

CITY OF RED WING
RED WING, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

PREPARED BY:

FINANCE DEPARTMENT

MARSHALL HALLOCK, CPA
Finance Director

Member GFOA of U.S. and Canada
Published June 23, 2014

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INTRODUCTORY SECTION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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June 23, 2014

To The Honorable Mayor,
Members of the City Council,
and Citizens of the City of Red Wing, Minnesota

Minnesota statutes require that every general-purpose local government publish within six months of the close of each fiscal year an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance generally accepted auditing standards by a firm of licensed certified public accountants or the state auditor. Pursuant to that requirement submitted herewith is the Comprehensive Annual Financial Report of the City of Red Wing, Minnesota (the City), for the fiscal year ended December 31, 2013.

The purpose of this report is to provide the Mayor, City Council, City Staff, citizens, bondholders, rating agencies and other interested parties with useful information concerning the City's financial position and operations. This report was prepared by the City's Finance Division and represents the official report of the City's financial position and operations. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with the City. Your Management staff believes the information, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, State Auditor's Office and the City's Charter.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control structure that is designed to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The City's internal control framework has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires management's estimates and judgments. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that this financial report is complete and reliable in all material respects.

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Red Wing, MN 55066
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Phone: 651.385.3600
Fax: 651.388.9608

The financial statements in this report have been audited by Abdo, Eick and Meyers, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2013 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements, for the year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. It includes all activities considered by generally accepted accounting principles to be part of (controlled by or dependent on) the City. The City is also financially accountable for the legally separate Red Wing Port Authority which is reported separately as a component unit within the report.

Independent School District 256 is an independent district and not part of the City. Financial data for it is not included in the financial statements in this report. Audited financial statements for the district are available upon request at its business office in Red Wing.

The Housing and Redevelopment Authority of Red Wing (HRA) is considered to be a separate government. The City does not review or approve the budget. Financial data for it is not included in the financial statements in this report. Audited financial statements are available upon request at its business office in Red Wing.

The pension funds for Red Wing's Volunteer Fire Department and appropriate Police personnel are administered through their respective relief associations. Both associations are self-governing with their own Boards of Trustees, by-laws, and officers. Financial data for the pension funds are not included in the financial statements in this report. A financial statement and actuarial information are available upon request.

The City provides the full range of municipal services prescribed by statute or charter. These services include but are not limited to police and fire protection, ambulance and emergency medical services, street and drainage construction and maintenance, engineering, planning, building and zoning, code enforcement, rental housing inspection, sanitation, parks, culture and recreation, economic and community development, neighborhood services and general legislative and administrative services. In addition, solid waste disposal, recycling, water, sewer, incinerator, ambulance and marina services are provided and funded with user charges established by the City Council.

PROFILE OF THE CITY

The City was incorporated on March 4, 1857. The City is situated on the Mississippi River, at the headwaters of Lake Pepin, approximately 50 miles southeast of Minneapolis-Saint Paul. It is the county seat of Goodhue County and a community rich in history, tradition and diversity. While the City continues to grow as a regional center for business and retail trade, medical care, education, and culture and recreation it is distinct because of its beautiful and abundant natural amenities. The City covers an area of 41.28 square miles. The 2010 population of the City according to the U.S. Census Bureau is 16,459, which is a 2 percent increase over the 2000 U.S. Census of 16,116.

The City operates under a weak Mayor form of government. Policy-making and legislative authority are vested in the governing Council consisting of a Mayor and seven Council members. The City Charter provides that the Mayor shall be the titular head of the City and shall be recognized as the official head of the City for all ceremonial purposes, by the courts for the purpose of serving civil processes, and by the Governor for the purposes of martial law. The Mayor does not have a vote on the Council but does have veto authority over Council actions. The Council may reconsider any vetoed action at the next regular meeting and by a two-thirds vote of all members override the mayor's veto. The voters of the City at Large elect the Mayor for four years on a part-time basis. The City Council is comprised of seven members serving four-year staggered terms. The Council members are elected from the City's four wards on a non-partisan basis. Voters of each ward elect one member of the City Council for four years on a part-time basis. Two additional members are elected to serve as members who represent two of the four wards. The voters of the City at Large elect an additional member of the City Council.

The Council, among other things, is responsible for establishing policy, passing ordinances, adopting the budget and appointing committees. The Council is also responsible for appointing an administrative officer, a financial officer, a clerical officer, city attorney(s), a director of engineering, a chief law enforcement official and chief fire official. The Council Administrator is the chief administrative officer of the City and is responsible for performing all administrative functions of the City, for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and keeping the Mayor and City Council advised as the financial needs and condition of the City.

BUDGETARY CONTROL

Budgetary control is maintained in compliance with the City's Charter requirements. The Charter provides that it is the duty of the administrative officer to enforce the provisions of the budget. The management policy of the City is such that the existence of a particular item or appropriation in the approved budget does not mean that it will or must be automatically expended. It is the policy of the City to control budgets at the expenditure category level. Budget adjustments are made upon the approval of a resolution by the City Council. The City Charter provides that after the budget resolution has been adopted, the City Council shall have no power to increase the amounts fixed in the budget resolution by the insertion of new items or otherwise, beyond the estimated revenue unless actual receipts exceed the estimates, and then not beyond the actual receipts.

The annual budget serves as the foundation for the City's financial planning and control. The budget incorporates the City's financial policies related to operations, management policy, debt management, reserves, investments, and amendments into the overall budget document. The budget process is focused on the balancing of anticipated revenues and appropriations. City departments submit their appropriation requests to the Finance Department in June. These requests, along with projected revenue, are the starting point for developing the proposed budget. The Council Administrator and Finance Director present a preliminary budget to the Council prior to September 15th of each year. The Council at that time sets the preliminary tax levy, which can be lowered but not increased. The City Council holds public budget work sessions and a formal public hearing before adopting the final budget and tax levy by December 20th. The Council Administrator has budget discretion within expenditure categories; however, adjustments between departments or funds require a budget amendment adopted by the City Council.

The flexibility needed to control and protect the various funds is provided by a monthly monitoring of the accounting records to show adequate revenue sources for anticipated expenditures. This monthly monitoring process prevents expenditures from being approved until it has been determined that adequate funds were appropriated, the expenditure is necessary and there are adequate funds available for such.

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 operates.

Local Economy. The City is located along a natural crossing point of the Mississippi River, a place where Minnesota and Wisconsin meet and where one enjoys easy access to business, markets and recreation. The City has access to the major market areas of North America with the Minneapolis-St. Paul metropolitan areas approximately 50 miles northwest of the City.

The City is a regional center. The City currently enjoys a stable economic environment and local factors appear to indicate its continued stability. The City has a diverse tax base including various industries and organizations which contribute to the area's relative stability of the unemployment rate in relation to State and national averages. Major industries with headquarters or divisions located within the City's boundaries include electric utilities, health care, various manufacturers, agribusinesses and numerous financial, insurance, and legal professionals.

The City's financial base is currently sound and future prospects are good. The City has an employed labor market of approximately 13,307 jobs. This labor market draws workers from significant distances outside Red Wing. The City's three business districts are expected to maintain their high occupancy rate with a variety of stores, specialty shops and commercial businesses.

Long-term Financial Planning. The Mayor and City Council continue to take a long-term view of the City's finances. The City Council and the administration have worked to demonstrate a financial planning commitment by proactively managing reductions in state-paid local government aids, developing a capital improvement program, engaging the public in budget discussions, holding policy workshops early in the budget development process, identifying alternative revenue sources, reviewing fees and rates for utility services, securing grants and refinancing when prudent.

The Minnesota Office of the State Auditor's general recommendation is *"that at year-end local governments maintain an unreserved fund balance in their general fund and of approximately 35 to 50 percent of operating expenditures which should provide the local government with adequate funds until the next property tax revenue collection cycle."* In addition, the Office of the State Auditor's recommendation states, *"The adequacy of unreserved fund balance should be assessed based on an individual local government's own circumstances"....* With the recent national recession and volatility in State-paid local government aids to the City, the City has assessed its own specific circumstance and chosen to be conservative in the General fund's unreserved fund balance we maintain which has enabled us to address reductions in State-paid local government aids and provide planning certainty.

The City's economic indicators for residential construction in 2013 continued to lag the 2004 - 2009 fiscal years but were consistent with the activity levels experienced in fiscal years 2011 - 2012. In 2013 the City issued 7 permits for new residential construction with a valuation of \$ 1,565,000 compared to 8 in 2012 with a valuation of \$1,333,434. The 7 residential permits issued in 2013 are equal to the five-year average of 7 residential permits and above the five-year average valuation of \$1,420,565.

In 2013 the City issued 8 civic, institutional, commercial and industrial permits with a valuation of \$1,732,280 compared to 8 in 2012 with a valuation of \$3,533,494. The 8 civic, institutional and commercial and industrial permits issued in 2013 are above the five-year average of 4.2 civic, institutional, commercial and industrial permits. The valuation of the 8 civic, institutional and commercial permit issued in 2013 is below the five-year average valuation of \$1,940,725.

A total of 15 residential, civic, institutional commercial and industrial permits were issued in 2013 with a combined valuation of \$3,927,280. The 15 residential, civic, institutional commercial and industrial permits issued in 2013 are up from the five-year average of 11.6 residential, civic, institutional commercial and industrial permits. The valuation of the 15 residential, civic, institutional commercial and industrial permits issued in 2013 is above the five-year average valuation of \$3,361,290.

To stay current with the rapidly changing national economy the City continues to refine its methods for making informed financial decisions. The City employs tax base modeling and continues to build, implement and expand its capital improvement plan. The capital improvement plan includes a majority of expenditure categories for the City, including infrastructure, equipment, buildings and facilities. To facilitate long-term planning, the City is not confining the capital improvement plan to a five-year period. City Administration requires the plan to include all funding sources for each project to facilitate future revenue, debt and net asset projections. To reduce the City's primary reliance on property taxes the City actively pursues alternative non-property tax revenue sources.

The City continues building upon and implementing its asset management program with the sanitary sewer, storm water, water, streets, facilities and other systems. The asset management program assesses the current condition of systems and equipment and projects the timing of repairs and replacements. The City is incorporating this data into the capital and long-term forecasting and planning processes.

The City employs a financing model for the reconstruction of aged infrastructure within the City. This model includes assessments to benefited properties as well as portions funded through other City funds. The model is applied to projects which include the reconstruction of streets. The tax base, infrastructure replacement and financing models are used to project impacts on future property tax levies, budgets and debt activity as a result of future reconstruction projects.

For the future, infrastructure improvements continue to be a community priority. Nearly \$33.3 million of street related transportation improvements are being planned over the next 5 years with approximately \$4.1 million for 2014. The City continues to explore all avenues that will meet the increasing demand for services while controlling the costs associated with the delivery of those services to its citizens.

The City's bond rating of Aa2 from Moody's Investor Services was reaffirmed. The Aa2 rating reflects the City's healthy financial operations supported by adequate General fund reserves.

Major Initiatives. In preparing the 2014 budget, the City continued its commitment to quality of life and livability themes and commitment to the efficient and effective delivery of local government services to the citizens of Red Wing.

The improvement projects at our Municipal Wastewater Treatment Facilities continued in 2013. The upgrades are necessary to meet maintenance needs and effluent discharge limits set for the facilities by the Minnesota Pollution Control Agency and to provide critical redundancies. The upgrades will assist in ensuring the effluent discharges remain in compliance with waste water discharge limits and provide critical redundancies.

Improvements continued in 2013 on the renewal and replacement of our Industrial Wastewater Treatment Facility. The project will result in significant process and operation changes. The project includes the reconstruction of clarifiers and the addition of dewatering processes. The improvements will reduce operating costs, increase reliability of the facility and improve effluent discharges.

Work continued in 2013 on the East 5th Street Bridge replacement project. The project will result in the replacement of the current bridge, needed safety improvements and a wider corridor to accommodate improved sight lines and a recreational trail. The project is funded in large part with \$3.0 million grant from the State.

Work continued in 2013 on Memorial and Barn Bluff Parks including safety enhancements, trail and trailhead improvements, natural and historic interpretation, picnic areas, overlook areas, and other substantive improvements. These improvements are made possible in large part by state grants and generous local philanthropic contributions.

Design work commenced on a proposed public safety facility which will facilitate meeting emergency response time goals within the western sections of the City.

Design work commenced on significant complete street improvements to Levee Road which serves as primary access to the community's riverfront and Highway 61 which serves as the community's main street. These projects will improve safety, provide multimodal transportation systems, mitigate flooding along the riverfront, improve environmental quality, and generally improve the efficient flow of commerce, pedestrians and bicyclists along the river front and in the downtown commercial area. These improvements are made possible by leveraging state and federal grants.

Preliminary design work commenced on improvements to the Solid Waste Campus which are intended to result in a conversion from incinerating municipal solid waste to processing the material. The opportunity to convert incinerator operations is made possible through a partnership with Xcel Energy.

There were other projects commenced or completed in 2013 that enhanced the quality of live, livability, beauty and recreational opportunities for our community. Improvements were made to A.P. Anderson Park, Central Park, Colvill Park, the Aquatic Center, Goodhue County Historical Society and Library facilities. The City made other improvements to neighborhood parks including the replacement of playground apparatuses and numerous other improvements that contributed to the beautification, quality of life and livability of the City.

INTERNAL ACCOUNTING CONTROLS

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

- 1) the safeguarding of assets against loss from unauthorized use or disposition, and;
- 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

- 1) cost of the control should not exceed the benefits likely to be derived, and;
- 2) evaluation of costs and benefits requires estimates and judgment by management.

The City has placed an emphasis on and continually evaluates its system of internal accounting controls to assure its citizens that we adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

RELEVANT FINANCIAL POLICIES

The Mayor and City Council Members continue to evaluate the level of reserves of the city with their desire to minimize property tax increases while still maintaining service levels and infrastructure renewal and replacement. The City has established financial policies for use as a guideline during the budget process. The City employs a conservative approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of planned growth in the tax base.

Changes in State tax law over the past years have resulted in funding changes for both schools and local governments. Trends of the past decade, changes in state tax law, and recent legislation indicate that the City will have a greater reliance on property taxes as a source of financing for city operations in the future and less reliance on intergovernmental revenues (federal and state). Due to the uncertainty in receiving State-paid local government aids they will be conservatively budgeted in the General fund and the Capital Improvement Plan to facilitate planning certainty and assist in ensuring critical public services are not unnecessarily disrupted.

INDEPENDENT AUDIT

State law requires an annual audit of the City's financial records and transactions supporting the financial statements. This requirement has been complied with and the auditors' opinion has been included in this report.

The accompanying financial statements have been examined by Abdo, Eick & Meyers, LLP independent certified public accountants. The firm is engaged by the City Council to render an opinion on the City's financial statements in accordance with generally accepted auditing standards.

The City Council is responsible for:

- 1) assuring that the City administration fulfills its responsibilities in the preparation of the financial statements, and;
- 2) engaging the independent public accountants with whom the City Council reviews the scope of the audits and the accounting principles to be applied in financial reporting.

To ensure complete independence, Abdo, Eick and Meyers, LLP has full and free access to meet with the City Council to discuss the results of their audit and their assessment of the adequacy of internal accounting controls and the quality of financial reporting.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City of Red Wing, Minnesota, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012. This was the fifth consecutive year the City has achieved 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 must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

ACKNOWLEDGMENTS

The timely preparation and completion of this report are due to the efficient and dedicated services of the Finance Department staff. The significant amount of year-end closing procedures required prior to the audit and the documentation preparation could not have been accomplished without the professional efforts of Assistant Finance Director Keith Schlichting. Appreciation is also extended to City departmental staff, who contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Sincere thanks goes to our independent auditors Abdo, Eick and Meyers, LLP for their service and professional guidance. Lastly, the Mayor's, City Council's and Council Administrator's continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner are sincerely appreciated.

Respectfully submitted,



Marshall Hallock, CPA
Finance Director

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CITY OF RED WING

CITY OFFICIALS

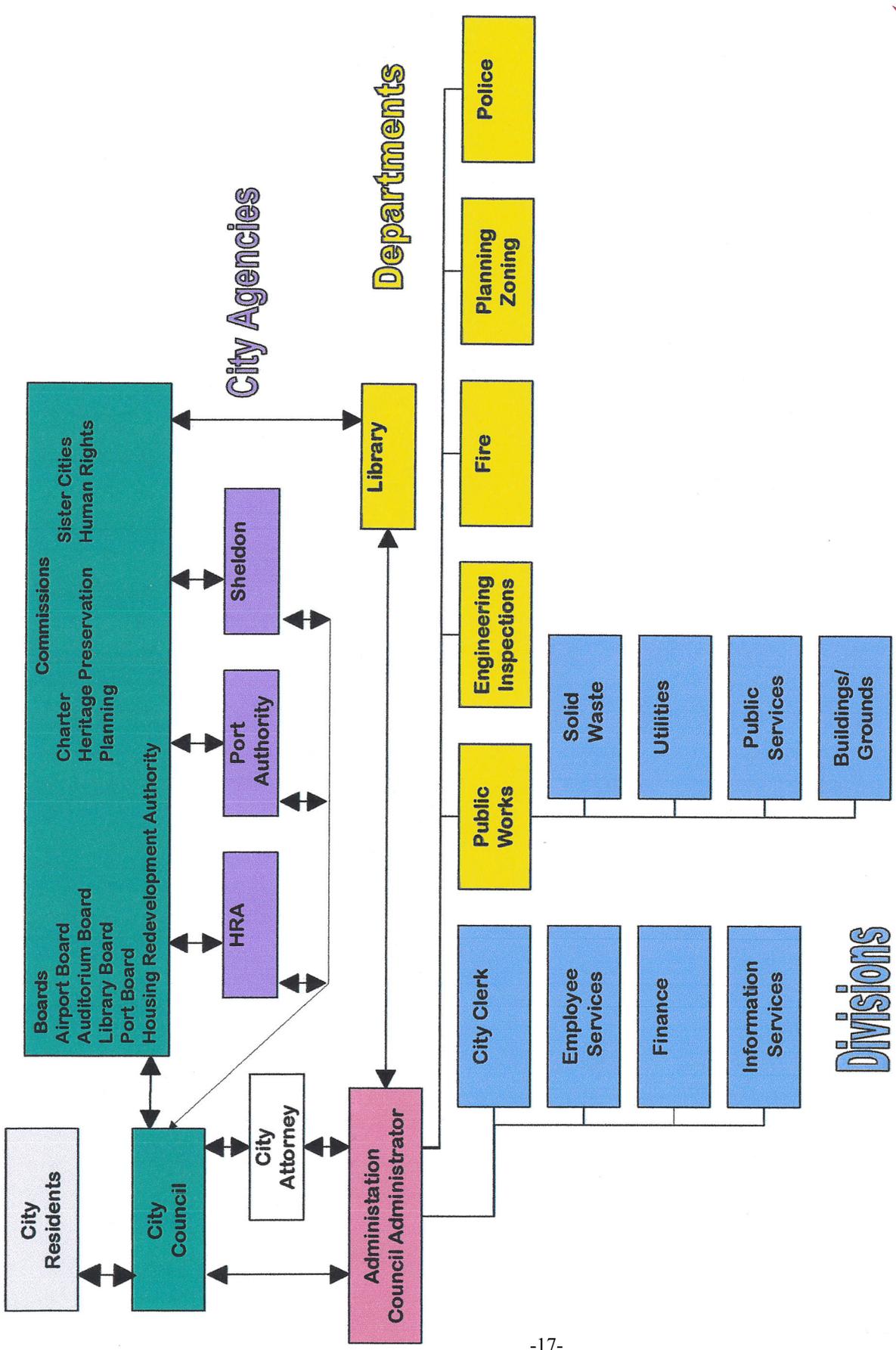


Back row: (left to right) Council Member Ralph Rauterkus, Council Member Jason Sebion, Council Member Dean Hove, and Council Member Michael Schultz. Front Row: (left to right) Council Member Peggy Rehder, Council President Lisa Pritchard Bayley, Mayor Daniel Bender, and Council Member Marilyn Meinke.

ADMINISTRATIVE PERSONNEL

Council Administrator	Kay Kuhlmann
City Attorney	Rupp, Anderson, Squires & Waldspurger, P.A.
City Clerk	Kathy Seymour Johnson
City Planner	Brian Peterson
Employee Services Director	Roger Seymour
Finance Director	Marshall Hallock, CPA
Information Technology Director	Laura Blair

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Government Finance Officers Association

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

Presented to

**City of Red Wing
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

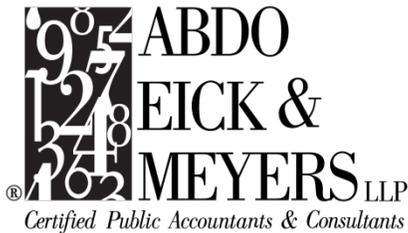
Executive Director/CEO

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FINANCIAL SECTION
CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Red Wing, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Red Wing, Minnesota, (the City) as of and for the year ended December 31, 2013, 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 the 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. The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated June 21, 2013, we expressed unmodified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 financial statement presentation.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General fund and PERA Perpetual special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 and the Schedule of Funding Progress on page 125 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's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 23, 2014

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Management's Discussion and Analysis

As management of the City of Red Wing (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013. 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 starting on page 7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$136,221,068 (net position). Of this amount, \$41,530,081 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,027,460, compared to an increase of \$4,899,458 in the previous year. A significant portion of this increase is attributable to operating grants, capital grants and contributions including special assessments, municipal State aids for street and other various improvements. Also, the decrease from the previous year is mainly due to the decline in fair value of investments of approximately \$3.3 million reported at year-end. Governmental activities accounted for 69.5 percent of the total increase while business-type activities accounted for the remaining 30.5 percent of the total increase.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,260,261, an increase of \$131,934 in comparison with the prior year. A significant portion of the net increase is attributable to assessment collections in the Capital Improvement Assessment Fund, improvement project expenditures exceeding revenues, and the previously mentioned decline in fair value of investments reported at year end. Approximately 27.3 percent of this total amount, \$9,881,255, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$26,379,006) is not available for new spending because it is either 1) nonspendable (\$2,365,649), 2) restricted (\$11,340,260), 3) committed (\$4,231,826), or 4) assigned (\$8,441,271) for the purposes described in Note 3 in the fund balance section of each balance sheet.
- During the year, the City's governmental expenditures and financing uses totaled \$28,357,301 compared to \$28,489,235 generated in revenues and other financing sources for governmental programs.
- The General fund reported an increase in fund balance this year of \$410,011. Revenues were less than the final budget by \$187,601 and expenditures were less than the final budget by \$2,446,685. Substantially all this increase is attributable to the previously mentioned decline in fair value of investments reported at year-end and delays in planned capital acquisitions and improvement projects.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$11,058,961, or 72.0 percent of total General fund expenditures.
- The City's total debt increased by \$112,921 or 0.4 percent during 2013. This was a result of principal of \$2,817,079 that was retired during the year and debt issuances of \$2,930,000.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City'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 supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

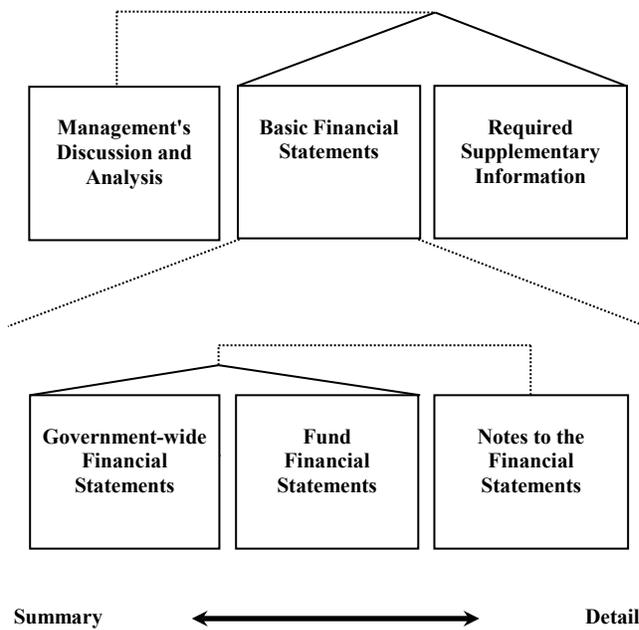


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, economic development, airport, transit, cemeteries, unallocated, and interest on long-term debt. The business-type activities of the City include the refuse collection and recycling, water, sewer, incinerator, marina, ambulance and storm water activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Red Wing Port Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 43 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term 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 by 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 maintains 47 individual governmental funds, five of which are Debt Service funds which are combined for reporting. 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, the PERA Perpetual fund, the Debt Service funds (which are considered one fund for financial reporting) and the Capital Improvement Assessment fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and certain special revenue funds. Budgetary comparison statements have been provided for the General and PERA Perpetual funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found starting on page 50 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its refuse collection and recycling, water, sewer, incinerator, marina, and ambulance operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its administrative services, central services, risk management activities, specified equipment, and information technology activities. 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 refuse collection and recycling, water, sewer, incinerator, marina, ambulance and storm water, all of which are considered to be major funds of the City. Conversely, other 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 starting on page 60 of this report.

