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (Unaudited)

	Fiscal Year			
	2014	2013	2012	2011
Market value	\$ 1,747,585,600	\$ 1,746,296,100	\$ 1,736,054,500	\$ 1,910,547,900
Applicable debt limit (percentage)	3%	3%	3%	3%
Debt limit	52,427,568	52,388,883	52,081,635	57,316,437
Amount of debt applicable to debt limit:				
Total bonded debt	39,975,000	43,255,000	48,040,000	50,455,000
Less: Improvement, tax increment and revenue bonds	(39,975,000)	(43,255,000)	(48,040,000)	(50,455,000)
Less: Cash and investments in related debt service funds	-	-	-	-
Total debt applicable to debt limit	-	-	-	-
Legal debt margin	\$ 52,427,568	\$ 52,388,883	\$ 52,081,635	\$ 57,316,437
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Schedule 12

Fiscal Year					
2010	2009	2008	2007	2006	2005
\$ 2,005,697,200	\$ 2,091,744,100	\$ 2,115,568,700	\$ 2,026,064,400	\$ 1,888,235,800	\$ 1,732,531,300
3%	3%	3%	3%	3%	3%
60,170,916	62,752,323	63,467,061	60,781,932	56,647,074	51,975,939
53,415,000 (53,415,000)	58,160,000 (51,755,000)	61,795,000 (54,340,000)	65,750,000 (57,290,000)	54,210,000 (45,930,000)	37,880,000 (28,570,000)
-	(1,005,668)	(1,447,719)	(1,424,265)	(1,311,739)	(1,046,288)
-	5,399,332	6,007,281	7,035,735	6,968,261	8,263,712
<u>\$ 60,170,916</u>	<u>\$ 57,352,991</u>	<u>\$ 57,459,780</u>	<u>\$ 53,746,197</u>	<u>\$ 49,678,813</u>	<u>\$ 43,712,227</u>
0.00%	8.60%	9.47%	11.58%	12.30%	15.90%

CITY OF NEW BRIGHTON, MINNESOTA

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Unaudited)

Schedule 13

Fiscal Year	Special Assessment Collections	Debt Service Requirements			Coverage
		Principal	Interest and Paying Agent Fees	Total	
Special Assessment:					
2005	\$ 202,600	\$ 1,370,000	\$ 312,700	\$ 1,682,700	12%
2006	183,000	1,090,000	270,600	1,360,600	13%
2007	169,300	1,100,000	229,100	1,329,100	13%
2008	147,300	1,090,000	206,200	1,296,200	11%
2009	128,900	1,050,000	160,600	1,210,600	11%
2010	115,000	1,055,000	131,800	1,186,800	10%
2011	96,700	2,320,000	174,400	2,494,400	4%
2012	84,000	1,945,000	137,800	2,082,800	4%
2013	73,800	1,370,000	109,700	1,479,700	5%
2014	55,657	1,270,000	84,478	1,354,478	4%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Amounts rounded to the nearest hundred.

CITY OF NEW BRIGHTON, MINNESOTA
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Schedule 14

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2005	22,206	\$ 612,308	\$ 27,574	2.5%
2006	22,206	612,308	27,574	3.2%
2007	22,391	706,705	31,562	3.9%
2008	22,391	739,418	33,023	4.5%
2009	22,511	694,599	30,856	6.9%
2010	21,456	645,804	30,099	7.2%
2011	21,456	692,278	32,265	6.2%
2012	21,496	693,568	32,265	5.1%
2013	21,996	715,706	32,538	4.4%
2014	22,123	713,953	32,272	3.5%

- (1) Population provided by the federal census for 2004 through 2006 and 2010 through 2011.p
Population provided by Metropolitan Council estimate for 2007 through 2009 and 2012 through 2014.
- (2) Personal income and per capita personal income figures provided by American Community Survey
compiled by Metropolitan Council.
- (3) Unemployment rate figures provided by Minnesota Dept of Employment and Economic Development
based on an annual average.