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

The basic fiduciary fund financial statements can be found starting on page 84 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 starting on page 87 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, and the combining and individual fund financial statements and schedules which can be found starting on page 129 of this report.

Further, a statistical section has been included as part of the comprehensive annual financial report to facilitate additional analysis and can be found starting on page 212 of this report.

Government-wide Financial Analysis

The two government-wide statements report the City's net position and how they have changed. The following table presents net position which is the difference between the City's assets and liabilities. Net position is one way to measure the City's financial health, or position, over time. Over time increases or decreases in the City's net position are an indicator of whether the financial health is improving or deteriorating respectively.

The City's assets exceeded liabilities by \$136,221,068 at the close of the most recent fiscal year. A large portion of the City's net position (60.4 percent) 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. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City'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.

City of Red Wing's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Current and other assets	\$ 47,576,501	\$ 48,488,394	\$ (911,893)	\$ 13,711,861	\$ 17,744,302	\$ (4,032,441)
Capital assets	47,766,338	43,733,480	4,032,858	59,098,233	55,420,193	3,678,040
Total assets	95,342,839	92,221,874	3,120,965	72,810,094	73,164,495	(354,401)
Long-term liabilities outstanding	8,911,893	7,003,025	1,908,868	19,624,626	21,148,862	(1,524,236)
Other liabilities	1,759,212	1,955,372	(196,160)	1,636,134	1,085,502	550,632
Total liabilities	10,671,105	8,958,397	1,712,708	21,260,760	22,234,364	(973,604)
Net position						
Net investment in capital assets	41,825,328	38,453,702	3,371,626	40,517,978	35,251,711	5,266,267
Restricted	11,965,453	13,650,753	(1,685,300)	382,228	364,166	18,062
Unrestricted	30,880,953	31,159,022	(278,069)	10,649,128	15,314,254	(4,665,126)
Total net position	\$ 84,671,734	\$ 83,263,477	\$ 1,408,257	\$ 51,549,334	\$ 50,930,131	\$ 619,203

Additionally, a portion of the City's net position (9.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (30.5 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

The City's total net position increased by \$2,027,460, compared to an increase of \$4,899,458 in the previous year. A significant portion of this increase is attributable to operating grants, capital grants and contributions including special assessments, municipal State aids and Federal and State funding for park, street and other various improvements. Other significant factors contributing to this increase including the timing (delays) of planned capital acquisitions and improvement projects and managing expenses. Also, the decrease from the previous year is mainly due to the decline in fair value of investments of approximately \$3.3 million reported at year-end.

Governmental activities. Governmental activities increased the City's net position by \$1,408,257, accounting for 69.5 percent of the total increase in the City's net position. Key elements of this increase are as follows:

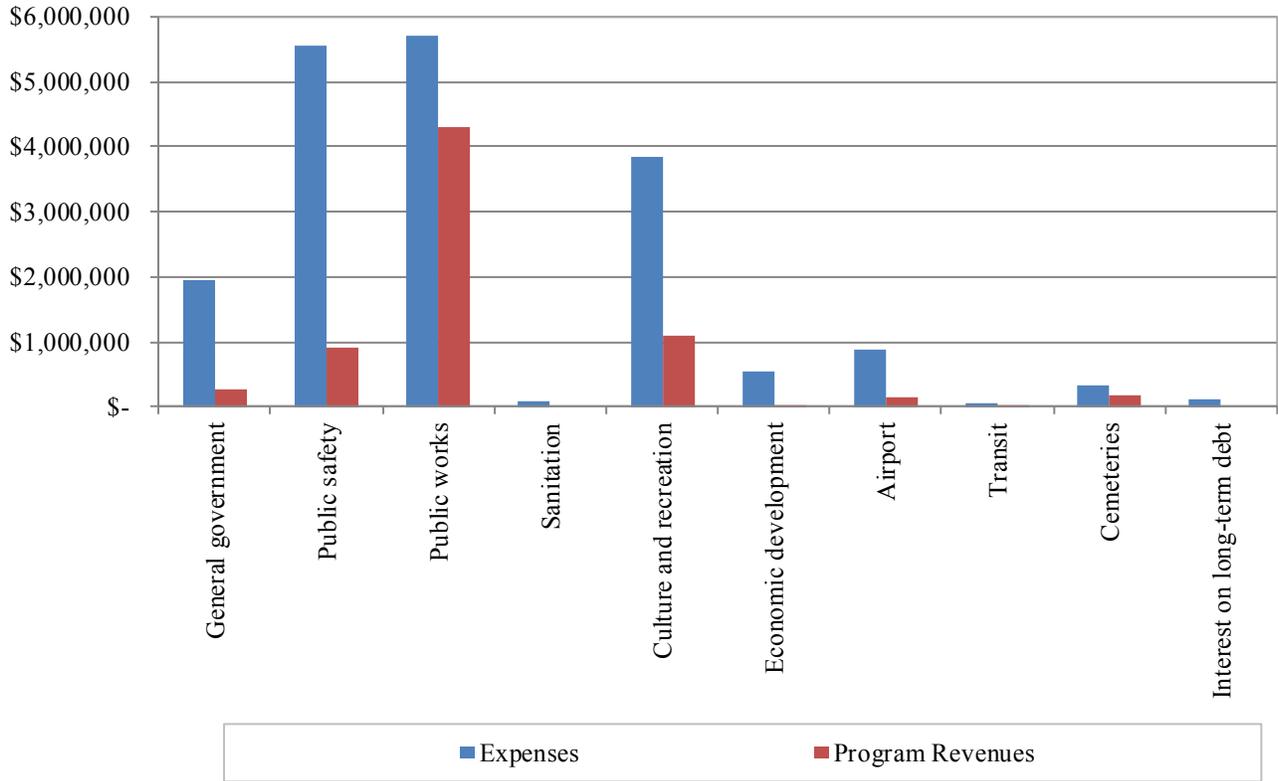
City of Red Wing's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,929,277	\$ 1,506,959	\$ 422,318	\$17,295,367	\$16,547,028	\$ 748,339
Operating grants and contributions	2,712,569	2,096,164	616,405	4,710	6,100	(1,390)
Capital grants and contributions	2,282,063	2,890,146	(608,083)	-	49,028	(49,028)
General revenues						
Property taxes	14,163,981	13,003,468	1,160,513	-	-	-
Other taxes	404,829	569,902	(165,073)	-	-	-
Grants and contributions not restricted to specific programs	1,136,834	1,611,696	(474,862)	-	-	-
Unrestricted investment earnings (loss)	(1,402,035)	678,948	(2,080,983)	(919,620)	350,178	(1,269,798)
Other	130,824	57,700	73,124	-	-	-
Gain on sale of capital assets	89,842	149,127	(59,285)	122,127	115,500	6,627
Total revenues	<u>21,448,184</u>	<u>22,564,110</u>	<u>(1,115,926)</u>	<u>16,502,584</u>	<u>17,067,834</u>	<u>(565,250)</u>
Expenses						
General government	1,950,660	1,904,155	46,505	-	-	-
Public safety	5,556,816	5,405,760	151,056	-	-	-
Public works	5,705,927	5,269,097	436,830	-	-	-
Sanitation	94,652	36,645	58,007	-	-	-
Culture and recreation	3,850,929	3,235,484	615,445	-	-	-
Economic development	553,909	1,238,660	(684,751)	-	-	-
Airport	872,190	645,686	226,504	-	-	-
Transit	45,120	10,269	34,851	-	-	-
Cemeteries	326,916	291,059	35,857	-	-	-
Interest on long-term debt	105,782	141,251	(35,469)	-	-	-
Ambulance	-	-	-	3,946,409	3,508,100	438,309
Refuse collection and recycling	-	-	-	2,086,819	1,934,248	152,571
Water	-	-	-	2,901,369	3,010,641	(109,272)
Sewer	-	-	-	3,970,509	3,678,557	291,952
Storm water	-	-	-	660,862	674,328	(13,466)
Incinerator	-	-	-	2,677,273	3,077,122	(399,849)
Marina	-	-	-	617,166	671,424	(54,258)
Total expenses	<u>19,062,901</u>	<u>18,178,066</u>	<u>884,835</u>	<u>16,860,407</u>	<u>16,554,420</u>	<u>305,987</u>
Increase (decrease) in net position before transfers	2,385,283	4,386,044	(2,000,761)	(357,823)	513,414	(871,237)
Transfers	(977,026)	(3,036,946)	2,059,920	977,026	3,036,946	(2,059,920)
Change in net position	1,408,257	1,349,098	59,159	619,203	3,550,360	(2,931,157)
Net position - January 1	<u>83,263,477</u>	<u>81,914,379</u>	<u>1,349,098</u>	<u>50,930,131</u>	<u>47,379,771</u>	<u>3,550,360</u>
Net position - December 31	<u>\$ 84,671,734</u>	<u>\$ 83,263,477</u>	<u>\$ 1,408,257</u>	<u>\$ 51,549,334</u>	<u>\$ 50,930,131</u>	<u>\$ 619,203</u>

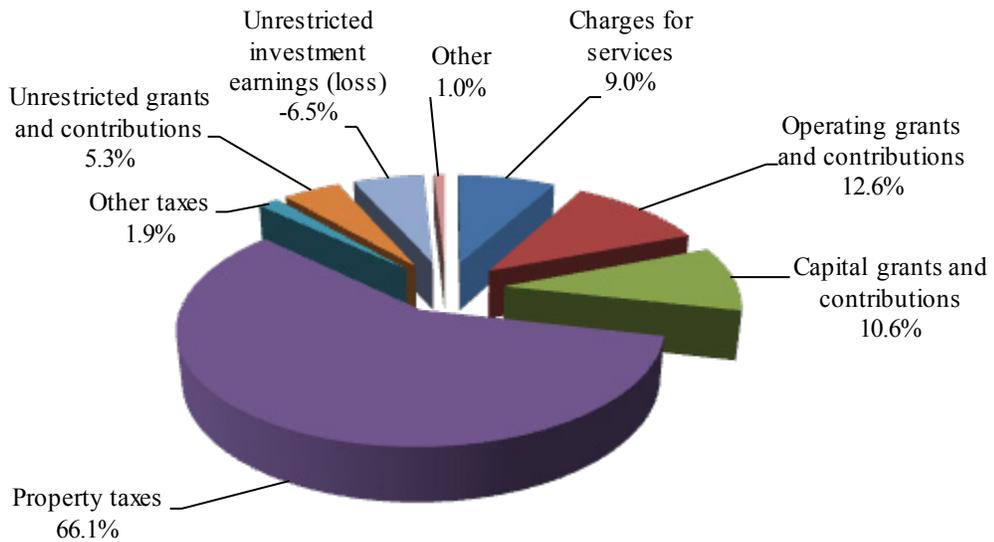
- The 2013 general levy was \$13,717,963 and the special taxing district levy was \$307,409. The 2012 general levy was \$13,017,421 and the special taxing district levy was \$307,409.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



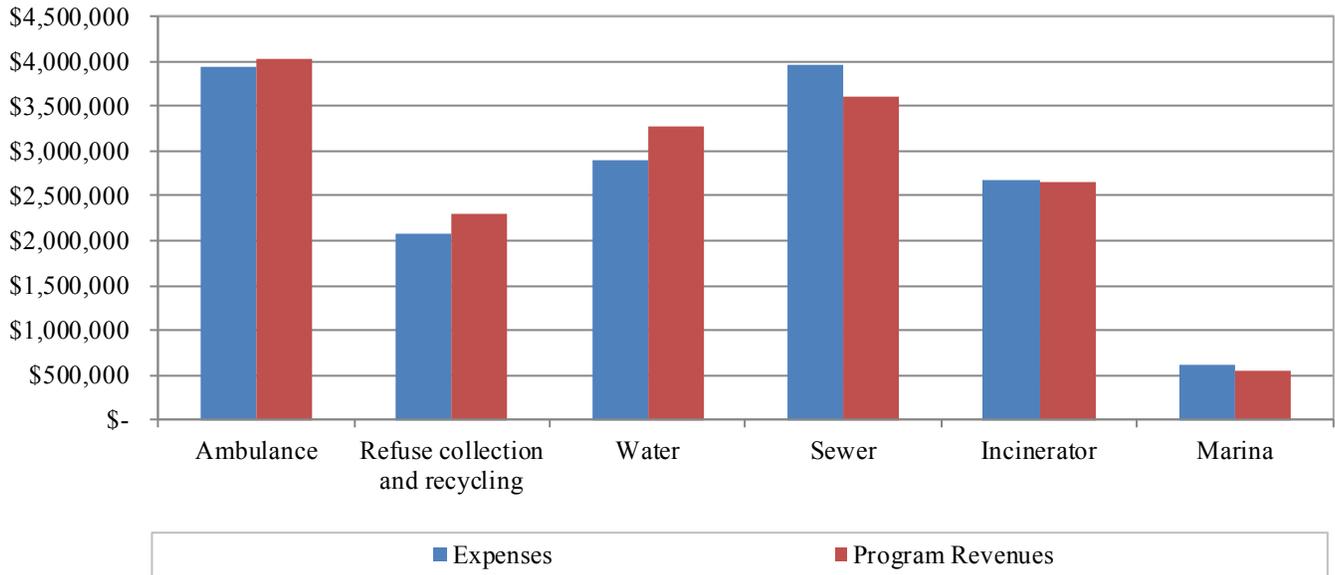
Revenues by Source - Governmental Activities



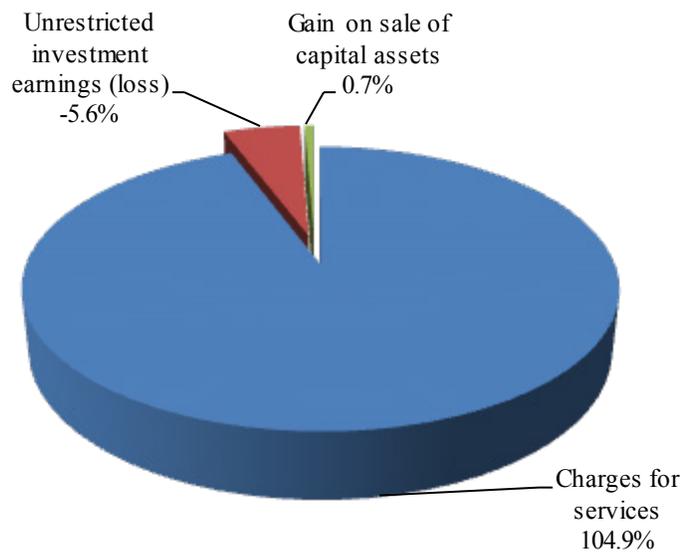
Business-type activities. Business-type activities increased the City’s net position by \$619,203, accounting for 30.5 percent of the total growth in the City’s net position. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$748,339 or 4.5 percent. Fee and volume increases contributed the majority of this increase.
- Negative investment earnings of \$919,620 due to decline in fair value of investments reported at year-end
- Transfers in from governmental activities totaled \$977,026.

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

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

Governmental funds. The general government functions are contained in the General, special revenue, Debt Service, and Capital Projects funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned 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 close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36,260,261, an increase of \$131,934 in comparison with the prior year. A significant portion of the net increase is attributable to assessment collections in the Capital Improvement Assessment Fund, improvement project expenditures exceeding revenues, and the decline in fair value of investments reported at year-end. Approximately 27.3 percent of this total amount, \$9,881,255, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$26,379,006) is not available for new spending because it is either 1) nonspendable (\$2,365,649), 2) restricted (\$11,340,260), 3) committed (\$4,231,826), or 4) assigned (\$8,441,271) for the purposes described in Note 3 in the fund balance section of each balance sheet.

The *General fund* is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General fund was \$11,058,961, while total fund balance reached \$15,812,892. 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 72.0 percent of total General fund expenditures, while total fund balance represents 102.9 percent of that same amount.

The fund balance of the City's General fund increased by \$410,011 during the current fiscal year. Key factors in this increase are as follows:

- The decrease in fund balance is \$2,441,314 less than the budgeted decrease in fund balance of \$2,031,303. This variance results primarily from actual revenues being less than budget by \$187,601 resulting primarily from negative investment income due to declines in fair value reported at year-end; actual expenditures being less than budget by \$2,446,685 primarily due to delays in planned capital acquisitions and improvement projects, and actual other financing sources and uses resulting in a positive budget variance of \$182,230.

The *PERA Perpetual fund* has a total fund balance of \$8,356,454, all of which is restricted for future police and fire expenditures. The net decrease in fund balance during the current year in the PERA Perpetual fund was \$770,603. The decrease is largely a result of negative investment income due to declines in fair value reported at year-end and transfers to the General fund.

The *Debt Service fund* has a total fund balance of \$729,494, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$19,384. The minimal increase is largely a result of employing currently available resources to meet debt service requirements.

The *Capital Improvement Assessment fund* has a total fund balance of \$8,159,285. The net increase in fund balance during the current year in the Capital Improvement Assessment fund was \$1,136,172. The increase is largely a result of \$2,141,695 of special assessment revenue less capital project expenditures of \$1,193,558.

Proprietary funds. Unrestricted net position of the enterprise funds at the end of the year amounted to \$9,786,295. Total increase in net position for enterprise funds was \$378,497. This increase includes a negative investment income of \$919,620 due to declines in fair value reported at year-end loss on investments. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be summarized as follows:

- The City carried over \$1,054,843 of 2012 and prior year's General fund funded capital improvement plan items into the 2013 budget, made an additional \$53,869 in adjustments decreasing capital expenditures, made a \$19,570 in adjustments decreasing general government expenditures, made \$78,241 in adjustments increasing public safety expenditures including \$17,215 in 2012 training and technology funds, made \$192,389 in adjustments increasing public works expenditures primarily related to the cleanup efforts resulting from a severe May winter storm, made \$46,853 in adjustments increasing sanitation expenditures primarily related to the severe May winter storm, made \$553,691 in adjustments increasing culture and recreation expenditures primarily related to the severe May winter storm and planning related to the golf course, made \$125,275 in adjustments increasing community development expenditures primarily related to economic development activities, made \$16,832 in adjustments increasing cemetery expenditures primarily related to the severe May winter storm, and made \$353,072 in adjustments decreasing contingencies primarily related to transferring budget authority to other activities associated with the severe May winter storm and planning related to the golf course.

Significant budgetary variances between the final amended budget and actual results are as follows:

- Total charges for services were over budget by \$109,882.
- Total investment income was under budget by \$460,275.
- Total public safety expenditures were under budget by \$263,798.
- Total culture and recreational expenditures were over budget by \$150,333.
- Capital outlay expenditures were under budget by \$2,151,801.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2013, amounts to \$106,864,571 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Various improvement projects commenced or continued in 2013 and prior years with costs during the year of \$7,498,375. Of this amount \$1,855,096 related to ongoing improvements to the City's waste water treatment facilities in the Sewer enterprise fund and \$250,641 related to ongoing improvements to the City's water infrastructure in the Water enterprise fund. An additional \$5,643,279 related to ongoing bridge, roads, and park projects.
- Building improvements and additions of \$4,205,076, of which \$1,606,454 related to the Industrial Pre-Treatment Plant and Municipal Waste Water Treatment Plant in the Sewer enterprise fund, \$629,322 related to other enterprise building improvements, \$507,881 related to Ignite building improvements, \$453,136 to park improvements, \$363,385 to the public works improvements, \$260,632 to Port Authority bulkhead improvements, \$265,679 to T. B. Sheldon Auditorium improvements, and additional \$118,587 related to other building improvement projects.

Additional information on the City's capital assets can be found in Note 3D starting on page 102 of this report.

City of Red Wing's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 5,873,120	\$ 5,894,456	\$ (21,336)	\$ 214,980	\$ 214,980	\$ -
Construction in progress	14,124,338	11,914,189	2,210,149	4,214,599	2,359,504	1,855,095
Buildings	6,152,458	6,380,586	(228,128)	26,222,943	26,939,566	(716,623)
Improvements	3,307,292	2,021,126	1,286,166	8,154,030	6,304,517	1,849,513
Machinery and equipment	778,586	594,638	183,948	645,172	607,616	37,556
Office equipment	210,271	209,719	552	-	-	-
Vehicles	3,146,334	3,121,107	25,227	2,436,462	1,999,533	436,929
Infrastructure	14,173,939	13,597,659	576,280	17,210,047	16,994,477	215,570
Total	\$ 47,766,338	\$ 43,733,480	\$ 4,032,858	\$ 59,098,233	\$ 55,420,193	\$ 3,678,040

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$25,545,686. Of this amount, \$18,565,686 comprises revenue related debt backed by the full faith and credit of the City and \$6,980,000 is general obligation debt.

City of Red Wing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
General obligation bonds	\$ 6,980,000	\$ 4,210,000	\$ 2,770,000	\$ -	\$ -	\$ -
G.O. improvement bonds	-	250,000	(250,000)	-	-	-
General obligation revenue bonds	-	-	-	18,565,686	20,152,987	(1,587,301)
Revenue bonds	-	728,442	(728,442)	-	-	-
Capital leases	-	91,336	(91,336)	-	-	-
Total	\$ 6,980,000	\$ 5,279,778	\$ 1,700,222	\$ 18,565,686	\$ 20,152,987	\$ (1,587,301)

The City's total debt decreased by \$112,921, (0.4 percent) during the current fiscal year. This was a result of the City issuing \$2,930,000 in additional debt and retired principal of \$2,817,079 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2013.

Minnesota statutes limit the amount of net general obligation debt a City may issue three percent of the total estimated market value of the City. The current debt limitation for the City is \$48,770,880, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3F starting on page 109 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's officials considered many factors when setting the fiscal-year 2014 budget, rates, and fees that will be charged. The major factors accounted for when adopting the budget are highlighted below.