CITY OF NEW BRIGHTON, MINNESOTA

Principal Employers
 Current Year and Nine Years Ago
 (Unaudited)

Schedule 15

Employer	2014			2005		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (2)	Rank	Percentage of Total City Employment
Independent School District No. 62	713	1	7.28%	1,961	1	17.82%
Medtox Laboratory Inc.	571	2	5.83%	400	2	3.63%
Donnatelle	350	3	3.57%	400	3	3.63%
Pentair	240	5	2.45%	-	-	-
Mission Foods	220	6	2.25%	-	-	-
Lakeville Motor Express Inc.	200	7	2.04%	-	-	-
Health & Rehab of New Brighton	180	8	1.84%	-	-	-
City of New Brighton	268	9	2.74%	-	-	-
H. Brooks & Company	500	10	5.10%	-	-	-
Next Day Gourmet	-	-	-	260	4	2.36%
Hypro LLC	-	-	-	225	5	2.04%
Print Craft, Inc.	-	-	-	200	6	1.82%
Medtox Laboratory Inc.	-	-	-	450	2	4.26%
Remmele Engineering	-	-	-	180	7	1.64%
Corporate Express	-	-	-	160	8	1.45%
Cub Foods	-	-	-	145	9	1.32%
Trevilla Nursing Home	-	-	-	140	10	1.27%

(1) Source: Written and telephone survey (January 2015), Infogroup

(2) Source: Telephone survey of individual employers, August 2004

(3) Information for 2004 reflects total District employment. Information for 2014 reflects only the City's portion.

CITY OF NEW BRIGHTON, MINNESOTA

Full-time Equivalent City Employees by Function/Program
 Last Ten Fiscal Years
 (Unaudited)

Schedule 16

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Administration (1)	4.33	4.33	4.33	4.30	4.00	5.30	5.30	5.50	5.40	5.30
Finance	4.10	5.25	5.25	5.25	5.30	5.30	5.20	5.30	5.30	5.50
Elections	0.98	0.65	1.04	1.00	0.80	0.40	1.00	0.70	0.70	0.80
License Bureau	2.10	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.60	1.40
Community Development	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.50	8.00	7.50
Parks and Recreation										
Parks	7.12	7.12	7.07	7.07	7.10	7.10	9.40	9.20	9.10	9.40
Forestry	1.10	1.40	0.60	0.60	0.60	1.40	1.80	1.80	1.80	1.80
Recreational Programs	8.33	8.41	8.76	8.80	10.60	13.20	11.50	10.60	11.40	11.40
Community Center	13.57	13.23	12.31	12.30	13.20	13.80	12.20	11.20	11.50	10.50
Public Safety										
Police	32.60	31.60	31.60	31.60	32.60	33.60	34.10	32.60	35.00	34.00
Fire (2)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	0.00	0.00
Public Works										
Engineering	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.50
Streets	15.02	15.02	14.77	14.77	14.80	14.80	15.00	15.10	15.60	15.60
City Garage	1.82	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Golf	4.41	4.90	4.90	4.90	4.70	4.90	4.90	4.90	4.50	4.50
Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Totals	109.38	109.91	108.63	108.59	111.70	118.80	119.40	116.40	117.90	116.20

(1) City Council members are paid salaries, but are not considered employees

(2) Firefighters are volunteers who are paid per call and per drill and are not considered employees

CITY OF NEW BRIGHTON, MINNESOTA
 Operating Indicators by Function/Program
 For the Fiscal Year Ending December 31, 2014