- Maintain the current level of basic government services.
- Continue long-term infrastructure investments.
- Allocate resources based on prioritization of City Council strategic goals.
- Impact of continued State aid volatility.
- The unemployment rate for the County is currently 5.0 percent, which is a decrease from a rate of 5.4 percent last year. This compares with unemployment rates of 5.1 percent for the State of Minnesota and 7.4 percent for the United States.
- Impact of property tax growth with sluggish growth and decreased residential tax base coupled with increased utility tax base. The City's local property tax rate for 2014 was increased by 4.1 percent over 2013.
- History of strong property tax collections.
- Changes to user charges for proprietary funds to reflect current and anticipated conditions and asset replacement needs.

The City is committed to long-term financial planning and management. The City has an important responsibility to its citizens to plan the adequate funding of services desired by the public at an affordable cost, including the provision and maintenance of public assets, prudent financial management and accurate accounting for public funds. The City also has a responsibility to protect the City Council's policy-making ability by ensuring that important policy decisions are not controlled by financial problems or emergencies. The City will continue to ensure that it is capable of adequately funding and providing the local government services needed by the community and will continue to protect the City Council's policy-making ability through sound financial management and fiscal policy.

Proactive management and planning assists ensuring Red Wing remains a viable, attractive, livable, and diverse community in which growth and renewal is encouraged. The 2014 budget is a strong financial plan that will move Red Wing toward its long-term goals. Through strong financial management and fiscal responsibility we are prepared to meet the challenges of turbulent economic times. Our commitment to excellence in service while keeping costs affordable to residents will direct the course as we map our community's progress for the future.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Red Wing, 315 West 4th Street, Red Wing, Minnesota 55066. This report is also available on the City's website: <http://www.red-wing.org>.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
ASSETS				
Cash and investments	\$ 39,577,696	\$ 10,151,433	\$ 49,729,129	\$ 607,128
Assets held in endowment	507,485	-	507,485	-
Receivables				
Accrued interest	100,925	36,184	137,109	1,049
Taxes	250,789	-	250,789	5,407
Accounts - net of allowance for doubtful accounts of \$201,917	655,486	2,380,281	3,035,767	14,445
Loans	241,196	-	241,196	1,538,363
Special assessments	2,415,866	-	2,415,866	-
Intergovernmental	2,083,522	-	2,083,522	137,519
Loans to other governments	62,683	-	62,683	-
Internal balances	(862,833)	862,833	-	-
Due from component unit/primary government	1,054,903	-	1,054,903	104,905
Loans to component unit	1,386,680	-	1,386,680	-
Inventories	52,224	246,453	298,677	-
Prepaid items	49,879	34,677	84,556	-
Land held for resale	-	-	-	2,818,705
Capital assets				
Nondepreciable	19,997,458	4,429,579	24,427,037	265,042
Depreciable, net of accumulated depreciation	27,768,880	54,668,654	82,437,534	260,633
TOTAL ASSETS	95,342,839	72,810,094	168,152,933	5,753,196
LIABILITIES				
Accounts payable	1,041,272	1,133,440	2,174,712	10,952
Escrow accounts payable	62,877	-	62,877	-
Due to component unit/primary government	104,905	-	104,905	1,054,903
Due to other governments	1,352	61,994	63,346	478,815
Loans from primary government	-	-	-	1,386,680
Accrued interest payable	62,180	210,097	272,277	-
Salaries payable	449,011	225,993	675,004	10,626
Unearned revenue	37,615	4,610	42,225	-
Noncurrent liabilities				
Due within one year	1,151,829	1,979,097	3,130,926	19,357
Due in more than one year	7,760,064	17,645,529	25,405,593	20,843
TOTAL LIABILITIES	10,671,105	21,260,760	31,931,865	2,982,176
NET POSITION				
Net investment in capital assets	41,825,328	40,517,978	82,343,306	525,675
Restricted for				
Permanently restricted for				
Library endowments	507,485	-	507,485	-
Cemetery perpetual	1,604,242	-	1,604,242	-
Temporarily restricted for				
Debt service	670,399	-	670,399	-
Police and fire activities	8,402,078	-	8,402,078	-
DNR snowmobile grant	16,749	-	16,749	-
Future loans	128,979	-	128,979	-
Sister cities activities	8,000	-	8,000	-
Tax increment activities	20,822	-	20,822	-
Library activities	20,539	-	20,539	-
Cemetery operations	586,160	-	586,160	-
Ash landfill	-	382,228	382,228	-
Unrestricted	30,880,953	10,649,128	41,530,081	2,245,345
TOTAL NET POSITION	\$ 84,671,734	\$ 51,549,334	\$ 136,221,068	\$ 2,771,020

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,950,660	\$ 262,776	\$ -	\$ -
Public safety	5,556,816	372,731	541,683	1,825
Public works	5,705,927	74,871	1,988,862	2,232,938
Sanitation	94,652	-	-	-
Culture and recreation	3,850,929	917,747	141,710	37,225
Economic development	553,909	4,616	-	-
Airport	872,190	88,226	40,314	10,075
Transit	45,120	16,496	-	-
Cemeteries	326,916	191,814	-	-
Interest on long-term debt	105,782	-	-	-
Total governmental activities	<u>19,062,901</u>	<u>1,929,277</u>	<u>2,712,569</u>	<u>2,282,063</u>
Business-type activities				
Ambulance	3,946,409	4,036,230	4,710	-
Refuse collection and recycling	2,086,819	2,297,080	-	-
Water	2,901,369	3,271,779	-	-
Sewer	3,970,509	3,604,489	-	-
Storm water	660,862	880,982	-	-
Incinerator	2,677,273	2,651,573	-	-
Marina	617,166	553,234	-	-
Total business-type activities	<u>16,860,407</u>	<u>17,295,367</u>	<u>4,710</u>	<u>-</u>
Totals primary government	<u>\$ 35,923,308</u>	<u>\$ 19,224,644</u>	<u>\$ 2,717,279</u>	<u>\$ 2,282,063</u>
Component unit				
Port authority	<u>\$ 585,380</u>	<u>\$ 249,214</u>	<u>\$ 445,535</u>	<u>\$ -</u>

General revenues

- Property taxes, levied for general purposes
- Property taxes, levied for specific purposes
- Property taxes, levied for debt service
- Tax increments
- Franchise taxes
- Other taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings (loss)
- Other revenues
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Port Authority
\$ (1,687,884)		\$ (1,687,884)	
(4,640,577)		(4,640,577)	
(1,409,256)		(1,409,256)	
(94,652)		(94,652)	
(2,754,247)		(2,754,247)	
(549,293)		(549,293)	
(733,575)		(733,575)	
(28,624)		(28,624)	
(135,102)		(135,102)	
(105,782)		(105,782)	
<u>(12,138,992)</u>		<u>(12,138,992)</u>	
	\$ 94,531	94,531	
	210,261	210,261	
	370,410	370,410	
	(366,020)	(366,020)	
	220,120	220,120	
	(25,700)	(25,700)	
	<u>(63,932)</u>	<u>(63,932)</u>	
	439,670	439,670	
<u>(12,138,992)</u>	<u>439,670</u>	<u>(11,699,322)</u>	
			<u>\$ 109,369</u>
13,737,436	-	13,737,436	\$ -
-	-	-	307,506
426,545	-	426,545	-
129,926	-	129,926	-
216,365	-	216,365	-
58,538	-	58,538	738
1,136,834	-	1,136,834	58
(1,402,035)	(919,620)	(2,321,655)	(10,392)
130,824	-	130,824	-
89,842	122,127	211,969	-
(977,026)	977,026	-	-
<u>13,547,249</u>	<u>179,533</u>	<u>13,726,782</u>	<u>297,910</u>
1,408,257	619,203	2,027,460	407,279
<u>83,263,477</u>	<u>50,930,131</u>	<u>134,193,608</u>	<u>2,363,741</u>
<u>\$ 84,671,734</u>	<u>\$ 51,549,334</u>	<u>\$ 136,221,068</u>	<u>\$ 2,771,020</u>

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FUND FINANCIAL STATEMENTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	PERA Perpetual	Debt Service
ASSETS			
Cash and investments	\$ 13,304,667	\$ 8,931,069	\$ 727,191
Assets held in endowment	-	-	-
Receivables			
Accrued interest	37,549	33,034	-
Delinquent taxes	236,153	-	3,085
Accounts (net of allowance)	88,329	-	-
Loans (net)	-	-	-
Special assessments	-	-	-
Intergovernmental	156,427	-	2,303
Loans to other governments	40,000	-	-
Due from other funds	1,736,850	-	-
Due from component unit	1,054,903	-	-
Loans to component unit	212,568	-	-
Prepaid items	-	-	-
	<u>\$ 16,867,446</u>	<u>\$ 8,964,103</u>	<u>\$ 732,579</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable	\$ 492,504	\$ -	\$ -
Escrow accounts payable	27,275	-	-
Contracts payable	-	-	-
Due to other funds	15,902	607,649	-
Due to component unit	-	-	-
Due to other governments	1,352	-	-
Salaries payable	208,151	-	-
Deposits payable	35,602	-	-
Unearned revenue	37,615	-	-
	<u>818,401</u>	<u>607,649</u>	<u>-</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	236,153	-	3,085
Unavailable revenue - special assessments	-	-	-
	<u>236,153</u>	<u>-</u>	<u>3,085</u>
TOTAL DEFERRED INFLOWS OF RESOURCES			
FUND BALANCES			
Nonspendable	252,568	-	-
Restricted	1,101,363	8,356,454	729,494
Committed	3,400,000	-	-
Assigned	-	-	-
Unassigned	11,058,961	-	-
	<u>15,812,892</u>	<u>8,356,454</u>	<u>729,494</u>
TOTAL FUND BALANCES			
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
	<u>\$ 16,867,446</u>	<u>\$ 8,964,103</u>	<u>\$ 732,579</u>

The notes to the financial statements are an integral part of this statement.

Capital Improvement Assessment	Other Governmental Funds	Total Governmental Funds
\$ 5,170,720	\$ 3,948,068	\$ 32,081,715
-	507,485	507,485
11,803	9,308	91,694
-	11,551	250,789
-	20,648	108,977
-	217,351	217,351
2,415,866	-	2,415,866
1,744,526	180,266	2,083,522
22,683	-	62,683
-	15,902	1,752,752
-	-	1,054,903
1,209,553	-	1,422,121
-	1,354	1,354
<u>\$ 10,575,151</u>	<u>\$ 4,911,933</u>	<u>\$ 42,051,212</u>
\$ -	\$ 380,475	\$ 872,979
-	-	27,275
-	42,722	42,722
-	1,129,201	1,752,752
-	104,905	104,905
-	-	1,352
-	40,943	249,094
-	-	35,602
-	-	37,615
-	1,698,246	3,124,296
-	11,551	250,789
2,415,866	-	2,415,866
<u>2,415,866</u>	<u>11,551</u>	<u>2,666,655</u>
-	2,113,081	2,365,649
-	1,152,949	11,340,260
-	831,826	4,231,826
8,159,285	281,986	8,441,271
-	(1,177,706)	9,881,255
<u>8,159,285</u>	<u>3,202,136</u>	<u>36,260,261</u>
<u>\$ 10,575,151</u>	<u>\$ 4,911,933</u>	<u>\$ 42,051,212</u>

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CITY OF RED WING, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Total fund balances - governmental funds	\$ 36,260,261
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	47,650,435
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	
Bonds payable	(6,980,000)
Other postemployment benefits obligation	(382,253)
Unamortized bond premiums, net of amortization	(106,754)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	250,789
Special assessments receivable	2,415,866
Governmental funds do not report a liability for accrued interest until due and payable.	(62,180)
Internal service funds are used by management to charge the costs of insurance and various services to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.	<u>5,625,570</u>
Total net position - governmental activities	<u><u>\$ 84,671,734</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	PERA Perpetual	Debt Service
REVENUES			
Taxes	\$ 14,007,005	\$ -	\$ 453,979
Special assessments	-	-	-
Licenses and permits	60,632	-	-
Intergovernmental	1,885,453	-	-
Charges for services	533,891	-	-
Fines and forfeits	77,698	-	-
Investment income (loss)	(340,275)	(616,712)	1,465
Interest on notes and loans	11,517	-	-
Miscellaneous	339,363	-	729,458
TOTAL REVENUES	16,575,284	(616,712)	1,184,902
EXPENDITURES			
Current			
General government	1,675,393	-	-
Public safety	5,284,428	-	-
Public works	2,566,251	-	-
Sanitation	95,464	-	-
Culture and recreation	2,463,239	-	-
Economic development	428,067	-	-
Airport	-	-	-
Cemeteries	293,358	-	-
Transit	16,181	-	-
Unallocated	154,763	-	-
Capital outlay			
General government	134,170	-	-
Public safety	219,284	-	-
Public works	691,255	-	-
Culture and recreation	665,778	-	-
Economic development	507,881	-	-
Airport	-	-	-
Cemeteries	71,400	-	-
Transit	-	-	-
Debt service			
Principal retirement	91,336	-	1,138,442
Interest and fiscal charges	4,740	-	72,165
Bond issuance costs	7,271	-	-
TOTAL EXPENDITURES	15,370,259	-	1,210,607
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,205,025	(616,712)	(25,705)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	78,268	-	-
Transfers in	466,741	-	-
Bonds issued	1,565,419	-	45,089
Premiums on bonds issued	62,778	-	-
Transfers out	(2,968,220)	(153,891)	-
TOTAL OTHER FINANCING SOURCES (USES)	(795,014)	(153,891)	45,089
NET CHANGE IN FUND BALANCES	410,011	(770,603)	19,384
FUND BALANCES, JANUARY 1	15,402,881	9,127,057	710,110
FUND BALANCES, DECEMBER 31	\$ 15,812,892	\$ 8,356,454	\$ 729,494

The notes to the financial statements are an integral part of this statement.

Capital Improvement Assessment	Other Governmental Funds	Totals
\$ -	\$ 129,926	\$ 14,590,910
2,141,695	-	2,141,695
-	132,975	193,607
423,715	3,008,354	5,317,522
1,500	41,301	576,692
-	10,317	88,015
(266,380)	17,288	(1,204,614)
17,881	-	29,398
(255)	227,783	1,296,349
<u>2,318,156</u>	<u>3,567,944</u>	<u>23,029,574</u>
-	-	1,675,393
-	246,380	5,530,808
1,193,558	70,185	3,829,994
-	-	95,464
-	1,024,454	3,487,693
-	122,774	550,841
-	244,706	244,706
-	-	293,358
-	4,012	20,193
-	-	154,763
-	-	134,170
-	-	219,284
-	5,424,053	6,115,308
-	-	665,778
-	-	507,881
-	190,454	190,454
-	-	71,400
-	24,927	24,927
-	-	1,229,778
-	-	76,905
-	6,128	13,399
<u>1,193,558</u>	<u>7,358,073</u>	<u>25,132,497</u>
<u>1,124,598</u>	<u>(3,790,129)</u>	<u>(2,102,923)</u>
11,574	-	89,842
-	1,857,385	2,324,126
-	1,319,492	2,930,000
-	52,915	115,693
-	(102,693)	(3,224,804)
<u>11,574</u>	<u>3,127,099</u>	<u>2,234,857</u>
1,136,172	(663,030)	131,934
<u>7,023,113</u>	<u>3,865,166</u>	<u>36,128,327</u>
<u>\$ 8,159,285</u>	<u>\$ 3,202,136</u>	<u>\$ 36,260,261</u>

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CITY OF RED WING, MINNESOTA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - governmental funds	\$ 131,934
<p>Amounts reported for governmental activities in the statement of activities are different because</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	7,923,098
Depreciation expense	(2,992,688)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position</p>	
Book value of disposed of capital assets	(127,005)
Capital contributions to enterprise funds, net of related debt	(746,012)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	1,229,778
Bond proceeds	(2,930,000)
Bonds premiums issued, net of amortization	(106,754)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	(30,545)
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Property taxes	(23,116)
Special assessments	(1,418,959)
<p>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.</p>	
Other postemployment benefits cost	(42,721)
<p>Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.</p>	
	541,247
Change in net position - governmental activities	\$ 1,408,257

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,073,363	\$ 14,073,363	\$ 14,007,005	\$ (66,358)
Licenses and permits	53,180	53,180	60,632	7,452
Intergovernmental	2,114,734	1,807,772	1,885,453	77,681
Charges for services	400,099	424,009	533,891	109,882
Fines and forfeits	94,500	94,500	77,698	(16,802)
Investment income (loss)	120,000	120,000	(340,275)	(460,275)
Interest on notes and loans	11,517	11,517	11,517	-
Rents and leases	52,988	42,106	54,930	12,824
Gifts and contributions	220,400	54,276	41,877	(12,399)
Miscellaneous	13,300	82,162	242,556	160,394
TOTAL REVENUES	17,154,081	16,762,885	16,575,284	(187,601)
EXPENDITURES				
Current				
General government	1,823,009	1,803,439	1,675,393	128,046
Public safety	5,469,985	5,548,226	5,284,428	263,798
Public works	2,387,743	2,580,132	2,566,251	13,881
Sanitation	49,111	95,964	95,464	500
Culture and recreation	1,759,215	2,312,906	2,463,239	(150,333)
Economic development	283,894	409,169	428,067	(18,898)
Cemeteries	277,859	294,691	293,358	1,333
Transit	27,600	27,600	16,181	11,419
Contingencies and other	560,244	207,172	154,763	52,409
Capital outlay				
General government	532,520	391,072	134,170	256,902
Public safety	358,575	358,575	219,284	139,291
Public works	1,328,000	1,914,861	691,255	1,223,606
Culture and recreation	1,146,500	1,160,432	665,778	494,654
Economic development	-	541,629	507,881	33,748
Cemeteries	75,000	75,000	71,400	3,600
Debt service				
Principal retirement	50,000	50,000	91,336	(41,336)
Interest and fiscal charges	46,076	46,076	4,740	41,336
Bond issuance costs	-	-	7,271	(7,271)
TOTAL EXPENDITURES	16,175,331	17,816,944	15,370,259	2,446,685
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	978,750	(1,054,059)	1,205,025	2,259,084
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	78,268	78,268
Transfers in	528,850	528,850	466,741	(62,109)
Bonds issued	1,619,420	1,565,419	1,565,419	-
Premiums on bonds issued	-	55,507	62,778	7,271
Transfers out	(3,127,020)	(3,127,020)	(2,968,220)	158,800
TOTAL OTHER FINANCING SOURCES (USES)	(978,750)	(977,244)	(795,014)	182,230
NET CHANGE IN FUND BALANCES	-	(2,031,303)	410,011	2,441,314
FUND BALANCES, JANUARY 1	15,402,881	15,402,881	15,402,881	-
FUND BALANCES, DECEMBER 31	\$ 15,402,881	\$ 13,371,578	\$ 15,812,892	\$ 2,441,314

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PERA PERPETUAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Investment income (loss)	\$ 217,000	\$ 217,000	\$ (616,712)	\$ (833,712)
OTHER FINANCING USES				
Transfers out	(216,000)	(216,000)	(153,891)	62,109
NET CHANGE IN FUND BALANCES	1,000	1,000	(770,603)	(771,603)
FUND BALANCES, JANUARY 1	9,127,057	9,127,057	9,127,057	-
FUND BALANCES, DECEMBER 31	<u>\$ 9,128,057</u>	<u>\$ 9,128,057</u>	<u>\$ 8,356,454</u>	<u>\$ (771,603)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 1,062,499	\$ 1,117,570	\$ 3,300,487	\$ 4,039,429
Receivables				
Accrued interest	1,104	3,764	5,804	7,546
Accounts - net of allowance for doubtful accounts of \$191,917 and \$231,496, respectively	373,828	363,180	460,902	492,704
Loans	-	-	-	-
Intergovernmental	-	-	-	4,380
Inventories	-	-	190,987	201,697
Prepaid items	30	30	-	-
TOTAL CURRENT ASSETS	1,437,461	1,484,544	3,958,180	4,745,756
NONCURRENT ASSETS				
Capital assets at cost				
Land	-	-	37,791	37,791
Construction in progress	-	-	128,847	128,847
Buildings	-	-	15,799,972	15,799,972
Improvements other than buildings	76,638	49,428	4,389,730	3,921,396
Machinery and equipment	193,494	193,494	303,987	303,987
Office equipment	-	-	10,567	10,567
Vehicles	1,586,319	1,482,817	650,168	625,602
Infrastructure	-	-	11,832,277	11,471,420
Less accumulated depreciation	(1,222,169)	(1,117,013)	(9,571,271)	(8,945,620)
Total capital assets	634,282	608,726	23,582,068	23,353,962
TOTAL NONCURRENT ASSETS	634,282	608,726	23,582,068	23,353,962
TOTAL ASSETS	2,071,743	2,093,270	27,540,248	28,099,718

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492				Marina		Ambulance	
Sewer Utility		Incinerator					
2013	2012	2013	2012	2013	2012	2013	2012
\$ 4,394,805	\$ 7,850,918	\$ 576,931	\$ 667,738	\$ 107,044	\$ 143,566	\$ 502,126	\$ 290,952
26,756	29,275	2,250	2,250	-	-	-	-
471,520	496,694	304,011	351,793	4,711	-	609,626	714,970
-	-	-	-	-	-	-	-
-	3,218	-	-	-	-	-	-
32,410	37,694	-	-	23,056	25,331	-	-
8,250	7,349	11,060	-	15,337	26,243	-	-
<u>4,933,741</u>	<u>8,425,148</u>	<u>894,252</u>	<u>1,021,781</u>	<u>150,148</u>	<u>195,140</u>	<u>1,111,752</u>	<u>1,005,922</u>
134,839	134,839	42,350	42,350	-	-	-	-
4,080,884	2,225,789	4,868	4,868	-	-	-	-
11,429,214	11,429,214	6,968,441	6,968,441	-	-	-	-
4,141,533	2,623,831	6,461,372	6,327,595	2,210,101	2,210,101	-	-
2,127,532	2,067,411	179,158	179,158	6,679	-	105,377	59,351
-	-	2,599	2,599	-	-	-	-
1,375,498	1,419,257	1,051,343	254,918	38,525	38,525	630,653	630,653
15,470,099	15,084,945	-	-	-	-	-	-
<u>(14,936,658)</u>	<u>(14,146,614)</u>	<u>(4,703,541)</u>	<u>(4,326,668)</u>	<u>(1,743,795)</u>	<u>(1,595,871)</u>	<u>(421,755)</u>	<u>(345,433)</u>
<u>23,822,941</u>	<u>20,838,672</u>	<u>10,006,590</u>	<u>9,453,261</u>	<u>511,510</u>	<u>652,755</u>	<u>314,275</u>	<u>344,571</u>
<u>23,822,941</u>	<u>20,838,672</u>	<u>10,006,590</u>	<u>9,453,261</u>	<u>511,510</u>	<u>652,755</u>	<u>314,275</u>	<u>344,571</u>
<u>28,756,682</u>	<u>29,263,820</u>	<u>10,900,842</u>	<u>10,475,042</u>	<u>661,658</u>	<u>847,895</u>	<u>1,426,027</u>	<u>1,350,493</u>

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CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652				
	Storm Water		Totals		
	2013	2012	2013	2012	
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 207,541	\$ 116,207	\$ 10,151,433	\$ 14,226,380	\$ 7,495,981
Receivables					
Accrued interest	270	444	36,184	43,279	9,231
Accounts - net of allowance for doubtful accounts of \$191,917 and \$231,496, respectively	155,683	127,233	2,380,281	2,546,574	546,509
Loans	-	-	-	-	23,845
Intergovernmental	-	-	-	7,598	-
Inventories	-	-	246,453	264,722	52,224
Prepaid items	-	-	34,677	33,622	48,525
TOTAL CURRENT ASSETS	363,494	243,884	12,849,028	17,122,175	8,176,315
NONCURRENT ASSETS					
Capital assets at cost					
Land	-	-	214,980	214,980	-
Construction in progress	-	-	4,214,599	2,359,504	-
Buildings	-	-	34,197,627	34,197,627	7,825
Improvements other than buildings	88,753	-	17,368,127	15,132,351	-
Machinery and equipment	-	-	2,916,227	2,803,401	36,221
Office equipment	-	-	13,166	13,166	183,592
Vehicles	182,586	182,586	5,515,092	4,634,358	459,381
Infrastructure	-	-	27,302,376	26,556,365	-
Less accumulated depreciation	(44,772)	(14,340)	(32,643,961)	(30,491,559)	(571,116)
Total capital assets	226,567	168,246	59,098,233	55,420,193	115,903
TOTAL NONCURRENT ASSETS	226,567	168,246	59,098,233	55,420,193	115,903
TOTAL ASSETS	590,061	412,130	71,947,261	72,542,368	8,292,218

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 15,420	\$ 30,431	\$ 104,045	\$ 104,311
Contracts payable	-	-	20,987	20,987
Due to other governments	12,283	11,550	49,672	47,185
Interest payable	-	-	91,990	99,855
Salaries payable	41,450	35,099	44,593	39,990
Compensated absences payable - current portion	40,715	28,778	70,465	63,130
Unearned revenue	-	-	-	-
G.O. revenue bonds payable - current portion	-	-	794,000	772,000
	109,868	105,858	1,175,752	1,147,458
NONCURRENT LIABILITIES				
Compensated absences payable	44,364	45,370	92,038	96,707
Other postemployment benefits obligation	50,673	43,082	64,504	54,236
G.O. revenue bonds payable	-	-	8,235,000	9,029,000
	95,037	88,452	8,391,542	9,179,943
	204,905	194,310	9,567,294	10,327,401
NET POSITION				
Net investment in capital assets	634,282	608,726	14,553,068	13,552,962
Restricted for ash landfill	-	-	-	-
Unrestricted	1,232,556	1,290,234	3,419,886	4,219,355
	\$ 1,866,838	\$ 1,898,960	\$ 17,972,954	\$ 17,772,317

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492				Marina		Ambulance	
Sewer Utility		Incinerator					
2013	2012	2013	2012	2013	2012	2013	2012
\$ 779,142	\$ 201,624	\$ 100,702	\$ 115,284	\$ 8,139	\$ 28,949	\$ 10,272	\$ 17,731
93,530	22,359	-	-	-	-	-	-
-	-	39	1,024	-	-	-	-
52,900	59,033	62,060	64,321	3,147	3,304	-	-
51,464	45,480	26,125	40,099	666	3,371	55,074	48,213
93,439	83,774	43,457	41,181	-	6,864	92,502	69,680
-	-	-	-	4,610	1,018	-	-
587,341	570,301	160,000	155,000	85,000	90,000	-	-
<u>1,657,816</u>	<u>982,571</u>	<u>392,383</u>	<u>416,909</u>	<u>101,562</u>	<u>133,506</u>	<u>157,848</u>	<u>135,624</u>
99,543	103,451	29,139	56,184	-	1,078	90,855	85,129
79,968	68,233	57,896	52,731	3,116	2,771	65,580	55,838
4,664,345	5,251,686	3,394,569	3,555,495	660,000	745,000	-	-
<u>4,843,856</u>	<u>5,423,370</u>	<u>3,481,604</u>	<u>3,664,410</u>	<u>663,116</u>	<u>748,849</u>	<u>156,435</u>	<u>140,967</u>
<u>6,501,672</u>	<u>6,405,941</u>	<u>3,873,987</u>	<u>4,081,319</u>	<u>764,678</u>	<u>882,355</u>	<u>314,283</u>	<u>276,591</u>
18,571,255	15,016,685	6,452,021	5,742,766	(233,490)	(182,245)	314,275	344,571
-	-	382,228	364,166	-	-	-	-
3,683,755	7,841,194	192,606	286,791	130,470	147,785	797,469	729,331
<u>\$ 22,255,010</u>	<u>\$ 22,857,879</u>	<u>\$ 7,026,855</u>	<u>\$ 6,393,723</u>	<u>\$ (103,020)</u>	<u>\$ (34,460)</u>	<u>\$ 1,111,744</u>	<u>\$ 1,073,902</u>

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CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2013	2012	2013	2012	
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 1,203	\$ 38,429	\$ 1,018,923	\$ 536,759	\$ 125,571
Contracts payable	-	-	114,517	43,346	-
Due to other governments	-	-	61,994	59,759	-
Interest payable	-	-	210,097	226,513	-
Salaries payable	6,621	5,855	225,993	218,107	199,917
Compensated absences payable - current portion	12,178	9,415	352,756	302,822	676,829
Unearned revenue	-	-	4,610	1,018	-
G.O. revenue bonds payable - current portion	-	-	1,626,341	1,587,301	-
TOTAL CURRENT LIABILITIES	20,002	53,699	3,615,231	2,975,625	1,002,317
NONCURRENT LIABILITIES					
Compensated absences payable	9,500	9,845	365,439	397,764	766,057
Other postemployment benefits obligation	4,439	2,903	326,176	279,794	-
G.O. revenue bonds payable	-	-	16,953,914	18,581,181	-
TOTAL NONCURRENT LIABILITIES	13,939	12,748	17,645,529	19,258,739	766,057
TOTAL LIABILITIES	33,941	66,447	21,260,760	22,234,364	1,768,374
NET POSITION					
Net investment in capital assets	226,567	168,246	40,517,978	35,251,711	115,903
Restricted for ash landfill	-	-	382,228	364,166	-
Unrestricted	329,553	177,437	9,786,295	14,692,127	6,407,941
TOTAL NET POSITION	\$ 556,120	\$ 345,683	50,686,501	50,308,004	\$ 6,523,844
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			862,833	622,127	
Net position of business-type activities			<u>\$ 51,549,334</u>	<u>\$ 50,930,131</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
OPERATING REVENUES				
Charges for services	\$ 2,198,069	\$ 2,103,615	\$ 3,104,643	\$ 3,142,800
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	99,011	13,539	73,575	80,799
TOTAL OPERATING REVENUES	2,297,080	2,117,154	3,178,218	3,223,599
OPERATING EXPENSES				
Personal services	624,230	573,385	695,639	677,263
Employee benefits	246,223	227,146	305,420	278,205
Supplies	252,174	219,502	287,177	398,340
Cost of goods sold	-	-	-	-
Professional services	154,274	68,034	277,730	322,341
Rent and leased equipment	-	-	20,199	21,253
Repairs and maintenance	138,355	136,573	100,195	91,723
Administration and fiscal charges	582,956	580,876	329,842	265,057
Insurance premiums	13,487	16,345	23,663	30,840
Insurance claims	-	-	-	-
Depreciation	120,412	129,184	631,186	611,998
Miscellaneous	1,490	434	6,614	6,847
TOTAL OPERATING EXPENSES	2,133,601	1,951,479	2,677,665	2,703,867
OPERATING INCOME (LOSS)	163,479	165,675	500,553	519,732
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental				
State grant	-	-	-	-
Investment income (loss)	(41,351)	9,672	(379,813)	210,118
Rents and leases	-	-	93,561	88,429
Contributions and donations	-	-	-	-
Refunds and reimbursements	-	-	-	3,176
Miscellaneous	-	-	-	26,360
Gain (loss) on sale of capital assets	750	17,500	953	-
Interest and fiscal charges	-	-	(268,425)	(290,027)
Amortization expense	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(40,601)	27,172	(553,724)	38,056
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	122,878	192,847	(53,171)	557,788

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492		Incinerator		Marina		Ambulance	
Sewer Utility							
2013	2012	2013	2012	2013	2012	2013	2012
\$ 3,376,131	\$ 3,255,893	\$ 2,522,812	\$ 2,687,895	\$ 421,721	\$ 455,757	\$ 4,018,355	\$ 3,646,727
-	-	-	-	128,817	127,975	-	-
-	-	-	-	(98,734)	(115,474)	-	-
37,849	43,253	-	-	-	-	-	-
3,413,980	3,299,146	2,522,812	2,687,895	451,804	468,258	4,018,355	3,646,727
815,226	768,883	515,797	658,940	78,771	102,642	939,099	870,171
350,583	319,851	205,566	253,061	19,010	23,585	355,321	320,801
661,428	671,461	301,486	358,593	18,401	13,874	97,175	105,702
-	-	-	-	-	-	-	-
593,602	570,824	469,198	530,474	95,019	122,589	200,363	192,450
8,006	6,719	1,003	12,577	3,141	1,835	-	-
252,105	145,400	261,940	352,596	48,707	10,784	35,656	3,494
273,244	236,454	376,871	295,867	67,090	67,379	3,925	12,695
53,942	50,728	20,496	30,931	3,680	6,527	12,866	21,136
-	-	-	-	-	-	-	-
855,053	716,230	389,947	336,367	147,924	152,156	76,322	73,760
10,406	9,678	5,279	103,347	21,496	36,192	2,282,371	1,920,937
3,873,595	3,496,228	2,547,583	2,932,753	503,239	537,563	4,003,098	3,521,146
(459,615)	(197,082)	(24,771)	(244,858)	(51,435)	(69,305)	15,257	125,581
-	-	-	-	-	-	4,550	4,220
(473,315)	130,388	(20,813)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	160	1,880
-	-	14,748	(1,080)	-	-	17,094	12,727
192,286	90,050	114,939	48,311	2,696	1,007	781	2,215
3,901	66,515	98,737	-	-	-	-	6,000
(155,230)	(171,932)	(148,896)	(154,276)	(19,821)	(20,649)	-	-
-	-	(926)	(926)	-	-	-	-
(432,358)	115,021	57,789	(107,971)	(17,125)	(19,642)	22,585	27,042
(891,973)	(82,061)	33,018	(352,829)	(68,560)	(88,947)	37,842	152,623

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CITY OF RED WING, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2013	2012	2013	2012	
OPERATING REVENUES					
Charges for services	\$ 880,982	\$ 723,152	\$ 16,522,713	\$ 16,015,839	\$ 9,773,328
Sales	-	-	128,817	127,975	-
Cost of goods sold	-	-	(98,734)	(115,474)	-
Miscellaneous	-	-	210,435	137,591	888,211
TOTAL OPERATING REVENUES	880,982	723,152	16,763,231	16,165,931	10,661,539
OPERATING EXPENSES					
Personal services	151,081	138,290	3,819,843	3,789,574	3,155,542
Employee benefits	-	-	1,482,123	1,422,649	4,224,555
Supplies	66,981	95,820	1,684,822	1,863,292	599,286
Cost of goods sold	-	-	-	-	608,201
Professional services	406,723	405,182	2,196,909	2,211,894	789,948
Rent and leased equipment	-	-	32,349	42,384	40,054
Repairs and maintenance	-	-	836,958	740,570	84,415
Administration and fiscal charges	-	-	1,633,928	1,458,328	111,276
Insurance premiums	-	-	128,134	156,507	350,494
Insurance claims	-	-	-	-	40,855
Depreciation	30,432	14,340	2,251,276	2,034,035	47,876
Miscellaneous	-	-	2,327,656	2,077,435	264,367
TOTAL OPERATING EXPENSES	655,217	653,632	16,393,998	15,796,668	10,316,869
OPERATING INCOME (LOSS)	225,765	69,520	369,233	369,263	344,670
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
State grant	-	-	4,550	4,220	-
Investment income (loss)	(4,328)	-	(919,620)	350,178	(222,203)
Rents and leases	-	-	93,561	88,429	-
Contributions and donations	-	-	160	1,880	-
Refunds and reimbursements	-	-	31,842	14,823	-
Miscellaneous	-	-	310,702	167,943	-
Gain (loss) on sale of capital assets	-	22,000	104,341	112,015	-
Interest and fiscal charges	-	-	(592,372)	(636,884)	-
Amortization expense	-	-	(926)	(926)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,328)	22,000	(967,762)	101,678	(222,203)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	221,437	91,520	(598,529)	470,941	122,467

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
CAPITAL CONTRIBUTIONS FROM (TO) OTHER FUNDS	\$ -	\$ -	\$ 360,858	\$ -
CAPITAL GRANTS AND CONTRIBUTIONS	-	-	-	488
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	(155,000)	-	(107,050)	(449,510)
CHANGE IN NET POSITION	(32,122)	192,847	200,637	108,766
NET POSITION, JANUARY 1	<u>1,898,960</u>	<u>1,706,113</u>	<u>17,772,317</u>	<u>17,663,551</u>
NET POSITION, DECEMBER 31	<u>\$ 1,866,838</u>	<u>\$ 1,898,960</u>	<u>\$ 17,972,954</u>	<u>\$ 17,772,317</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492		Incinerator		Marina		Ambulance	
Sewer Utility							
2013	2012	2013	2012	2013	2012	2013	2012
\$ 385,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,523	-	-	-	-	-	-
11,000	-	653,864	3,866,288	-	-	-	-
(107,050)	(434,764)	(53,750)	-	-	-	-	-
(602,869)	(511,302)	633,132	3,513,459	(68,560)	(88,947)	37,842	152,623
22,857,879	23,369,181	6,393,723	2,880,264	(34,460)	54,487	1,073,902	921,279
<u>\$ 22,255,010</u>	<u>\$ 22,857,879</u>	<u>\$ 7,026,855</u>	<u>\$ 6,393,723</u>	<u>\$ (103,020)</u>	<u>\$ (34,460)</u>	<u>\$ 1,111,744</u>	<u>\$ 1,073,902</u>

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CITY OF RED WING, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652 Storm Water		Totals		
	2013	2012	2013	2012	
CAPITAL CONTRIBUTIONS FROM (TO) OTHER FUNDS	\$ -	\$ -	\$ 746,012	\$ -	\$ -
CAPITAL GRANTS AND CONTRIBUTIONS	-	43,017	-	49,028	-
TRANSFERS IN	-	82,722	664,864	3,949,010	694,664
TRANSFERS OUT	(11,000)	(27,790)	(433,850)	(912,064)	(25,000)
CHANGE IN NET POSITION	210,437	189,469	378,497	3,556,915	792,131
NET POSITION, JANUARY 1	<u>345,683</u>	<u>156,214</u>	<u>50,308,004</u>	<u>46,751,089</u>	<u>5,731,713</u>
NET POSITION, DECEMBER 31	<u>\$ 556,120</u>	<u>\$ 345,683</u>	<u>\$ 50,686,501</u>	<u>\$ 50,308,004</u>	<u>\$ 6,523,844</u>
Changes in net position as shown above			\$ 378,497	\$ 3,556,915	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>240,706</u>	<u>(6,555)</u>	
Changes in net position of business-type activities			<u>\$ 619,203</u>	<u>\$ 3,550,360</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,187,421	\$ 2,077,521	\$ 3,136,445	\$ 3,098,968
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,157,014)	(1,007,420)	(1,029,213)	(1,099,217)
Payments to and on behalf of employees	(845,580)	(774,043)	(983,522)	(923,560)
Other receipts	99,011	13,539	167,136	198,764
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>283,838</u>	<u>309,597</u>	<u>1,290,846</u>	<u>1,274,955</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants received	-	-	-	-
Loan payments received	-	-	-	-
Loans made	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(155,000)	-	(107,050)	(449,510)
Increase (decrease) in due to other funds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(155,000)</u>	<u>-</u>	<u>(107,050)</u>	<u>(449,510)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Special assessments received	-	-	4,380	29,881
Proceeds from sale of capital assets	750	17,500	953	-
Principal paid on bonds and leases	-	-	(772,000)	(811,000)
Interest and fiscal charges paid on bonds and leases	-	-	(276,290)	(298,766)
Payments for acquisition and construction of capital assets	(145,968)	(251,431)	(501,710)	(544,881)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(145,218)</u>	<u>(233,931)</u>	<u>(1,544,667)</u>	<u>(1,624,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts (paid)	(38,691)	10,943	(378,071)	208,378
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(55,071)	86,609	(738,942)	(590,943)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,117,570</u>	<u>1,030,961</u>	<u>4,039,429</u>	<u>4,630,372</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,062,499</u>	<u>\$ 1,117,570</u>	<u>\$ 3,300,487</u>	<u>\$ 4,039,429</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492							
Sewer Utility		Incinerator		Marina		Ambulance	
2013	2012	2013	2012	2013	2012	2013	2012
\$ 3,401,305	\$ 3,215,906	\$ 2,570,594	\$ 2,642,974	\$ 450,685	\$ 468,458	\$ 4,123,699	\$ 3,475,894
-	-	-	-	-	-	-	-
(1,900,934)	(1,720,328)	(1,472,593)	(1,685,823)	(265,163)	(249,526)	(2,639,815)	(2,248,393)
(1,142,333)	(1,100,304)	(754,941)	(895,875)	(108,083)	(126,518)	(1,249,269)	(1,145,125)
230,135	133,303	129,687	47,231	2,696	1,007	18,035	16,822
<u>588,173</u>	<u>528,577</u>	<u>472,747</u>	<u>108,507</u>	<u>80,135</u>	<u>93,421</u>	<u>252,650</u>	<u>99,198</u>
-	-	-	-	-	-	4,550	4,220
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,000	-	653,864	3,866,288	-	-	-	-
(107,050)	(434,764)	(53,750)	-	-	-	-	-
-	-	-	(2,889,405)	-	-	-	-
<u>(96,050)</u>	<u>(434,764)</u>	<u>600,114</u>	<u>976,883</u>	<u>-</u>	<u>-</u>	<u>4,550</u>	<u>4,220</u>
3,218	197,755	-	-	-	-	-	-
5,424	70,000	115,000	-	-	-	-	6,000
(570,301)	(553,533)	(155,000)	(150,000)	(90,000)	(85,000)	-	-
(161,363)	(177,876)	(153,009)	(158,159)	(19,978)	(20,748)	-	-
(2,754,418)	(1,442,255)	(949,846)	(107,243)	(6,679)	(24,600)	(46,026)	(189,795)
<u>(3,477,440)</u>	<u>(1,905,909)</u>	<u>(1,142,855)</u>	<u>(415,402)</u>	<u>(116,657)</u>	<u>(130,348)</u>	<u>(46,026)</u>	<u>(183,795)</u>
<u>(470,796)</u>	<u>123,492</u>	<u>(20,813)</u>	<u>(2,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,456,113)	(1,688,604)	(90,807)	667,738	(36,522)	(36,927)	211,174	(80,377)
7,850,918	9,539,522	667,738	-	143,566	180,493	290,952	371,329
<u>\$ 4,394,805</u>	<u>\$ 7,850,918</u>	<u>\$ 576,931</u>	<u>\$ 667,738</u>	<u>\$ 107,044</u>	<u>\$ 143,566</u>	<u>\$ 502,126</u>	<u>\$ 290,952</u>

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CITY OF RED WING, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2013	2012	2013	2012	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 852,532	\$ 692,142	\$ 16,722,681	\$ 15,671,863	\$ -
Receipts from interfund services provided	-	-	-	-	9,301,349
Payments to vendors and suppliers	(510,930)	(515,048)	(8,975,662)	(8,525,755)	(2,678,025)
Payments to and on behalf of employees	(146,361)	(130,949)	(5,230,089)	(5,096,374)	(7,984,110)
Other receipts	-	-	646,700	410,666	888,211
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	195,241	46,145	3,163,630	2,460,400	(472,575)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants received	-	43,017	4,550	47,237	-
Loan payments received	-	-	-	-	23,126
Loans made	-	-	-	-	(19,036)
Transfers from other funds	-	82,722	664,864	3,949,010	694,664
Transfers to other funds	(11,000)	(27,790)	(433,850)	(912,064)	(25,000)
Increase (decrease) in due to other funds	-	-	-	(2,889,405)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(11,000)	97,949	235,564	194,778	673,754
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Special assessments received	-	-	7,598	227,636	-
Proceeds from sale of capital assets	-	22,000	122,127	115,500	-
Principal paid on bonds and leases	-	-	(1,587,301)	(1,599,533)	-
Interest and fiscal charges paid on bonds and leases	-	-	(610,640)	(655,549)	-
Payments for acquisition and construction of capital assets	(88,753)	(206,407)	(4,493,400)	(2,766,612)	(23,341)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(88,753)	(184,407)	(6,561,616)	(4,678,558)	(23,341)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest receipts (paid)	(4,154)	(444)	(912,525)	340,119	(219,275)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	91,334	(40,757)	(4,074,947)	(1,683,261)	(41,437)
CASH AND CASH EQUIVALENTS, JANUARY 1	116,207	156,964	14,226,380	15,909,641	7,537,418
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 207,541	\$ 116,207	\$ 10,151,433	\$ 14,226,380	\$ 7,495,981

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2013	2012	2013	2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 163,479	\$ 165,675	\$ 500,553	\$ 519,732
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	-	93,561	117,965
Depreciation	120,412	129,184	631,186	611,998
(Increase) decrease in assets				
Accounts receivable	(10,648)	(26,094)	31,802	(43,832)
Inventories	-	-	10,710	6,371
Prepaid items	-	(9)	-	-
Increase (decrease) in liabilities				
Accounts payable	(15,011)	13,721	3,010	28,838
Due to other governments	733	632	2,487	1,975
Salaries payable	6,351	7,444	4,603	5,720
Compensated absences payable	10,931	9,591	2,666	13,875
Other postemployment benefits obligation	7,591	9,453	10,268	12,313
Unearned revenue	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 283,838</u>	<u>\$ 309,597</u>	<u>\$ 1,290,846</u>	<u>\$ 1,274,955</u>
NONCASH FINANCING AND INVESTING ACTIVITIES				
Capital assets acquired on account	\$ -	\$ -	\$ 20,987	\$ 24,263
Capital assets contributed from other funds/developers	-	-	360,858	-
Book value of capital assets disposed of	-	-	-	-
Amortization of bond discount/premium	-	-	-	-

The notes to the financial statements are an integral part of this statement.