Schedule 17

Function/Program	Fiscal Year								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Community development									
Single family building permits	221	204	217	248	265	197	209	582	626
Multi-family building permits	9	4	16	11	18	12	11	24	10
All other building permits	50	37	65	60	80	49	64	81	70
Public Safety									
Police									
Criminal offenses (actual and attempts)	559	566	602	530	611	564	584	672	587
Traffic accidents	322	349	309	261	320	293	280	287	281
DWI's	77	62	84	87	134	121	119	119	122
Parking violations	387	496	447	456	660	653	528	626	635
Hazardous moving violations	1,481	1,346	1,855	1,226	1,289	1,259	1,225	1,371	1,348
Non-hazardous moving violations	1,021	564	742	598	769	824	1,107	970	739
Fire									
Fire incidents	57	79	90	83	94	102	84	90	61
Rescue and emergency medical service incidents	11	18	10	6	11	9	14	14	20
Hazardous conditions (no fire)	51	52	50	41	71	50	62	67	57
False alarms	98	108	125	118	120	116	108	119	119
Public Works									
Street sealcoating (miles)	-	2	4	4	4	4	5	9	9
Street mill and overlay (miles)	2	4	-	1	1	-	-	1	-
Street reconstruction (miles)	0	1	-	1	1	-	1	1	-
Parks and Recreation									
Daily youth wristbands (includes twilight)	51,714	52,659	48,247	52,738	44,847	42,234	40,907	36,961	39,212
Daily teen wristbands	-	-	-	-	84	276	266	318	577
Daily adult wristbands	5,033	5,108	3,224	2,935	2,910	4,818	5,055	5,282	5,876
Birthday parties	953	995	1,140	1,170	991	954	940	1,075	1,074
Softball teams	91	91	108	105	116	124	128	120	62
Aquatic registrants	1,062	918	827	754	741	896	890	1,042	1,162
Life-long recreation registrants	864	998	943	648	952	1,560	1,618	1,560	1,455
Sports camps and league registrants	1,240	1,284	1,341	838	1,047	1,234	1,366	1,550	1,666
Adaptive recreation registrants	69	60	63	69	73	111	129	131	145
Summer playground registrants	-	-	-	-	296	278	345	271	308
Dance registrants	142	148	154	117	93	104	151	160	193
Water									
Average daily consumption (thousands of gallons)	2,096	2,282	2,566	2,313	2,346	2,411	2,334	2,729	2,500
Peak daily consumption (thousands of gallons)	4,454	5,477	5,647	5,277	3,959	5,892	5,330	7,694	6,460
Water main breaks	28	22	17	20	20	26	35	21	25
Sewer									
Average daily sewage discharge (thousands of gallons)	1,813	1,780	1,737	1,974	1,737	1,686	1,978	1,750	2,440
Golf course									
Number of rounds played	20,822	19,795	21,632	20,877	25,124	25,658	25,426	25,999	23,918

Note: Information not available prior to 2006. This table will be updated on a go-forward basis.

CITY OF NEW BRIGHTON, MINNESOTA
 Capital Asset Statistics by Function/Program
 For the Fiscal Year Ending December 31, 2014

Schedule 18

Function/Program	Fiscal Year								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government									
Elections									
Date of last election	11/4/2014	11/5/2013	11/6/2012	11/8/2011	11/2/2010	11/3/2009	11/4/2008	11/6/2007	11/7/2006
Number of registered voters	14169	13,497	15,074	13,324	14,439	13,748	16,564	13,860	15,243
Number of votes cast	8870	3,831	13,004	3,011	10,729	2,876	13,060	3,122	10,189
Percentage of registered voters voting	62.6%	28.4%	86.3%	22.6%	74.3%	20.9%	78.8%	22.5%	66.8%
Public Safety									
Police									
Stations	1	1	1	1	1	1	1	1	1
Fire									
Stations	1	1	1	1	1	1	1	1	1
Public Works									
Streets (miles)	71	71	71	71	71	71	71	71	71
Parks and Recreation									
Neighborhood parks	12	12	12	12	12	12	12	12	12
Community parks	1	1	1	1	1	1	1	1	1
Ball fields (softball)	9	9	9	9	9	9	9	9	9
Acreage of parks	172	172	172	172	172	170	170	170	170
Tennis courts	6	6	6	6	6	6	6	5	5
Water									
Water mains (miles)	96	96	96	96	96	96	96	95	95
Wells	11	11	11	11	11	11	11	11	11
Fire hydrants	784	771	770	770	769	769	772	759	774
Water towers/tanks	4	4	4	4	4	4	4	4	4
Treatment plants	4	5	5	5	5	5	5	5	1
Sewer									
Sanitary sewers (miles)	77.7	74	74	74	74	74	74	78	78
Lift stations	5	5	5	5	5	5	5	5	5
Stormwater									
Storm sewers (miles)	42	42	42	42	42	42	42	40	40
Street Lights									
Number of streetlights	1007	962	962	962	962	961	961	921	881
Golf course									
Number of holes	9	9	9	9	9	9	9	9	9
Acreage	31	31	31	31	31	31	31	31	31

Note: Information not available prior to 2006. This table will be updated on a go-forward basis.