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/418		605/303		610	
322/323/402/490/492							
Sewer Utility		Incinerator		Marina		Ambulance	
2013	2012	2013	2012	2013	2012	2013	2012
\$ (459,615)	\$ (197,082)	\$ (24,771)	\$ (244,858)	\$ (51,435)	\$ (69,305)	\$ 15,257	\$ 125,581
192,286	90,050	129,687	47,231	2,696	1,007	18,035	16,822
855,053	716,230	389,947	336,367	147,924	152,156	76,322	73,760
25,174	(39,987)	47,782	(44,921)	(4,711)	-	105,344	(170,833)
5,284	(935)	-	-	2,275	(9,739)	-	-
(901)	5,779	(11,060)	-	10,906	1,531	-	-
(52,584)	(33,908)	(24,275)	(1,518)	(20,810)	17,862	(7,459)	8,021
-	-	(985)	80	-	-	-	-
5,984	(18,493)	(13,974)	(4,446)	(2,705)	380	6,861	7,366
5,757	(7,262)	(24,769)	10,657	(7,942)	(1,261)	28,548	26,777
11,735	14,185	5,165	9,915	345	590	9,742	11,704
-	-	-	-	3,592	200	-	-
<u>\$ 588,173</u>	<u>\$ 528,577</u>	<u>\$ 472,747</u>	<u>\$ 108,507</u>	<u>\$ 80,135</u>	<u>\$ 93,421</u>	<u>\$ 252,650</u>	<u>\$ 99,198</u>
\$ 800,471	\$ 99,198	\$ 9,693	\$ -	\$ -	\$ -	\$ -	\$ -
385,154	-	-	-	-	-	-	-
1,523	3,485	16,263	-	-	-	-	-
-	-	926	926	-	-	-	-

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CITY OF RED WING, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2013	2012	2013	2012	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 225,765	\$ 69,520	\$ 369,233	\$ 369,263	\$ 344,670
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	-	-	436,265	273,075	-
Depreciation	30,432	14,340	2,251,276	2,034,035	47,876
(Increase) decrease in assets					
Accounts receivable	(28,450)	(31,010)	166,293	(356,677)	(532,156)
Inventories	-	-	18,269	(4,303)	(6,147)
Prepaid items	-	-	(1,055)	7,301	(48,257)
Increase (decrease) in liabilities					
Accounts payable	(37,226)	(14,046)	(154,355)	18,970	(357,957)
Due to other governments	-	-	2,235	2,687	-
Salaries payable	766	1,268	7,886	(761)	20,256
Compensated absences payable	2,418	4,220	17,609	56,597	59,171
Other postemployment benefits obligation	1,536	1,853	46,382	60,013	-
Unearned revenue	-	-	3,592	200	(31)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 195,241	\$ 46,145	\$ 3,163,630	\$ 2,460,400	\$ (472,575)
NONCASH FINANCING AND INVESTING ACTIVITIES					
Capital assets acquired on account	\$ -	\$ -	\$ 831,151	\$ 123,461	\$ -
Capital assets contributed from other funds/developers	-	-	746,012	-	-
Book value of capital assets disposed of	-	-	17,786	3,485	-
Amortization of bond discount/premium	-	-	926	926	-

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency
ASSETS	
Cash and investments	\$ 844,133
Assets held in endowment	3,015,079
Receivables	
Accounts	45,910
Other assets	13,564
TOTAL ASSETS	\$ 3,918,686
 LIABILITIES	
Accounts payable	\$ 301,406
Due to other governments	3,539,504
Salaries payable	21,031
Compensated absences payable	31,682
Other liabilities	25,063
TOTAL LIABILITIES	\$ 3,918,686

The notes to the financial statements are an integral part of this statement.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Red Wing, Minnesota (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Reporting entity

The City was incorporated on March 4, 1857. The City operates under a weak Mayor form of government. The voters of the City at Large elect the Mayor for four years on a part-time basis. The City is divided into four wards. Voters of each ward elect one member of the City Council for four years on a part-time basis. Two additional members are elected to serve as members who represent two of the four wards. The voters of the City at Large elect an additional member of the City Council. The Mayor has veto power, which the City Council may supersede with a vote of five members. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Each discretely presented component unit is reported in a separate column in the government-wide (see note below for description) financial statements to emphasize it is legally separate from the City. The discretely presented component unit has a December 31 year end.

Discretely Presented Component Unit. The Port Authority of the City of Red Wing (the Authority) was created pursuant to Minnesota statutes 469.090 through 469.108. The Authority is governed by seven commissioners, recommended by the Mayor, and appointed by the City Council. The Port Authority is a legally separate entity with separate corporate powers whose sole purpose is to encourage and precipitate future development within the City so as to increase the tax base, promote employment, and enhance the health, safety, and welfare of the City residents.

Related Organizations. Red Wing Housing and Redevelopment Authority (the HRA). The City Council is also responsible for appointing the members of the HRA, but the City's accountability for the HRA does not extend beyond making the appointments. Audited financial statements are available upon request from the HRA offices located at 428 West 5th Street, Red Wing, MN, 55066.

Red Wing Fire Relief Association (the Association). The Association was organized as a non-profit organization by its members to provide pension and other benefits to its members in accordance with Minnesota statutes. In 1987, the State Legislature created the Police and Fire Consolidation Fund (PFCF) to authorize on a voluntary basis, any local police or salaried fire fighters relief association and their respective municipality to effect the consolidation of the local relief association with The Public Employees Retirement Association (PERA). PERA is considered part of the State of Minnesota's financial reporting entity. The Association consolidated with PERA effective December 31, 1989. The local relief association retained funds associated with the City's volunteer fire fighters. Management of the Association is by a group of trustees elected by the membership. The City has no oversight or fiscal responsibilities related to the Association.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly 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. Fiduciary fund financial statements have no measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues 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, franchise taxes, licenses, 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.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *PERA Perpetual fund* accounts for the proceeds of the PERA refund from the State, ninety percent of the interest upon which is to be used to fund various police and fire activities.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Improvement Assessment fund* accounts for levied assessments and municipal State aid for improvements made to specific projects.

The City reports the following major proprietary funds:

The *Refuse Collection & Recycling fund* is used to account for all fees collected from refuse/recycling portion of the customer's utility bill for all expenses of operating this system.

The *Water Utility fund* is used to account for all fees collected from customers connected to the City water system and for all expenses of operating the system.

The *Sewer Utility fund* is used to account for all fees collected from the customers connected to the City sewer system and for all expenses of operating the system.

The *Incinerator fund* is used to account for all fees collected from customers using the incinerator for disposal of refuse and for all expenses of operating the system.

The *Marina fund* is used to account for all fees collected from customers using the marina and for all expenses related to operating the facility.

The *Ambulance fund* is used to account for all fees collected from customers using the City's ambulance service and for all expenses related to operating the ambulance activities.

The *Storm Water fund* is used to account for all fees collected from customers benefitting from the City's storm water system and for all expenses of operating the system.

Additionally, the City reports the following fund types:

Internal service funds account for the financing of goods and services provided by one department of the City, to other departments on a cost reimbursement basis. Internal service fund activities include administrative services, central services, insurance (risk management), information technology, postemployment benefits and engineering.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the City holds for others in an agency capacity.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings on investments are allocated to the individual funds based upon the average of month-end cash and investment balances.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7.

Investments for the City are reported at fair value. The broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of these funds is the same as the fair value of the shares.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment policy

The investments of the City shall be diversified by:

- Limiting investments to avoid over-concentration in securities from a specific issuer of business sector (excluding U.S. Treasury securities),
- Limiting investment in securities that have higher credit risks,
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow objective, the City will not directly invest in securities maturing more than ten (10) years from the date of purchase. The investment officer shall consider weighted average maturity limitations consistent with the investment objective being satisfied.

Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Property taxes

City Council adopts a proposed budget and certifies its proposed property tax levy for the following year in September. Public hearings are held and the final property tax levy is adopted. The City certifies the final adopted property taxes to the Goodhue County Auditor in December. The majority of the City's property tax revenue is paid by Xcel Energy, which operates the Prairie Island Nuclear Generating Plant. In Minnesota, the Counties act as the collection agents for all property taxes.

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Taxpayers in two equal installments, on May 15 and October 15, may pay real property taxes. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other local governmental units three times annually, in January, July and December.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for delinquent taxes not received within 60 days after year-end in the governmental fund financial statements.

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2013. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts in the General fund was \$10,000 and enterprise funds were \$191,917 as of December 31, 2013.

Loans to other funds, loans receivable and loans to other governments

Noncurrent portions of long-term interfund loan receivables, loans receivable and loans to other governments are equally offset by a fund balance nonspendable account in applicable governmental funds to indicate that they do not constitute available spendable resources.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special assessments

Special assessments are levied against benefitting properties of the cost of a portion of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years as approved by City Council resolution. Collection of annual installments (including interest) is handled by the County Auditor same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted by the City Council, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of the sale (after costs, penalties, and expenses of sale) are remitted to the City in payment of delinquent special assessments. Generally, the City will collect the full amount of its special assessments not adjusted by the City Council or court action. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homestead, agriculture, or seasonal recreation land, in which event the property is subject to sale after five years.

Special assessments receivable consist of unapportioned, delinquent, and noncurrent special assessments. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and prepaid items

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors (such as service and maintenance agreements) reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Land held for resale

The Red Wing Port Authority, a discretely presented component unit, acquires land for subsequent resale for development purposes. Land held for resale is reported as an asset at the estimated historical cost in the governmental fund that acquired it. Land held for resale is equally offset by a fund balance nonspendable account that indicates that it does not constitute available spendable resources.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water pipes, sewer pipes, and similar items and networks), 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 estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the assets constructed. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land	\$ 1
Land improvements	25,000
Buildings and building improvements	50,000
Machinery, equipment and vehicles	5,000
Infrastructure	100,000
Other assets	5,000

Property, plant and equipment of the City, as well as the component units, are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 25
Buildings and building improvements	5 - 50
Machinery, equipment and vehicles	5 - 20
Infrastructure	10 - 100

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated absences

The compensated absences liability includes earned, but unpaid, vacation and compensatory time, and vested sick leave.

Unionized employees earn vacation based on years of service and their bargaining unit. Union personnel vacation accruals may be accumulated, to a maximum, as follows:

Fire captains	576 hours
Fire fighters	576 hours
Police supervisors	400 hours
Police officers	400 hours
Utility employees	400 hours
Public works	400 hours
Clerical and technical	400 hours
Police clerical	400 hours

Non-union employees earn vacation based on their years of service to a maximum accrual of 400 hours.

Sick leave is earned up to a 1,000 hour cap, at the rate of 10 hours per month to a maximum of 15 days per year. After an accumulation of 1,000 hours, sick leave is earned at the rate of 2 hours per month to a maximum of 3 days per year. Sick leave may be accumulated indefinitely. Terminated employees receive severance pay based upon unused sick leave. The financial statements reflect accumulated sick leave that may be compensated.

The compensated absences for proprietary funds are reported as liabilities of the fund that is responsible for the obligation. Compensated absences for governmental funds are reported in the Postemployment Benefits internal service fund. Compensated absences reported in this fund are fully funded by the applicable General or special revenue funds.

Postemployment benefits other than pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 45, at January 1, 2011.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred outflows/inflows of resources

In addition to liabilities, the statement of financial position and fund financial statements 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 that qualifies as needing to be reported 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: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Council Administrator or Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Net position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Net investment of capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment of capital assets".

Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the year commencing the following January. The operating budget includes proposed expenditures and means of financing them.
2. The budget is legally enacted through the passage of a City Council Resolution.
3. The City Council may authorize the transfer of budgeted amounts between departments within any fund.
4. Formal budgetary integration is employed as a management control device during the year for the General fund and certain special revenue funds. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for capital projects funds is accomplished through the use of project controls.
5. Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with City Charter requirements. Also, inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically infer that it will be expended. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that (1) adequate funds were appropriated, (2) the expenditure is still necessitated, and (3) funds are available.

The City Council adopts the annual budget. During the budget year, supplemental appropriations are authorized by the City Council. These amounts, shown in the financial statements as “Original Budget”, represent the originally adopted budget and that labeled “Final Budget” includes all amendments made during the year by the City Council. Budget amendments were made to various funds resulting in an increase in appropriations to the General fund of \$1,641,613, an increase of \$33,054 to the Library special revenue fund, an increase of \$47,300 to the U.S. EPA Hazardous Substance special revenue fund, and an increase of \$11,600 to the U.S. EPA Petroleum special revenue fund.

The City does not use encumbrance accounting.

All appropriations, which are not expended, encumbered, or restricted, lapse at year-end.

Budgets for the General and certain special revenue funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Deficit fund equity

The following funds had fund equity deficits at December 31, 2013:

Fund	Amount
Special revenue	
Health Initiatives	\$ 3,222
Airport	13,959
US EPA Petroleum	33
Capital projects	
Parkland Acquisition	14,325
2013 Street Reconstruction Norwood Project	741,037
2014 Street Reconstruction	1,169
West Avenue Reconstruction	88,017
Cannon Bottom Road	769
Memorial Park	128,234
Spring Creek/TH 61 Access Project	7,437
Sturgeon Lake Road Overpass	16,012
Highway 61 Safety/Lighting Project	139,483
Street and Alley Improvements	22,655
Proprietary funds	
Marina	103,020

It is anticipated the Health Initiatives fund deficit will be eliminated by future contributions.

It is anticipated the Airport fund deficit will be eliminated by future lease revenues.

It is anticipated the US EPA Petroleum fund deficit will be eliminated by future intergovernmental grants.

It is anticipated the capital projects fund deficits will be eliminated through transfers from other funds, future contributions, and future intergovernmental grants.

It is anticipated the Marina fund deficit will be eliminated by future charges.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, 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 percent of the deposits not covered by insurance or bonds. Authorized collateral in lieu of a corporate surety bond includes:

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

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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 selection should be approved by the City.

At year-end, the City's carrying amount of deposits was \$924,899, including \$844,133 reported in agency funds. The bank balance was \$1,907,051. The bank balance was covered by federal depository insurance of \$500,513 and \$1,406,538 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments. The League of Minnesota Cities Board of Trustees is responsible for oversight of the 4M Fund. Financial statements of the 4M fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

As of December 31, 2013 the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Pooled investments			
Minnesota Municipal Money Market (4M) Fund	Not rated	less than 6 months	\$ 305
RBC Dain Rauscher Money Market	Not rated	less than 6 months	341,766
Wachovia Securities Money Market	Not rated	less than 6 months	568,811
Edward Jones Money Market	Not rated	less than 6 months	8,073,214
Federal Agency Pool	Not rated	more than 3 years	<u>385,867</u>
Total pooled investments			<u>9,369,963</u>
Non-pooled investments			
Community Capital Partners	Not rated	less than 6 months	103,200
St. Paul Foundation	Not rated	less than 6 months	3,522,561
Federal Agency Notes	AAA	more than 3 years	39,363,064
Broker CD's	Not rated	more than 3 years	<u>1,415,182</u>
Total non-pooled investments			<u>44,404,007</u>
Total investments			<u><u>\$ 53,773,970</u></u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

The City's investment policy follows Minnesota statutes, which reduces the City's exposure to credit, custodial credit and interest rate risk. Specific risk information for the City is as follows:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments to the list on page 91 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2013, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investment.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Cash on hand

Cash in the possession of the City, consisting of petty cash and change funds totals \$4,085.

Cash and investments summary

A reconciliation of cash and investments as shown on the statement of net position for the City follows:

	<u>Primary Government</u>	<u>Component Unit Port Authority</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Deposits	\$ (526,362)	\$ 607,128	\$ 844,133	\$ 924,899
Investments	50,758,891	-	3,015,079	53,773,970
Cash on hand	4,085	-	-	4,085
	<u>\$ 50,236,614</u>	<u>\$ 607,128</u>	<u>\$ 3,859,212</u>	<u>\$ 54,702,954</u>
Total				
Cash and investments	\$ 49,729,129	\$ 607,128	\$ 844,133	\$ 51,180,390
Assets held in endowment	507,485	-	3,015,079	3,522,564
	<u>\$ 50,236,614</u>	<u>\$ 607,128</u>	<u>\$ 3,859,212</u>	<u>\$ 54,702,954</u>
Total				

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Assets held in endowment

Assets held in endowment at December 31, 2013 were \$3,522,564. The Saint Paul Foundation holds these assets in accounts for the Library special revenue fund and the Sheldon Auditorium Agency fund. The balances at December 31, 2013 are \$507,485 and \$3,015,079, respectively. Variance power has not been granted to the Saint Paul Foundation. The assets are not available for immediate expenditure. Limited amounts are annually distributed from the Foundation when net income or principal or both meet the criteria as determined by the Foundation's spending policy, at such times as the Foundation deems appropriate.

C. Loans receivable

Specific special revenue funds make installment loans to promote economic development within the City. Economic development loans receivable of \$241,196 and \$1,538,363 are reported as assets in the primary government and component unit, respectively:

Fund	Amount
Primary Government	
Special revenue	
DTED Loan	\$ 130,684
CDBG Revolving	86,667
Total special revenue	217,351
Internal service	
Risk Management	23,845
Total governmental activities	\$ 241,196
Component Unit	
Industrial Loan	\$ 1,089,124
Micro Loan	26,980
Intermediary Relending	422,259
Total component unit	\$ 1,538,363

The City also has loans to other governments totaling \$62,683 which mainly consists of a loan to Independent School District No. 256 for the construction of a parking lot payable in monthly installments with interest.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital assets

Primary government

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,894,456	\$ -	\$ (21,336)	\$ 5,873,120
Construction in progress	11,914,189	5,643,278	(3,433,129)	14,124,338
Total capital assets not being depreciated	<u>17,808,645</u>	<u>5,643,278</u>	<u>(3,454,465)</u>	<u>19,997,458</u>
Capital assets being depreciated				
Buildings	25,916,907	281,080	-	26,197,987
Improvements other than buildings	12,953,407	1,427,687	-	14,381,094
Machinery and equipment	1,457,631	253,455	-	1,711,086
Office equipment	1,030,969	70,435	-	1,101,404
Vehicles	8,268,668	784,816	(487,211)	8,566,273
Infrastructure	36,191,082	2,940,154	(746,011)	38,385,225
Total capital assets being depreciated	<u>85,818,664</u>	<u>5,757,627</u>	<u>(1,233,222)</u>	<u>90,343,069</u>
Less accumulated depreciation for				
Buildings	(19,536,321)	(509,208)	-	(20,045,529)
Improvements other than buildings	(10,932,281)	(141,521)	-	(11,073,802)
Machinery and equipment	(862,993)	(69,507)	-	(932,500)
Office equipment	(821,250)	(69,883)	-	(891,133)
Vehicles	(5,147,561)	(632,582)	360,204	(5,419,939)
Infrastructure	(22,593,423)	(1,617,863)	-	(24,211,286)
Total accumulated depreciation	<u>(59,893,829)</u>	<u>(3,040,564)</u>	<u>360,204</u>	<u>(62,574,189)</u>
Total capital assets being depreciated, net	<u>25,924,835</u>	<u>2,717,063</u>	<u>(873,018)</u>	<u>27,768,880</u>
Governmental activities capital assets, net	<u>\$ 43,733,480</u>	<u>\$ 8,360,341</u>	<u>\$ (4,327,483)</u>	<u>\$ 47,766,338</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 214,980	\$ -	\$ -	\$ 214,980
Construction in progress	<u>2,359,504</u>	<u>1,855,095</u>	<u>-</u>	<u>4,214,599</u>
Total capital assets not being depreciated	<u>2,574,484</u>	<u>1,855,095</u>	<u>-</u>	<u>4,429,579</u>
Capital assets being depreciated				
Buildings	34,197,627	-	-	34,197,627
Improvements other than buildings	15,132,351	2,235,776	-	17,368,127
Machinery and equipment	2,803,401	112,826	-	2,916,227
Office equipment	13,166	-	-	13,166
Vehicles	4,634,358	997,394	(116,660)	5,515,092
Infrastructure	<u>26,556,365</u>	<u>746,011</u>	<u>-</u>	<u>27,302,376</u>
Total capital assets being depreciated	<u>83,337,268</u>	<u>4,092,007</u>	<u>(116,660)</u>	<u>87,312,615</u>
Less accumulated depreciation for				
Buildings	(7,258,061)	(716,623)	-	(7,974,684)
Improvements other than buildings	(8,827,834)	(386,263)	-	(9,214,097)
Machinery and equipment	(2,195,785)	(75,270)	-	(2,271,055)
Office equipment	(13,166)	-	-	(13,166)
Vehicles	(2,634,825)	(542,679)	98,874	(3,078,630)
Infrastructure	<u>(9,561,888)</u>	<u>(530,441)</u>	<u>-</u>	<u>(10,092,329)</u>
Total accumulated depreciation	<u>(30,491,559)</u>	<u>(2,251,276)</u>	<u>98,874</u>	<u>(32,643,961)</u>
Total capital assets being depreciated, net	<u>52,845,709</u>	<u>1,840,731</u>	<u>(17,786)</u>	<u>54,668,654</u>
Business-type activities capital assets, net	<u>\$ 55,420,193</u>	<u>\$ 3,695,826</u>	<u>\$ (17,786)</u>	<u>\$ 59,098,233</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Governmental activities

General government	\$ 130,209
Public safety	200,359
Public works	1,608,263
Culture and recreation	555,502
Economic development	3,068
Miscellaneous	
Airport	451,330
Cemeteries	43,957
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>47,876</u>
Total depreciation expense - governmental activities	<u><u>\$ 3,040,564</u></u>

Business-type activities

Refuse collection and recycling	\$ 120,412
Water utility	631,186
Sewer utility	855,053
Incinerator	389,947
Marina	147,924
Ambulance	76,322
Storm Water utility	<u>30,432</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,251,276</u></u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component unit

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component unit activities				
Capital assets not being depreciated				
Land	\$ 265,042	\$ -	\$ -	\$ 265,042
Capital assets being depreciated				
Buildings	94,086	-	-	94,086
Improvements other than buildings	582,871	260,633	-	843,504
Total capital assets being depreciated	676,957	260,633	-	937,590
Less accumulated depreciation for				
Buildings	(94,086)	-	-	(94,086)
Improvements other than buildings	(582,871)	-	-	(582,871)
Total accumulated depreciation	(676,957)	-	-	(676,957)
Total capital assets being depreciated, net	-	260,633	-	260,633
Governmental activities capital assets, net	\$ 265,042	\$ 260,633	\$ -	\$ 525,675

Construction commitments

The City has active construction projects as of December 31, 2013. The projects include a water reservoir renovation, transportation improvements and wastewater improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Little River Bulkhead Rehab	\$ 247,839	\$ 105,443
E 5th St Bridge	3,231,428	254,289
156-MP-02S Streets	867,299	36,854
Pine-Hill-Franklin Streets	1,173,326	30,259
Old Hwy 19 Bridges	962,740	59,023
Municipal Phase II Sludge Dewatering	320,480	950,520
Ind Pre-Treatment WW Plant upgrade	1,550,110	599,890
Hiawatha Hills Reservoir	398,753	20,987
Total	\$ 8,751,975	\$ 2,057,265

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Interfund receivables, payables, and transfers

The composition of interfund balances at December 31, 2013 is as follows:

Due from/to other funds

Receivable Fund	Payable Fund	Amount
General	PERA Perpetual Nonmajor governmental	\$ 607,649 <u>1,145,103</u>
Total		<u>\$ 1,752,752</u>
Business-type activities - internal service	Governmental activities - internal service	<u>\$ 862,833</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The above interfund balance between the General and PERA Perpetual fund of \$607,649 is for the operating subsidy. The balances totaling \$1,145,103 are for temporary advances to cover cash deficits. The amount due from the governmental activities to the business-type activities of \$862,833 is due to the elimination of internal service fund profits and losses.

Loans to/from other funds/component unit

The General fund of the Port Authority has an advance payable to the Industrial Loan fund of the Port Authority totaling \$33,187 at year end related to the purchase of bulkhead land.

Loans to/due from component unit/primary government

Receivable Entity	Payable Entity	Amount
Primary government General	Component unit Port Authority	<u>\$ 1,054,903</u>
Component unit Industrial Loan	Primary government DTED Loan	<u>\$ 104,905</u>
Primary government General	Component unit Port Authority Industrial Loan	\$ 197,577 14,991
Capital Improvement Assessment Adjustment to reflect the consolidation of internal service fund activities to Port Authority - component unit	Port Authority	1,209,553 <u>(35,441)</u>
Total loans to component unit		<u>\$ 1,386,680</u>

The above loans were made for the following purposes:

- General fund to the Port Authority fund for Fairview property purchase and various other improvements.
- General fund to the Industrial Loan fund for the D.L. Ricci Loan.
- Capital Improvement Assessment fund to the Port Authority fund for the Fairview and CRL property purchases.
- During 2013 the DTED Loan fund, as a result of grantee loan restrictions and qualifications, was left with negative combined cash and investments balance. An interfund loan was set up from the Industrial Revolving Loan fund in the amount of \$104,905 with the intention the loan be repaid in 2014.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Interfund transfers

The following transfers were made for the year ended December 31, 2013:

Fund	Transfers In		
	General	Nonmajor Governmental	Sewer Utility
Transfers out			
General	\$ -	\$ 1,729,692	\$ -
PERA Perpetual	153,891	-	-
Nonmajor			
governmental	-	102,693	-
Refuse Collection and Recycling enterprise	45,000	-	-
Water Utility enterprise	107,050	-	-
Sewer Utility enterprise	107,050	-	-
Incinerator fund	53,750	-	-
Storm Water enterprise	-	-	11,000
Engineering			
internal service	-	25,000	-
Total	<u>\$ 466,741</u>	<u>\$ 1,857,385</u>	<u>\$ 11,000</u>

Fund	Transfers In		
	Incinerator	Engineering Internal Service	Total
Transfer out			
General	\$ 543,864	\$ 694,664	\$ 2,968,220
PERA Perpetual	-	-	153,891
Nonmajor			
governmental	-	-	102,693
Refuse Collection and Recycling enterprise	110,000	-	155,000
Water Utility enterprise	-	-	107,050
Sewer Utility enterprise	-	-	107,050
Incinerator	-	-	53,750
Storm Water enterprise	-	-	11,000
Engineering			
internal service	-	-	25,000
Total	<u>\$ 653,864</u>	<u>\$ 694,664</u>	<u>\$ 3,683,654</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service fund to establish mandatory reserve accounts, 3) move unrestricted General fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The following summarizes transfers made in 2013:

- From the General fund to the following funds for operating subsidies: Incinerator enterprise fund (\$543,864), Library special revenue fund (\$870,873), Engineering internal service fund (\$416,899), Building Inspection special revenue fund (\$124,986) and Airport special revenue fund (\$111,157).
- From the PERA Perpetual fund to the General fund for operating subsidy (\$153,891).

In the year ended December 31, 2013, the City made the following one-time transfers:

- From the General fund to the Airport special revenue fund for one-time capital improvements (\$3,500).
- From the General fund to the Library special revenue fund for one-time capital improvements (\$4,498).
- From the General fund to the Airport Federal Projects fund for one-time capital improvements (\$17,902).
- From the General fund to the East 5th Street Bridge Project for one-time capital improvements (\$452,590).
- From the General fund to the Sturgeon Lake Road Overpass for one-time capital improvements (\$20,000).
- From the General fund to the Old Highway 19 Project for one-time capital improvements (\$54,284).
- From the General fund to the TH 63 River Crossing Bridge for one-time capital improvements (\$15,000).
- From the General fund to the Street and Alley Improvements for one-time capital improvements (\$54,902).
- From the East 5th Street Bridge Projects to the Old Highway 19 Project fund for one-time capital improvement (\$73,666).
- From the South Service Drive fund to the Spring Creek/Highway 61 Intersection to close the project (\$19,525).
- From the South Service Drive fund to the Transit Hub to close the project (\$5,712).
- From the South Service Drive fund to the Charlson Crest-Highlands Paving to close the project (\$3,790).
- From the Internal Service Engineering fund to the Street Reclamation/Recondition for one-time capital improvement (\$25,000).
- From the Refuse Collection & Recycling fund to the Incinerator fund for one-time capital improvement (\$110,000).
- From the Refuse Collection & Recycling fund to the General fund for one-time capital improvement (\$45,000).
- From the Water Utility fund to the General fund for one-time capital improvement (\$107,050).
- From the Sewer Utility fund to the General fund for one-time capital improvement (\$107,050).
- From the Incinerator fund to the General fund for one-time capital improvement (\$53,750).
- From the Storm Water fund to the Sewer Utility fund for one-time capital improvement (\$11,000).
- From the General fund to the Engineering Internal Service fund for one-time capital improvements (\$277,765).

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Long-term debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

General obligation bonds

The following bonds were issued to provide funding for various street reconstruction projects, street improvement projects, and improvements to City facilities. Revenue to retire this bond issue comes from ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bond of 2011A	\$ 1,835,000	0.50 - 2.60 %	11/15/11	02/01/22	\$ 1,675,000
G.O. Bond of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	2,375,000
G.O. Bond of 2013A	2,930,000	2.00	04/24/13	02/01/24	<u>2,930,000</u>
Total G.O. Bonds					<u><u>\$ 6,980,000</u></u>

Annual debt service requirements to maturity for all general obligation bonds are as follows:

Year Ending December 31,	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2014	\$ 475,000	\$ 130,732	\$ 605,732
2015	740,000	107,972	847,972
2016	765,000	98,710	863,710
2017	780,000	88,035	868,035
2018	805,000	75,923	880,923
2019 - 2023	3,195,000	182,809	3,377,809
2024	<u>220,000</u>	<u>2,200</u>	<u>222,200</u>
Total	<u><u>\$ 6,980,000</u></u>	<u><u>\$ 686,381</u></u>	<u><u>\$ 7,666,381</u></u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation revenue bonds

The following bonds were issued to finance capital improvements to the enterprise funds. They will be retired from net revenue of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue Note of 1996	\$ 750,000	3.82 %	12/27/96	08/20/17	\$ 195,994
G.O. Sewer Revenue Note of 1997	700,000	3.41	12/02/94	02/20/18	200,711
G.O. Sewer Revenue Note of 1998	2,500,000	3.34	05/22/98	08/20/18	696,981
G.O. Sewer Revenue Note of 2002	2,100,000	3.74	10/11/02	08/20/22	819,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	9,029,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	3,339,000
G.O. Disposal System Revenue Bonds of 2008	4,070,000	3.25 - 4.60	09/15/08	02/01/29	3,540,000
G.O. Marina Revenue Refunding Bonds of 2010A	920,000	0.70 - 3.20	07/01/10	05/01/21	<u>745,000</u>
Total G.O. Revenue Bonds					<u><u>\$18,565,686</u></u>

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2014	\$ 1,626,341	\$ 563,164	\$ 2,189,505
2015	1,680,660	515,754	2,196,414
2016	1,727,270	466,427	2,193,697
2017	1,776,256	415,014	2,191,270
2018	1,638,159	362,677	2,000,836
2019 - 2023	8,167,000	1,095,590	9,262,590
2024 - 2028	1,650,000	229,365	1,879,365
2029	<u>300,000</u>	<u>6,900</u>	<u>306,900</u>
Total	<u><u>\$18,565,686</u></u>	<u><u>\$ 3,654,891</u></u>	<u><u>\$22,220,577</u></u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Capital leases

The City leased a fire truck under a capital lease. The following is a summary of equipment under capitalized leases:

	Governmental Activities
Asset	
Machinery and equipment	\$ 735,078
Less accumulated depreciation	(441,181)
Total	\$ 293,897

The capital lease obligation that was issued to finance the purchase of capital equipment was paid off during 2013. The fire truck lease was paid for by the General fund.

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 4,210,000	\$ 2,930,000	\$ (160,000)	\$ 6,980,000	\$ 475,000
General obligation special assessment bonds	250,000	-	(250,000)	-	-
Revenue bonds	728,442	-	(728,442)	-	-
Unamortized bond premiums	-	115,693	(8,939)	106,754	
Total bonds payable	5,188,442	3,045,693	(1,147,381)	7,086,754	475,000
Capital leases payable	91,336	-	(91,336)	-	-
OPEB obligation	339,532	125,942	(83,221)	382,253	-
Compensated absences payable	1,383,715	870,929	(811,758)	1,442,886	676,829
Governmental activity long-term liabilities	\$ 7,003,025	\$ 4,042,564	\$(2,133,696)	\$ 8,911,893	\$ 1,151,829
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 20,152,987	\$ -	\$(1,587,301)	\$ 18,565,686	\$ 1,626,341
Unamortized bond premiums	15,495	-	(926)	14,569	-
Total bonds payable	20,168,482	-	(1,588,227)	18,580,255	1,626,341
OPEB obligation	279,794	103,784	(57,402)	326,176	-
Compensated absences payable	700,586	445,052	(427,443)	718,195	352,756
Business-type activity long-term liabilities	\$ 21,148,862	\$ 548,836	\$(2,073,072)	\$ 19,624,626	\$ 1,979,097

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component Unit	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
OPEB obligation	\$ 14,597	\$ 5,262	\$ (3,221)	\$ 16,638	\$ -
Compensated absences payable	27,543	15,376	(19,357)	23,562	19,357
Component unit long-term liabilities	<u>\$ 42,140</u>	<u>\$ 20,638</u>	<u>\$ (22,578)</u>	<u>\$ 40,200</u>	<u>\$ 19,357</u>

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. As of December 31, 2013, there were eight series of Industrial Revenue Bonds outstanding, with an aggregate principal of \$34,258,750. The balance on these bonds at December 31, 2013 was \$22,686,790.

G. Tax increment districts

The City is the administering authority for the following tax increment finance district:

Authorizing Law	Tax Increment District No. 7-1 M.S. 469.001-007 M.S. 469.174-179
Type of District	Redevelopment
Year Established	2001
Duration of District	20 years
Tax Capacity	
Original	\$ 38,520
Current	<u>168,422</u>
Captured - Retained	<u>\$ 129,902</u>
Total General Obligation Tax Increment	
Bonds and Notes issued	\$ -
Amounts redeemed	<u>-</u>
Outstanding at December 31, 2013	<u>\$ -</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

H. Components of fund balance

At December 31, 2013, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment	Other Governmental Funds	Total
Nonspendable for						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 1,354	\$ 1,354
Loans to other governments	40,000	-	-	-	-	40,000
Loans to component unit	212,568	-	-	-	-	212,568
Library endowment	-	-	-	-	507,485	507,485
Permanent principal endowments	-	-	-	-	1,604,242	1,604,242
	<u>\$ 252,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,113,081</u>	<u>\$ 2,365,649</u>
Restricted for						
Debt service	\$ -	\$ -	\$ 729,494	\$ -	\$ -	\$ 729,494
DNR grant	16,749	-	-	-	-	16,749
Sister cities activities	-	-	-	-	8,000	8,000
Library activities	-	-	-	-	20,539	20,539
Capital projects (unspent bond proceeds)	1,038,990	-	-	-	-	1,038,990
Police and fire activities	45,624	8,356,454	-	-	-	8,402,078
Future loans	-	-	-	-	528,982	528,982
Tax increment activities	-	-	-	-	9,271	9,271
Cemetery perpetual	-	-	-	-	586,157	586,157
	<u>\$ 1,101,363</u>	<u>\$ 8,356,454</u>	<u>\$ 729,494</u>	<u>\$ -</u>	<u>\$ 1,152,949</u>	<u>\$ 11,340,260</u>
Committed for						
Capital improvements	<u>\$ 3,400,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 831,826</u>	<u>\$ 4,231,826</u>
Assigned for						
Future operations	\$ -	\$ -	\$ -	\$ -	\$ 281,986	\$ 281,986
Capital improvements	-	-	-	8,159,285	-	8,159,285
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,159,285</u>	<u>\$ 281,986</u>	<u>\$ 8,441,271</u>
Unassigned	<u>\$ 11,058,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,177,706)</u>	<u>\$ 9,881,255</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City of Red Wing 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 Plan or the 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, fire-fighters 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 State statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members 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 members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon 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. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

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

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED

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 Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. In 2013, the City of Red Wing was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members, and 14.40 percent for PEPFF members. The City's contributions to the GERF for the years ending December 31, 2013, 2012 and 2011 were \$499,524, \$493,680, and \$502,532, respectively. The City's contributions to the PEPFF for the years ending December 31, 2013, 2012 and 2011 were \$525,837, \$498,223, and \$493,110, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

C. Defined contribution plan

Elected officials of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under section 401(a) of the Internal Revenue Code and all contributions by or on behalf of 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. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 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 PEDCP for the years ended December 31, 2013, 2012 and 2011 were \$1,168, \$1,160 and \$1,243, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION

A. Plan description

All members of the Red Wing Fire Department (the Department) are covered by a defined benefit plan administered by the Red Wing Fire Department Relief Association (the Association). The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

The Association issues a publicly available financial report. The report may be obtained by writing to the Red Wing Fire Department Relief Association, 420 Plum Street, Red Wing, MN 55066.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION - CONTINUED

B. Plan benefits

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. A fire fighter who completes at least 20 years as an active member of the Red Wing Fire Department (the Department) is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

The City passes through State aids allocated to the plan, all in accordance with enabling State statutes. The State aid is recognized as both a revenue and an expenditure in the General fund. The State aid for 2013 was \$104,824. The firefighter has no obligation to contribute to this pension plan.

C. Funding policy

The amount shown as the "accrued liability" is based on the actuarial accrued liability measure as determined using the same actuarial assumptions as for funding purposes. This measure is substituted for the standardized measure required for disclosure purposes under the GASB Statement No. 27.

The assumed interest rate for the actuarial calculations was 5 percent compounded annually.

The City's annual pension cost for the current year and related information for the plan is as follows:

Annual Pension Cost	\$ 104,824
Contributions Made	
State Aid	104,824
Actuarial Valuation Date	12/31/13
Actuarial Cost Method	Entry age normal
Amortization Method	Level 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
Inflation rate	N/A
Cost of living adjustments	None

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 5: DEFINED BENEFIT PENSION PLAN - FIRE RELIEF ASSOCIATION - CONTINUED

Three Year Trend Information				
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
12/31/13	\$ 104,824	100.0 %	\$	-
12/31/12	71,133	100.0	-	-
12/31/11	69,531	100.0	-	-

Required Supplementary Information					
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of (Unfunded) Accrued Liability	Funded Rate	Benefit per Year of Service
12/31/13	\$ - *	\$ - *	\$ - *	-	\$ 2,500
12/31/12	1,051,575	657,523	394,052	159.9	2,500
12/31/11	892,070	618,722	273,348	144.2	2,500

* Information not available at the date of the issuance of report.

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. Plan description

The City administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each three-year bargaining period. The component unit is included in the City’s plan. The Retiree Health Plan does not issue a publicly available financial report.

B. Funding policy

Contribution requirements also are negotiated between the City and union representatives. The City does not contribute to the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2013, the City contributed \$143,844 to the plan.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

C. Annual OPEB cost and net OPEB obligation.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

	Primary Government	Component Unit	Total
Annual required contribution	\$ 240,385	\$ 5,506	\$ 245,891
Interest on net OPEB obligation	27,888	639	28,527
Adjustment to annual required contribution	<u>(38,547)</u>	<u>(883)</u>	<u>(39,430)</u>
Annual OPEB cost (expense)	229,726	5,262	234,988
Contributions made	<u>(140,623)</u>	<u>(3,221)</u>	<u>(143,844)</u>
Increase in net OPEB obligation	89,103	2,041	91,144
Net OPEB obligation - beginning of year	<u>619,326</u>	<u>14,597</u>	<u>633,923</u>
NET OPEB obligation - end of year	<u>\$ 708,429</u>	<u>\$ 16,638</u>	<u>\$ 725,067</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding fiscal years were as follows:

Year Ending	Three Year Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/13	\$ 234,988	61.2 %	\$ 725,067
12/31/12	237,284	51.4	633,923
12/31/11	239,904	38.3	518,581

D. Funded status and funding progress.

As of January 1, 2011, the City's actuarial accrued liability for benefits was \$2,071,750, all of which was unfunded. The City's covered payroll (annual payroll of active employees covered by the plan) was \$9,841,666, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 21.1 percent.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION - CONTINUED

E. Methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 8 percent initially, reduced incrementally to an ultimate rate of 5 percent after six years. The actuarial value of assets was not determined as the City has not advance-funded its obligation. The plan's unfunded actuarial accrued liability (UAAL) was amortized as a level dollar amount over a closed basis of thirty years.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 61.6, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2000 United States Life Tables for Males and for Females were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 8.0 percent initially, reduced to an ultimate rate of 5.0 percent after six years, was used.

Health insurance premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption of 4.5 percent was used based on an intermediate growth scenario.

Actuarial method - Projected unit credit with 30-year amortization of the unfunded liability.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.5 percent was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized on a level dollar closed basis. The remaining amortization period at December 31, 2013 was 24 years.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 7: OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

The Workers Compensation Division of LMCIT is self-sustaining based on the contributions charged, so that total contributions plus compounded earnings on these contributions will equal the amount needed to satisfy claims liabilities and other expenses. LMCIT participates in the Workers' Compensation Reinsurance Association with coverage at \$940,000 per claim in 2013. Should the LMCIT Workers' Compensation Division liabilities exceed assets, LMCIT may assess the City in a method and amount to be determined by LMCIT.

The Property and Casualty Division of LMCIT is self-sustaining and the City pays an annual premium to cover current and future losses. The LMCIT carries reinsurance for its property lines to protect against catastrophic losses. Should the LMCIT Property and Casualty Division liabilities exceed assets, LMCIT may assess the City in a method and amount to be determined by LMCIT.

All funds of the City participate in the program and make payments to the Risk Management internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for future claims. The fund has net position of \$321,411 at December 31, 2013 and is reported as unrestricted net position of the Risk Management internal service fund. An estimated claims liability of \$0 reported in the fund at December 31, 2013 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City believes the liability is adequate to cover incurred but not remitted claims at year-end. The changes in the Risk Management internal service fund's claims liability for the past three years are as follows:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
2013	\$ 240,225	\$ 1,892,179	\$ 2,132,404	\$ -
2012	211,929	1,763,245	1,734,949	240,225
2011	196,660	2,168,484	2,153,215	211,929

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7: OTHER INFORMATION - CONTINUED

B. Contingent liabilities

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

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The City Attorney estimates that the unrecorded potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City. The City did not have a claim liability as of December 31, 2013 for the City's litigation fees paid on a lawsuit.

The City entered into an agreement in 2009 with the Housing and Redevelopment Authority of the City of Red Wing to issue the City's Housing Development Bonds, Series 2009 in the amount not to exceed \$2,700,000, which is backed by the full faith and credit of the City. In the event that the Housing and Redevelopment Authority defaults on the payments, the City will be obligated to make the payments on the debt. Currently, \$2,335,000 of the debt has been issued.

Mississippi National Golf Links, Inc.'s lease was abandoned by the lessee. The City commenced litigation to recover damages for the breach of the lease agreement. The City also sought relief from the bank of the Revenue Bond purchased by Mississippi National Golf Links, Inc. A settlement agreement was reached and the City will be reimbursed \$140,000 for out of pocket costs including unpaid property taxes. In addition, Mississippi National Golf Links, Inc. will pay the bank as a final payment on the Revenue Bond.

C. Legal debt margin

The City's statutory debt limit is three percent of estimated market value of real and personal property located within the City which is \$1,625,696,000. The City currently has \$6,980,000 of general obligation debt subject to this limit leaving a debt margin of \$42,413,620. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by statute.

D. Principal taxpayer

Property owned by Xcel Energy located in Red Wing represents approximately 42 percent of the City's 2013 net tax capacity. Xcel Energy's Prairie Island Nuclear Power Plant, located in the western half of the City, became fully operational in February 1975 and produces 1,060 megawatts of electricity, making it one of the largest generating facilities in the Xcel Energy's four-state system.

E. Tax increment districts

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

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7: OTHER INFORMATION - CONTINUED

F. Landfill closure and postclosure care costs

State and Federal laws and regulations require the City to place a final cover on the Ash Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, \$382,228 is reported as a restricted asset in the net position of the Incinerator fund as of December 31, 2013. This amount represents the cumulative restricted assets reported to date based on the use of 83.1 percent of the estimated capacity of the landfill. The City will recognize the remaining closure and post-closure care requirement of approximately \$254,280 as the remaining estimated capacity is filled. This is an increase of \$75,350 over the prior year amount of \$178,930. These amounts are based on what it would cost to perform all closure and post-closure care in 2013. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City expects to close the landfill in the year 2027 based on the 2013 engineer's report. Existing capacity will be utilized for ash generated at the City's Incinerator.

The City is required by State and Federal laws and regulations to make annual contributions to finance closure and post-closure care. The City is in compliance with these requirements, and, at December 31, 2013, \$382,228 is reported as restricted assets on the Incinerator fund's balance sheet. The City expects that future inflation costs will be paid from interest earnings and annual contributions from the Incinerator fund. However, if annual contributions are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

G. Subsequent events

On April 1 2014, the City awarded the sale of \$1,115,000 of 2014A General Obligation Bonds. The bonds were issued with at a true interest cost of 1.78 percent for the purposes of acquisition of various items of equipment.

On March 24, 2014 the City Council authorized the ceasing of combustion of municipal waste at the Incinerator. The material recovery activities will continue and the incinerator operations will be converted to a shredding operation over the next two years. The shredded waste will be transported and combusted at Xcel Energy's Refuse Derived Electric Generating Facility in the City of Red Wing.

On February 24, 2014 the City Council authorized the City's General fund acquisition of the Port Authority's land held for resale at a cost equal to the Port Authority's book value.

Note 8: CHANGE IN ACCOUNTING STANDARD

During fiscal year 2013, the City implemented accounting pronouncement Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" issued by the Government Accounting Standards Board (GASB). This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2013 financial statements. No changes relating to these standards were needed in the financial statements and schedules and related note disclosures.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule of funding progress for the retiree health plan

Actuarial Valuation Date	Required Supplementary Information					
	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Simplified Entry Age (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/11	\$ -	\$ 2,071,750	\$ 2,071,750	- %	\$ 9,841,666	21.1 %
01/01/08	-	1,607,953	1,607,953	-	8,984,812	17.9

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**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2013

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 803,065	\$ 963,909	\$ 2,181,094	\$ 3,948,068
Assets held in endowment	507,485	-	-	507,485
Receivables				
Accrued interest	-	-	9,308	9,308
Delinquent taxes	11,551	-	-	11,551
Accounts	20,648	-	-	20,648
Loans (net)	217,351	-	-	217,351
Intergovernmental	25,919	154,347	-	180,266
Due from other funds	-	15,902	-	15,902
Prepaid items	1,354	-	-	1,354
	<u>1,587,373</u>	<u>1,134,158</u>	<u>2,190,402</u>	<u>4,911,933</u>
TOTAL ASSETS	<u>\$ 1,587,373</u>	<u>\$ 1,134,158</u>	<u>\$ 2,190,402</u>	<u>\$ 4,911,933</u>
LIABILITIES				
Accounts payable	\$ 61,461	\$ 319,014	\$ -	\$ 380,475
Contracts payable	-	42,722	-	42,722
Due to other funds	29,467	1,099,734	-	1,129,201
Due to component unit	104,905	-	-	104,905
Salaries payable	40,943	-	-	40,943
	<u>236,776</u>	<u>1,461,470</u>	<u>-</u>	<u>1,698,246</u>
TOTAL LIABILITIES	<u>236,776</u>	<u>1,461,470</u>	<u>-</u>	<u>1,698,246</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	11,551	-	-	11,551
	<u>11,551</u>	<u>-</u>	<u>-</u>	<u>11,551</u>
FUND BALANCES				
Nonspendable	508,839	-	1,604,242	2,113,081
Restricted	566,789	-	586,160	1,152,949
Committed	-	831,826	-	831,826
Assigned	281,986	-	-	281,986
Unassigned	(18,568)	(1,159,138)	-	(1,177,706)
	<u>1,339,046</u>	<u>(327,312)</u>	<u>2,190,402</u>	<u>3,202,136</u>
TOTAL FUND BALANCES	<u>1,339,046</u>	<u>(327,312)</u>	<u>2,190,402</u>	<u>3,202,136</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,587,373</u>	<u>\$ 1,134,158</u>	<u>\$ 2,190,402</u>	<u>\$ 4,911,933</u>

CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 129,926	\$ -	\$ -	\$ 129,926
Licenses and permits	132,975	-	-	132,975
Intergovernmental	228,467	2,779,887	-	3,008,354
Charges for services	41,301	-	-	41,301
Fines and forfeits	10,317	-	-	10,317
Investment income (loss)	83,503	14	(66,229)	17,288
Miscellaneous	140,373	45,045	42,365	227,783
	<u>766,862</u>	<u>2,824,946</u>	<u>(23,864)</u>	<u>3,567,944</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public safety	246,380	-	-	246,380
Public works	58,714	11,471	-	70,185
Culture and recreation	1,024,454	-	-	1,024,454
Economic development	122,774	-	-	122,774
Airport	244,706	-	-	244,706
Transit	-	4,012	-	4,012
Capital outlay				
Public works	-	5,424,053	-	5,424,053
Airport	11,436	179,018	-	190,454
Transit	-	24,927	-	24,927
Debt service				
Bond issuance costs	-	6,128	-	6,128
	<u>1,708,464</u>	<u>5,649,609</u>	<u>-</u>	<u>7,358,073</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)	<u>(941,602)</u>	<u>(2,824,663)</u>	<u>(23,864)</u>	<u>(3,790,129)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,115,014	742,371	-	1,857,385
Bonds issued	-	1,319,492	-	1,319,492
Premiums on bonds issued	-	52,915	-	52,915
Transfers out	-	(102,693)	-	(102,693)
	<u>1,115,014</u>	<u>2,012,085</u>	<u>-</u>	<u>3,127,099</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	173,412	(812,578)	(23,864)	(663,030)
FUND BALANCES, JANUARY 1	<u>1,165,634</u>	<u>485,266</u>	<u>2,214,266</u>	<u>3,865,166</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,339,046</u>	<u>\$ (327,312)</u>	<u>\$ 2,190,402</u>	<u>\$ 3,202,136</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Health Initiatives - This fund is used to account for the operations of the Live Healthy and the Safe Routes to School programs.

Airport - This fund is used to account for the operations of the Red Wing Airport.

Library - This fund is used to account for the operations of the City's library.

U.S. EPA Hazardous Substances - This fund is used to account for activities related to potential brownfield sites contaminated with hazardous substances.

U.S. EPA Petroleum - This fund is used to account for activities related to potential brownfield sites contaminated with petroleum.

DTED Loan - This fund is used to account for funding received from the State of Minnesota's Department of Trade and Economic Development (DTED); the low interest loans made to qualified applicants from these funds; receipt of loan repayments and interest thereon; and the repayment of amounts due DTED.

CDBG Revolving - This fund is used to account for funding received from the State of Minnesota's Department of Employment and Economic Development under the Community Development Block Grant (CDBG) Program; the low interest loans made to qualified applicants from these funds; and the receipt of loan repayments and interest thereon.

Sister Cities - This fund is used to account for monies to be used for the relationship between the City and China, Norway, and Japan.

Tax Increment District # 2 - This fund is used to account for tax increment financing activities related to a specific redevelopment district.

Tax Increment District # 7 - This fund is used to account for tax increment financing activities related to a specific property.

Inspection - This fund is used to account for the operations of the City's building inspection operations.

Library Memorial - This fund is used to account for donations received for the City's library.

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CITY OF RED WING, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	203	209	211	221	222
	Health Initiatives	Airport	Library	U.S. EPA Hazardous Substances	U.S. EPA Petroleum
ASSETS					
Cash and investments	\$ -	\$ -	\$ 273,053	\$ -	\$ -
Assets held in endowment	-	-	507,485	-	-
Receivables					
Delinquent taxes	-	-	-	-	-
Accounts	13,588	1,960	-	-	-
Loans (net)	-	-	-	-	-
Intergovernmental	-	19,632	-	3,023	3,264
Prepaid items	-	1,354	-	-	-
TOTAL ASSETS	<u>\$ 13,588</u>	<u>\$ 22,946</u>	<u>\$ 780,538</u>	<u>\$ 3,023</u>	<u>\$ 3,264</u>
LIABILITIES					
Accounts payable	\$ 2,871	\$ 19,322	\$ 27,919	\$ 3,023	\$ 3,178
Due to other funds	13,018	16,363	-	-	86
Due to component unit	-	-	-	-	-
Salaries payable	921	1,220	29,819	-	33
TOTAL LIABILITIES	<u>16,810</u>	<u>36,905</u>	<u>57,738</u>	<u>3,023</u>	<u>3,297</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	1,354	507,485	-	-
Restricted	-	-	-	-	-
Assigned	-	-	215,315	-	-
Unassigned	(3,222)	(15,313)	-	-	(33)
TOTAL FUND BALANCES	<u>(3,222)</u>	<u>(13,959)</u>	<u>722,800</u>	<u>-</u>	<u>(33)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 13,588</u>	<u>\$ 22,946</u>	<u>\$ 780,538</u>	<u>\$ 3,023</u>	<u>\$ 3,264</u>

243	245	248	272	279	291	299	Total
DTED	CDBG	Sister	Tax	Tax	Inspection	Library	Nonmajor
Loan	Revolving	Cities	Increment	Increment		Memorial	Special
			District # 2	District # 7			Revenue
\$ 103,200	\$ 313,333	\$ 8,000	\$ -	\$ 9,271	\$ 75,669	\$ 20,539	\$ 803,065
-	-	-	-	-	-	-	507,485
-	-	-	11,551	-	-	-	11,551
-	-	-	-	-	5,100	-	20,648
130,684	86,667	-	-	-	-	-	217,351
-	-	-	-	-	-	-	25,919
-	-	-	-	-	-	-	1,354
\$ 233,884	\$ 400,000	\$ 8,000	\$ 11,551	\$ 9,271	\$ 80,769	\$ 20,539	\$ 1,587,373
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,148	\$ -	\$ 61,461
-	-	-	-	-	-	-	29,467
104,905	-	-	-	-	-	-	104,905
-	-	-	-	-	8,950	-	40,943
104,905	-	-	-	-	14,098	-	236,776
-	-	-	11,551	-	-	-	11,551
-	-	-	-	-	-	-	508,839
128,979	400,000	8,000	-	9,271	-	20,539	566,789
-	-	-	-	-	66,671	-	281,986
-	-	-	-	-	-	-	(18,568)
128,979	400,000	8,000	-	9,271	66,671	20,539	1,339,046
\$ 233,884	\$ 400,000	\$ 8,000	\$ 11,551	\$ 9,271	\$ 80,769	\$ 20,539	\$ 1,587,373

CITY OF RED WING, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	203	209	211	221	222
	Health Initiatives	Airport	Library	U.S. EPA Hazardous Substances	U.S. EPA Petroleum
REVENUES					
Taxes					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental					
Federal	-	10,000	-	47,203	11,478
State	-	40,389	23,410	-	-
County	-	-	95,987	-	-
Charges for services					
General government	-	-	6,585	-	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	3,257	-	-
Fines and forfeits	-	-	10,317	-	-
Investment income	-	-	78,887	-	-
Miscellaneous					
Rents	-	24,000	-	-	-
Lease payments received	-	34,472	-	-	-
Contributions and donations	-	-	8,398	-	-
Other	29,533	29,754	9,238	-	-
TOTAL REVENUES	29,533	138,615	236,079	47,203	11,478
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Public works	-	-	-	47,203	11,511
Culture and recreation	32,755	-	985,001	-	-
Economic development	-	-	-	-	-
Airport	-	244,706	-	-	-
Capital outlay					
Airport	-	11,436	-	-	-
TOTAL EXPENDITURES	32,755	256,142	985,001	47,203	11,511
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,222)	(117,527)	(748,922)	-	(33)
OTHER FINANCING SOURCES					
Transfers in	-	114,657	875,371	-	-
NET CHANGE IN FUND BALANCES	(3,222)	(2,870)	126,449	-	(33)
FUND BALANCES, JANUARY 1	-	(11,089)	596,351	-	-
FUND BALANCES, DECEMBER 31	\$ (3,222)	\$ (13,959)	\$ 722,800	\$ -	\$ (33)

243 DTED Loan	245 CDBG Revolving	248 Sister Cities	272 Tax Increment District # 2	279 Tax Increment District # 7	291 Inspection	299 Library Memorial	Total Nonmajor Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 129,926	\$ -	\$ -	\$ 129,926
-	-	-	-	-	132,975	-	132,975
-	-	-	-	-	-	-	68,681
-	-	-	-	-	-	-	63,799
-	-	-	-	-	-	-	95,987
-	-	-	-	-	-	-	6,585
-	-	-	-	-	31,459	-	31,459
-	-	-	-	-	-	-	3,257
-	-	-	-	-	-	-	10,317
4,616	-	-	-	-	-	-	83,503
-	-	-	-	-	-	-	24,000
-	-	-	-	-	-	-	34,472
-	-	3,865	-	-	-	553	12,816
-	-	548	-	-	12	-	69,085
4,616	-	4,413	-	129,926	164,446	553	766,862
-	-	-	-	-	246,380	-	246,380
-	-	-	-	-	-	-	58,714
-	-	6,698	-	-	-	-	1,024,454
-	-	-	-	122,774	-	-	122,774
-	-	-	-	-	-	-	244,706
-	-	-	-	-	-	-	11,436
-	-	6,698	-	122,774	246,380	-	1,708,464
4,616	-	(2,285)	-	7,152	(81,934)	553	(941,602)
-	-	-	-	-	124,986	-	1,115,014
4,616	-	(2,285)	-	7,152	43,052	553	173,412
124,363	400,000	10,285	-	2,119	23,619	19,986	1,165,634
\$ 128,979	\$ 400,000	\$ 8,000	\$ -	\$ 9,271	\$ 66,671	\$ 20,539	\$ 1,339,046

CITY OF RED WING, MINNESOTA
 AIRPORT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013			2012	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 114,396
State	85,535	85,535	40,389	(45,146)	192,402
Miscellaneous revenues					
Rents	24,000	24,000	24,000	-	24,000
Lease payments received	40,000	40,000	34,472	(5,528)	40,326
Other	13,000	13,000	29,754	16,754	18,597
TOTAL REVENUES	162,535	162,535	138,615	(23,920)	389,721
EXPENDITURES					
Current					
Airport					
Personal services	31,817	31,817	30,329	1,488	29,750
Supplies	35,500	35,500	36,124	(624)	30,567
Other services and charges	161,075	161,075	178,253	(17,178)	158,905
Capital outlay	76,000	76,000	11,436	64,564	310,471
TOTAL EXPENDITURES	304,392	304,392	256,142	48,250	529,693
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(141,857)	(141,857)	(117,527)	24,330	(139,972)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	-	14,250
Transfers out	-	-	-	-	(17,767)
Transfers in	141,857	141,857	114,657	(27,200)	154,973
TOTAL OTHER FINANCING SOURCES (USES)	141,857	141,857	114,657	(27,200)	151,456
NET CHANGE IN FUND BALANCES	-	-	(2,870)	(2,870)	11,484
FUND BALANCES, JANUARY 1	(11,089)	(11,089)	(11,089)	-	(22,573)
FUND BALANCES, DECEMBER 31	\$ (11,089)	\$ (11,089)	\$ (13,959)	\$ (2,870)	\$ (11,089)

CITY OF RED WING, MINNESOTA
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State	\$ -	\$ 22,830	\$ 23,410	\$ 580	\$ 9,151
County	93,283	93,283	95,987	2,704	93,567
Charges for services					
General government	6,000	6,000	6,585	585	5,982
Culture and recreation	3,500	3,500	3,257	(243)	4,076
Fines and forfeits	12,000	12,000	10,317	(1,683)	9,668
Investment income	29,000	29,000	78,887	49,887	53,169
Miscellaneous revenues					
Contributions and donations	7,350	8,850	8,398	(452)	7,374
Other	6,000	10,488	9,238	(1,250)	5,040
TOTAL REVENUES	157,133	185,951	236,079	50,128	188,027
EXPENDITURES					
Current					
Culture and recreation					
Library					
Personal services	682,852	648,652	588,553	60,099	629,243
Supplies	27,968	48,749	51,245	(2,496)	26,627
Other services and charges	317,186	359,423	345,203	14,220	267,331
Capital outlay	124,500	128,736	-	128,736	461,293
TOTAL EXPENDITURES	1,152,506	1,185,560	985,001	200,559	1,384,494
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(995,373)	(999,609)	(748,922)	250,687	(1,196,467)
OTHER FINANCING SOURCES (USES)					
Transfers in	995,373	995,373	875,371	(120,002)	856,362
Bonds issued	-	-	-	-	412,710
TOTAL OTHER FINANCING SOURCES (USES)	995,373	995,373	875,371	(120,002)	1,269,072
NET CHANGE IN FUND BALANCES	-	(4,236)	126,449	130,685	72,605
FUND BALANCES, JANUARY 1	596,351	596,351	596,351	-	523,746
FUND BALANCES, DECEMBER 31	\$ 596,351	\$ 592,115	\$ 722,800	\$ 130,685	\$ 596,351

CITY OF RED WING, MINNESOTA
 US EPA HAZARDOUS SUBSTANCES SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ -	\$ 47,300	\$ 47,203	\$ (97)	\$ 68,691
EXPENDITURES					
Current					
Public works					
Other services and charges	-	47,300	47,203	97	68,691
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES, JANUARY 1	-	-	-	-	-
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RED WING, MINNESOTA
US EPA PETROLEUM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ -	\$ 11,600	\$ 11,478	\$ (122)	\$ 9,521
EXPENDITURES					
Current					
Public works					
Personal services	-	-	120	(120)	
Other services and charges	-	11,600	11,391	209	9,521
TOTAL EXPENDITURES	-	11,600	11,511	89	9,521
NET CHANGE IN FUND BALANCES	-	-	(33)	(33)	-
FUND BALANCES, JANUARY 1	-	-	-	-	-
FUND BALANCES, DECEMBER 31	\$ -	\$ -	\$ (33)	\$ (33)	\$ -

CITY OF RED WING, MINNESOTA
 DTED LOAN SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 4,616	\$ 4,616	\$ 4,616	\$ -	\$ 1,166
NET CHANGE IN FUND BALANCES	4,616	4,616	4,616	-	1,166
FUND BALANCES, JANUARY 1	124,363	124,363	124,363	-	123,197
FUND BALANCES, DECEMBER 31	<u>\$ 128,979</u>	<u>\$ 128,979</u>	<u>\$ 128,979</u>	<u>\$ -</u>	<u>\$ 124,363</u>

CITY OF RED WING, MINNESOTA
SISTER CITIES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous revenues					
Contributions and donations	\$ 8,000	\$ 8,000	\$ 3,865	\$ (4,135)	\$ 4,061
Other	-	-	548	548	321
TOTAL REVENUES	8,000	8,000	4,413	(3,587)	4,382
EXPENDITURES					
Current					
Culture and recreation					
Other services and charges	8,000	8,000	6,698	1,302	1,875
NET CHANGE IN FUND BALANCES	-	-	(2,285)	(2,285)	2,507
FUND BALANCES, JANUARY 1	10,285	10,285	10,285	-	7,778
FUND BALANCES, DECEMBER 31	<u>\$ 10,285</u>	<u>\$ 10,285</u>	<u>\$ 8,000</u>	<u>\$ (2,285)</u>	<u>\$ 10,285</u>

CITY OF RED WING, MINNESOTA
TAX INCREMENT DISTRICT # 7 SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Tax increments	\$ 173,964	\$ 173,964	\$ 129,926	\$ (44,038)	\$ 182,081
EXPENDITURES					
Current					
Economic development					
Other services and charges	173,964	173,964	122,774	51,190	242,825
NET CHANGE IN FUND BALANCES	-	-	7,152	7,152	(60,744)
FUND BALANCES, JANUARY 1	2,119	2,119	2,119	-	62,863
FUND BALANCES, DECEMBER 31	<u>\$ 2,119</u>	<u>\$ 2,119</u>	<u>\$ 9,271</u>	<u>\$ 7,152</u>	<u>\$ 2,119</u>

CITY OF RED WING, MINNESOTA
INSPECTION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Licenses and permits	\$ 119,558	\$ 119,558	\$ 132,975	\$ 13,417	\$ 147,085
Charges for services - public safety	31,200	31,200	31,459	259	33,672
TOTAL REVENUES	<u>150,758</u>	<u>150,758</u>	<u>164,446</u>	<u>13,688</u>	<u>180,757</u>
EXPENDITURES					
Current					
Public safety					
Inspection					
Personal services	209,743	209,743	198,719	11,024	179,741
Supplies	12,200	12,200	2,376	9,824	5,386
Other services and charges	53,801	53,801	45,285	8,516	52,790
TOTAL EXPENDITURES	<u>275,744</u>	<u>275,744</u>	<u>246,380</u>	<u>29,364</u>	<u>237,917</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(124,986)	(124,986)	(81,934)	43,052	(57,160)
OTHER FINANCING SOURCES					
Transfers in	124,986	124,986	124,986	-	74,773
NET CHANGE IN FUND BALANCES	-	-	43,052	43,052	17,613
FUND BALANCES, JANUARY 1	<u>23,619</u>	<u>23,619</u>	<u>23,619</u>	<u>-</u>	<u>6,006</u>
FUND BALANCES, DECEMBER 31	<u>\$ 23,619</u>	<u>\$ 23,619</u>	<u>\$ 66,671</u>	<u>\$ 43,052</u>	<u>\$ 23,619</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Airport Federal Projects - This fund is used to account for the operations of the Red Wing Airport.

East 5th Street Bridge Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of the East 5th Street Bridge.

Parkland Acquisition - This fund is used to account for monies received from developers to be used for parkland.

2012 Street Reconstruction 5th/6th/Buchanan/Jefferson/Summit/Pleasant View Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of 5th/6th/Buchanan, Jefferson, Summit, and Pleasant View Streets.

2013 Street Reconstruction Fulton/Franklin/Hill/Pine Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Fulton/Franklin/Hill/Pine Streets.

2014 Street Reconstruction West Avenue Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of West Avenue.

Spring Creek/Highway 61 Intersection - This fund is used to account for funds received and capital expenditures incurred in the improvement of Spring Creek and Highway 61 Intersection.

South Service Drive - This fund is used to account for funds received and capital expenditures incurred in the improvement of South Service Drive.

Transit Hub - This fund is used to account for funds received and capital expenditures incurred in the construction of the City's Transit Hub.

West Avenue Reconstruction - This fund is used to account for funds received and capital expenditures incurred in the reconstruction of West Avenue.

Cannon Bottom Road - This fund is used to account for funds received and capital expenditures incurred in the improvement of Cannon Bottom Road.

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NONMAJOR CAPITAL PROJECTS FUND - CONTINUED

Memorial Park Improvements - This fund is used to account for funds received and capital expenditures incurred in the improvement of Memorial Park.

Levee Road (Jackson to Broad) Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Levee Road (Jackson to Broad) Project.

Spring Creek/TH 61 Access Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Spring Creek and Trunk Highway 61 Access.

Sturgeon Lake Road Overpass - This fund is used to account for funds received and capital expenditures incurred in the reconstruction of Sturgeon Lake Road in order to prevent future flooding.

Old Highway 19 Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Old Highway 19.

Highway 63 River Crossing Bridge - This fund is used to account for funds received and capital expenditures incurred in the improvement of Highway 63 river crossing bridge.

Charlson Crest - Highlands Paving - This fund is used to account for funds received and capital expenditures incurred in the paving projects of Charlson Crest and the Highlands.

Moundview Drive - This fund is used to account for funds received and capital expenditures incurred in the parking & sidewalk improvements on Moundview Drive.

Highway #61 Safety/Lighting - This fund is used to account for funds received and the capital expenditures incurred in the safety and lighting improvements on Highway #61.

Street Reclamation Reconditioning - This fund is used to account for funds received and the capital expenditures incurred in the construction of various State aid street overlay projects.

Sidewalk Construction Project - This fund is used to account for funds received and the capital expenditures incurred in the construction of various sidewalk projects.

Street and Alley Improvements - This fund is used to account for funds received and capital expenditures incurred in the improvement of various streets and alleys.

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CITY OF RED WING, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2013

	410	414	426	431	432
	Airport Federal Projects	East 5th Street Bridge Project	Parkland Acquisition	2012 Street Reconstruction Project	2013 Street Reconstruction Project
ASSETS					
Cash and investments	\$ -	\$ 732,328	\$ -	\$ 50,067	\$ -
Receivables					
Intergovernmental	142,962	-	-	-	-
Due from other funds	15,902	-	-	-	-
	<u>158,864</u>	<u>732,328</u>	<u>-</u>	<u>50,067</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 158,864</u>	<u>\$ 732,328</u>	<u>\$ -</u>	<u>\$ 50,067</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 110,581	\$ 100,496	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	23,467
Due to other funds	39,907	-	14,325	-	717,570
	<u>150,488</u>	<u>100,496</u>	<u>14,325</u>	<u>-</u>	<u>741,037</u>
TOTAL LIABILITIES	<u>150,488</u>	<u>100,496</u>	<u>14,325</u>	<u>-</u>	<u>741,037</u>
FUND BALANCES					
Committed	8,376	631,832	-	50,067	-
Unassigned	-	-	(14,325)	-	(741,037)
	<u>8,376</u>	<u>631,832</u>	<u>(14,325)</u>	<u>50,067</u>	<u>(741,037)</u>
TOTAL FUND BALANCES	<u>8,376</u>	<u>631,832</u>	<u>(14,325)</u>	<u>50,067</u>	<u>(741,037)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 158,864</u>	<u>\$ 732,328</u>	<u>\$ -</u>	<u>\$ 50,067</u>	<u>\$ -</u>

433	451	453	455	456	457	458	465
2014 Street Reconstruction Project	Spring Creek/ Highway 61 Intersection	South Service Drive	Transit Hub	West Avenue Reconstruction	Cannon Bottom Road	Memorial Park	Levee Road (Jackson to Broad) Project
\$ -	\$ 2,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,793
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,793</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,692	\$ -	\$ -	\$ 11,535
-	-	-	-	-	-	-	-
1,169	-	-	-	78,325	769	128,234	-
<u>1,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,017</u>	<u>769</u>	<u>128,234</u>	<u>11,535</u>
-	2,645	-	-	-	-	-	53,258
(1,169)	-	-	-	(88,017)	(769)	(128,234)	-
<u>(1,169)</u>	<u>2,645</u>	<u>-</u>	<u>-</u>	<u>(88,017)</u>	<u>(769)</u>	<u>(128,234)</u>	<u>53,258</u>
<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,793</u>

CITY OF RED WING, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2013

	466	467	468	470	472
	Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	TH 63 River Crossing Bridge	Charlson Crest-Highlands Paving
ASSETS					
Cash and investments	\$ -	\$ 9,173	\$ 93,845	\$ 1,557	\$ -
Receivables					
Intergovernmental	-	11,385	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 20,558	\$ 93,845	\$ 1,557	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ 36,570	\$ -	\$ -	\$ -
Contracts payable	-	-	19,255	-	-
Due to other funds	7,437	-	-	-	-
TOTAL LIABILITIES	7,437	36,570	19,255	-	-
FUND BALANCES					
Committed	-	-	74,590	1,557	-
Unassigned	(7,437)	(16,012)	-	-	-
TOTAL FUND BALANCES	(7,437)	(16,012)	74,590	1,557	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 20,558	\$ 93,845	\$ 1,557	\$ -

473	476	477	498	499	Total Nomajor Capital Projects
Moundview Drive	Highway 61 Safety/Lighting Project	Street Reclamation/ Recondition	Sidewalk Construction Project	Street and Alley Improvements	
\$ 279	\$ -	\$ 794	\$ 8,428	\$ -	\$ 963,909
-	-	-	-	-	154,347
-	-	-	-	-	15,902
<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 8,428</u>	<u>\$ -</u>	<u>\$ 1,134,158</u>
\$ -	\$ 42,748	\$ -	\$ -	\$ 7,392	\$ 319,014
-	-	-	-	-	42,722
-	96,735	-	-	15,263	1,099,734
-	139,483	-	-	22,655	1,461,470
279	-	794	8,428	-	831,826
-	(139,483)	-	-	(22,655)	(1,159,138)
279	(139,483)	794	8,428	(22,655)	(327,312)
<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 8,428</u>	<u>\$ -</u>	<u>\$ 1,134,158</u>

CITY OF RED WING, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2013

	410	414	426	431	432
	Airport Federal Projects	East 5th Street Bridge Project	Parkland Acquisition	2012 Street Reconstruction Project	2013 Street Reconstruction Project
REVENUES					
Intergovernmental					
Federal	\$ 166,879	\$ -	\$ -	\$ -	\$ -
State	-	1,693,400	-	-	-
Investment income	-	14	-	-	-
Miscellaneous					
Other	-	6,199	1,150	385	-
TOTAL REVENUES	<u>166,879</u>	<u>1,699,613</u>	<u>1,150</u>	<u>385</u>	<u>-</u>
EXPENDITURES					
Current					
Public works	-	2,812	-	1,231	766
Transit	-	-	-	-	-
Capital outlay					
Public works	-	1,890,192	-	26,133	1,375,077
Airport	179,018	-	-	-	-
Transit	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	3,235
TOTAL EXPENDITURES	<u>179,018</u>	<u>1,893,004</u>	<u>-</u>	<u>27,364</u>	<u>1,379,078</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(12,139)</u>	<u>(193,391)</u>	<u>1,150</u>	<u>(26,979)</u>	<u>(1,379,078)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	17,902	452,590	-	-	-
Bonds issued	-	-	-	-	696,535
Premiums on bonds issued	-	-	-	-	27,933
Transfers out	-	(73,666)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,902</u>	<u>378,924</u>	<u>-</u>	<u>-</u>	<u>724,468</u>
NET CHANGE IN FUND BALANCES	5,763	185,533	1,150	(26,979)	(654,610)
FUND BALANCES, JANUARY 1	<u>2,613</u>	<u>446,299</u>	<u>(15,475)</u>	<u>77,046</u>	<u>(86,427)</u>
FUND BALANCES, DECEMBER 31	<u>\$ 8,376</u>	<u>\$ 631,832</u>	<u>\$ (14,325)</u>	<u>\$ 50,067</u>	<u>\$ (741,037)</u>

433	451	453	455	456	457	458	465
2014 Street Reconstruction Project	Spring Creek/ Highway 61 Intersection	South Service Drive	Transit Hub	West Avenue Reconstruction	Cannon Bottom Road	Memorial Park	Levee Road (Jackson to Broad) Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	125,000
-	-	-	16,496	-	-	20,815	-
-	-	-	16,496	-	-	20,815	125,000
-	-	-	-	107	-	6,300	-
-	-	-	4,012	-	-	-	-
1,169	651	973	-	80,096	769	142,749	91,355
-	-	-	24,927	-	-	-	-
-	-	-	-	-	-	-	-
1,169	651	973	28,939	80,203	769	149,049	91,355
(1,169)	(651)	(973)	(12,443)	(80,203)	(769)	(128,234)	33,645
-	19,525	-	5,712	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(29,027)	-	-	-	-	-
-	19,525	(29,027)	5,712	-	-	-	-
(1,169)	18,874	(30,000)	(6,731)	(80,203)	(769)	(128,234)	33,645
-	(16,229)	30,000	6,731	(7,814)	-	-	19,613
\$ (1,169)	\$ 2,645	\$ -	\$ -	\$ (88,017)	\$ (769)	\$ (128,234)	\$ 53,258

CITY OF RED WING, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

	466	467	468	470	472
	Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	TH 63 River Crossing Bridge	Charlson Crest-Highlands Paving
REVENUES					
Intergovernmental					
Federal	\$ -	\$ 190,298	\$ -	\$ -	\$ -
State	-	-	604,310	-	-
Investment income	-	-	-	-	-
Miscellaneous					
Other	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>190,298</u>	<u>604,310</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current					
Public works	-	255	-	-	-
Transit	-	-	-	-	-
Capital outlay					
Public works	2,137	236,509	672,566	13,595	3,790
Airport	-	-	-	-	-
Transit	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	-
TOTAL EXPENDITURES	<u>2,137</u>	<u>236,764</u>	<u>672,566</u>	<u>13,595</u>	<u>3,790</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,137)</u>	<u>(46,466)</u>	<u>(68,256)</u>	<u>(13,595)</u>	<u>(3,790)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	20,000	127,950	15,000	3,790
Bonds issued	-	-	-	-	-
Premiums on bonds issued	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>20,000</u>	<u>127,950</u>	<u>15,000</u>	<u>3,790</u>
NET CHANGE IN FUND BALANCES	(2,137)	(26,466)	59,694	1,405	-
FUND BALANCES, JANUARY 1	<u>(5,300)</u>	<u>10,454</u>	<u>14,896</u>	<u>152</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ (7,437)</u>	<u>\$ (16,012)</u>	<u>\$ 74,590</u>	<u>\$ 1,557</u>	<u>\$ -</u>

473	476	477	498	499	Total Nomajor Capital Projects
Moundview Drive	Highway 61 Safety/Lighting Project	Street Reclamation/ Recondition	Sidewalk Construction Project	Street and Alley Improvements	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 357,177
-	-	-	-	-	2,422,710
-	-	-	-	-	14
-	-	-	-	-	45,045
-	-	-	-	-	2,824,946
-	-	-	-	-	11,471
-	-	-	-	-	4,012
-	139,483	669,252	-	77,557	5,424,053
-	-	-	-	-	179,018
-	-	-	-	-	24,927
-	-	2,893	-	-	6,128
-	139,483	672,145	-	77,557	5,649,609
-	(139,483)	(672,145)	-	(77,557)	(2,824,663)
-	-	25,000	-	54,902	742,371
-	-	622,957	-	-	1,319,492
-	-	24,982	-	-	52,915
-	-	-	-	-	(102,693)
-	-	672,939	-	54,902	2,012,085
-	(139,483)	794	-	(22,655)	(812,578)
279	-	-	8,428	-	485,266
<u>\$ 279</u>	<u>\$ (139,483)</u>	<u>\$ 794</u>	<u>\$ 8,428</u>	<u>\$ (22,655)</u>	<u>\$ (327,312)</u>

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NONMAJOR PERMANENT FUNDS

Permanent funds account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of that support the City's programs.

Oakwood Care - This fund is used to account for proceeds from the sale of cemetery lots and for the maintenance of the Oakwood Cemetery.

Oakwood Flower - This fund is used to account for monies received and the expenditures incurred in the planting and maintenance of flowers at the Oakwood Cemetery.

Burnside Care - This fund is used to account for proceeds from the sale of cemetery lots and for the maintenance of the Burnside Cemetery.

Burnside Flowers - This fund is used to account for monies received and the expenditures incurred in the planting and maintenance of flowers at the Burnside Cemetery.

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CITY OF RED WING, MINNESOTA
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013
With Comparative Totals for December 31, 2012

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 1,084,743	\$ 732,418	\$ 249,106	\$ 114,827
Receivables				
Accrued interest	<u>7,615</u>	<u>46</u>	<u>1,049</u>	<u>598</u>
TOTAL ASSETS	<u>\$ 1,092,358</u>	<u>\$ 732,464</u>	<u>\$ 250,155</u>	<u>\$ 115,425</u>
FUND BALANCES				
Nonspendable	\$ 835,554	\$ 485,573	\$ 196,045	\$ 87,070
Restricted	<u>256,804</u>	<u>246,891</u>	<u>54,110</u>	<u>28,355</u>
TOTAL FUND BALANCES	<u>\$ 1,092,358</u>	<u>\$ 732,464</u>	<u>\$ 250,155</u>	<u>\$ 115,425</u>

Totals

<u>2013</u>	<u>2012</u>
\$ 2,181,094	\$ 2,206,427
<u>9,308</u>	<u>7,839</u>
<u>\$ 2,190,402</u>	<u>\$ 2,214,266</u>
\$ 1,604,242	\$ 1,561,877
<u>586,160</u>	<u>652,389</u>
<u>\$ 2,190,402</u>	<u>\$ 2,214,266</u>

CITY OF RED WING, MINNESOTA
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower
REVENUES				
Investment income (loss)	\$ (29,180)	\$ (19,699)	\$ (11,051)	\$ (6,299)
Miscellaneous				
Burial plot sales	16,345	-	11,290	-
Perpetual contract sales	-	12,560	-	2,170
	<u>(12,835)</u>	<u>(7,139)</u>	<u>239</u>	<u>(4,129)</u>
TOTAL REVENUES				
	(12,835)	(7,139)	239	(4,129)
FUND BALANCES, JANUARY 1	<u>1,105,193</u>	<u>739,603</u>	<u>249,916</u>	<u>119,554</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,092,358</u>	<u>\$ 732,464</u>	<u>\$ 250,155</u>	<u>\$ 115,425</u>

Totals

<u>2013</u>	<u>2012</u>
\$ (66,229)	\$ 19,465
27,635	39,446
<u>14,730</u>	<u>14,855</u>
(23,864)	73,766
<u>2,214,266</u>	<u>2,140,500</u>
<u>\$ 2,190,402</u>	<u>\$ 2,214,266</u>

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GENERAL FUND

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund.

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CITY OF RED WING, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and investments	\$ 13,304,667	\$ 13,502,863
Receivables		
Accrued interest	37,549	56,904
Delinquent taxes	236,153	262,354
Accounts (net of allowance)	88,329	115,661
Intergovernmental	156,427	127,128
Loans to other governments	40,000	40,000
Due from other funds	1,736,850	1,156,114
Due from component unit	1,054,903	927,608
Loans to component unit	212,568	249,632
	\$ 16,867,446	\$ 16,438,264
TOTAL ASSETS		
LIABILITIES		
Accounts payable	\$ 492,504	\$ 489,029
Escrow accounts payable	27,275	24,975
Due to other funds	15,902	-
Due to other governments	1,352	2,401
Salaries payable	208,151	186,940
Deposits payable	35,602	35,601
Unearned revenue	37,615	34,083
	818,401	773,029
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	236,153	262,354
FUND BALANCES		
Nonspendable	252,568	289,632
Restricted	1,101,363	467,881
Committed	3,400,000	3,200,000
Unassigned	11,058,961	11,445,368
	15,812,892	15,402,881
TOTAL FUND BALANCES		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	\$ 16,867,446	\$ 16,438,264

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CITY OF RED WING, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 13,868,463	\$ 13,868,463	\$ 13,757,517	\$ (110,946)	\$ 13,021,465
Excess tax increments	-	-	4	4	3,702
Franchise taxes	175,000	175,000	216,365	41,365	357,416
Other taxes	29,900	29,900	33,119	3,219	30,405
Total taxes	<u>14,073,363</u>	<u>14,073,363</u>	<u>14,007,005</u>	<u>(66,358)</u>	<u>13,412,988</u>
Special assessments	-	-	-	-	28,655
Licenses and permits					
Business	49,380	49,380	57,653	8,273	53,855
Nonbusiness	3,800	3,800	2,979	(821)	6,398
Total licenses and permits	<u>53,180</u>	<u>53,180</u>	<u>60,632</u>	<u>7,452</u>	<u>60,253</u>
Intergovernmental					
Federal					
Other Federal aid	39,060	49,115	48,064	(1,051)	125,890
State					
Local government aid	619,586	619,586	619,586	-	619,586
Property tax credits	-	-	2,523	2,523	2,395
Police aid	181,955	181,955	208,017	26,062	189,094
Other State aids	1,152,833	835,816	961,054	125,238	1,021,808
Total state	<u>1,954,374</u>	<u>1,637,357</u>	<u>1,791,180</u>	<u>153,823</u>	<u>1,832,883</u>
County					
Other County aids	121,300	121,300	46,209	(75,091)	73,282
Total intergovernmental	<u>2,114,734</u>	<u>1,807,772</u>	<u>1,885,453</u>	<u>77,681</u>	<u>2,032,055</u>
Charges for services					
General government	25,250	25,250	36,796	11,546	104,691
Public safety	133,836	157,746	137,667	(20,079)	167,618
Public works	41,813	41,813	74,191	32,378	91,318
Culture and recreation	106,000	106,000	133,388	27,388	129,113
Transit	93,200	93,200	151,849	58,649	121,454
Total charges for services	<u>400,099</u>	<u>424,009</u>	<u>533,891</u>	<u>109,882</u>	<u>614,194</u>
Fines and forfeits	94,500	94,500	77,698	(16,802)	86,136
Investment income (loss)	120,000	120,000	(340,275)	(460,275)	235,350
Miscellaneous					
Interest earned - other	11,517	11,517	11,517	-	14,323
Rents	52,988	42,106	54,930	12,824	51,246
Contributions and donations	220,400	54,276	41,877	(12,399)	207,443
Refunds and reimbursements	-	-	807	807	8,193
Other	13,300	82,162	241,749	159,587	50,418
Total miscellaneous	<u>298,205</u>	<u>190,061</u>	<u>350,880</u>	<u>160,819</u>	<u>331,623</u>
TOTAL REVENUES	<u>17,154,081</u>	<u>16,762,885</u>	<u>16,575,284</u>	<u>(187,601)</u>	<u>16,801,254</u>

CITY OF RED WING, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

EXPENDITURES	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
General government					
City Council					
Personal services	\$ 60,728	\$ 60,728	\$ 57,424	\$ 3,304	\$ 57,406
Supplies	7,675	7,675	5,721	1,954	5,269
Other services and charges	29,239	43,239	36,511	6,728	18,975
Total City Council	97,642	111,642	99,656	11,986	81,650
Mayor					
Personal services	11,278	11,278	6,913	4,365	10,607
Supplies	200	200	99	101	-
Other services and charges	5,995	5,995	2,344	3,651	5,877
Total Mayor	17,473	17,473	9,356	8,117	16,484
Council administration					
Supplies	-	-	1,501	(1,501)	2,581
Other services and charges	162,493	167,493	165,660	1,833	153,434
Total council administration	162,493	167,493	167,161	332	156,015
Boards and commissions					
Supplies	500	500	473	27	370
Other services and charges	25,855	48,160	42,573	5,587	24,921
Total boards and commissions	26,355	48,660	43,046	5,614	25,291
City clerk					
Personal services	97,758	97,758	102,169	(4,411)	96,010
Supplies	-	-	1,767	(1,767)	2,084
Other services and charges	43,037	43,037	26,677	16,360	35,676
Total city clerk	140,795	140,795	130,613	10,182	133,770
Elections and voter registration					
Personal services	-	-	6,249	(6,249)	21,321
Supplies	-	15,700	3,412	12,288	556
Other services and charges	3,041	3,041	9,008	(5,967)	14,653
Total elections and voter registration	3,041	18,741	18,669	72	36,530
Finance					
Personal services	165,558	165,558	172,383	(6,825)	154,448
Supplies	-	-	4,183	(4,183)	5,300
Other services and charges	61,299	66,299	47,666	18,633	45,777
Total finance	226,857	231,857	224,232	7,625	205,525
Audit					
Other services and charges	40,100	40,100	36,018	4,082	45,936
Attorney					
Other services and charges	226,800	216,800	208,926	7,874	206,465
Communications					
Personal services	17,570	17,570	13,433	4,137	11,364
Supplies	-	-	8,599	(8,599)	6,926
Other services and charges	44,622	44,622	38,931	5,691	36,713
Total communications	62,192	62,192	60,963	1,229	55,003

CITY OF RED WING, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
General government - Continued					
Employee services					
Personal services	\$ 190,050	\$ 190,050	\$ 193,639	\$ (3,589)	\$ 179,827
Supplies	-	-	26,232	(26,232)	16,210
Other services and charges	167,790	167,790	103,525	64,265	113,732
Total employee services	357,840	357,840	323,396	34,444	309,769
Community development					
Personal services	166,754	166,754	160,751	6,003	142,316
Supplies	10,700	10,700	4,119	6,581	9,096
Other services and charges	34,408	34,408	34,068	340	33,559
Total community development	211,862	211,862	198,938	12,924	184,971
Government buildings					
Personal services	8,094	4,047	1,557	2,490	498
Supplies	25,250	21,250	22,987	(1,737)	21,398
Other services and charges	216,215	152,687	129,875	22,812	158,125
Total general government buildings	249,559	177,984	154,419	23,565	180,021
Total general government	1,823,009	1,803,439	1,675,393	128,046	1,637,430
Public safety					
Police					
Personal services	3,084,834	3,084,834	3,009,286	75,548	2,853,166
Supplies	160,250	160,250	151,789	8,461	156,629
Other services and charges	410,656	427,118	394,712	32,406	425,694
Total police	3,655,740	3,672,202	3,555,787	116,415	3,435,489
Fire					
Personal services	1,267,657	1,267,657	1,219,897	47,760	1,127,751
Supplies	83,450	88,219	92,305	(4,086)	67,446
Other services and charges	334,106	381,845	371,175	10,670	316,557
Total fire	1,685,213	1,737,721	1,683,377	54,344	1,511,754
Civil defense					
Personal services	25,997	25,997	24,147	1,850	23,645
Supplies	42,400	42,400	8,585	33,815	8,008
Other services and charges	60,635	69,906	12,532	57,374	3,449
Total civil defense	129,032	138,303	45,264	93,039	35,102
Total public safety	5,469,985	5,548,226	5,284,428	263,798	4,982,345
Public works					
Administration					
Personal services	136,149	136,149	134,915	1,234	130,758
Supplies	44,650	44,650	34,076	10,574	29,002
Other services and charges	205,641	205,641	234,845	(29,204)	240,065
Total administration	386,440	386,440	403,836	(17,396)	399,825
Street maintenance					
Personal services	25,903	25,903	18,088	7,815	20,368
Supplies	424,750	428,447	427,843	604	404,440
Other services and charges	607,922	679,100	670,494	8,606	677,461
Total street maintenance	1,058,575	1,133,450	1,116,425	17,025	1,102,269

CITY OF RED WING, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Public works - Continued					
Snow and ice removal					
Supplies	\$ 181,250	\$ 181,250	\$ 198,302	\$ (17,052)	\$ 154,384
Other services and charges	264,151	380,165	362,612	17,553	164,051
Total snow and ice removal	445,401	561,415	560,914	501	318,435
Street lighting					
Supplies	80,200	80,200	89,443	(9,243)	81,602
Other services and charges	295,865	295,865	280,972	14,893	286,380
Total street lighting	376,065	376,065	370,415	5,650	367,982
Parking ramps					
Personal services	6,225	6,225	4,811	1,414	11,385
Supplies	7,900	9,400	11,626	(2,226)	7,844
Other services and charges	107,137	107,137	98,224	8,913	91,717
Total parking ramps	121,262	122,762	114,661	8,101	110,946
Total public works	2,387,743	2,580,132	2,566,251	13,881	2,299,457
Sanitation					
Composting					
Personal services	28,619	28,619	17,896	10,723	23,442
Supplies	7,000	7,000	1,491	5,509	2,936
Other services and charges	13,492	60,345	76,077	(15,732)	10,426
Total sanitation	49,111	95,964	95,464	500	36,804
Culture and recreation					
Parks and boulevards					
Personal services	85,596	85,596	78,441	7,155	82,316
Supplies	212,605	219,730	220,847	(1,117)	211,851
Other services and charges	716,152	934,542	922,097	12,445	795,077
Total parks and boulevards	1,014,353	1,239,868	1,221,385	18,483	1,089,244
Recreational activities and facilities					
Personal services	7,862	7,862	6,986	876	5,721
Supplies	84,670	102,006	154,714	(52,708)	79,953
Other services and charges	652,330	963,170	1,080,154	(116,984)	636,279
Total recreational activities and facilities	744,862	1,073,038	1,241,854	(168,816)	721,953
Total culture and recreation	1,759,215	2,312,906	2,463,239	(150,333)	1,811,197

CITY OF RED WING, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Actual Amounts for the Year Ended December 31, 2012

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Economic development					
Community development					
Personal services	\$ -	\$ 4,047	\$ 120	\$ 3,927	\$ -
Supplies	-	4,500	8,464	(3,964)	-
Other services and charges	283,894	400,622	419,483	(18,861)	995,835
Total community development	<u>283,894</u>	<u>409,169</u>	<u>428,067</u>	<u>(18,898)</u>	<u>995,835</u>
Cemeteries					
Personal services	48,131	48,131	104,655	(56,524)	40,793
Supplies	71,665	71,665	68,264	3,401	78,960
Other services and charges	158,063	174,895	120,439	54,456	158,153
Total cemeteries	<u>277,859</u>	<u>294,691</u>	<u>293,358</u>	<u>1,333</u>	<u>277,906</u>
Transit					
Other services and charges	27,600	27,600	16,181	11,419	-
Contingencies and other					
Other services and charges	560,244	207,172	154,763	52,409	140,355
Total current	<u>12,638,660</u>	<u>13,279,299</u>	<u>12,977,144</u>	<u>302,155</u>	<u>12,181,329</u>
Capital outlay					
General government	532,520	391,072	134,170	256,902	108,447
Public safety	358,575	358,575	219,284	139,291	385,829
Public works	1,328,000	1,914,861	691,255	1,223,606	640,541
Culture and recreation	1,146,500	1,160,432	665,778	494,654	612,035
Economic development	-	541,629	507,881	33,748	-
Cemeteries	75,000	75,000	71,400	3,600	310,653
Total capital outlay	<u>3,440,595</u>	<u>4,441,569</u>	<u>2,289,768</u>	<u>2,151,801</u>	<u>2,057,505</u>
Debt service					
Principal retirement	50,000	50,000	91,336	(41,336)	86,829
Interest and fiscal charges	46,076	46,076	4,740	41,336	9,247
Bond issuance costs	-	-	7,271	(7,271)	-
Total debt service	<u>96,076</u>	<u>96,076</u>	<u>103,347</u>	<u>(7,271)</u>	<u>96,076</u>
TOTAL EXPENDITURES	<u>16,175,331</u>	<u>17,816,944</u>	<u>15,370,259</u>	<u>2,446,685</u>	<u>14,334,910</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>978,750</u>	<u>(1,054,059)</u>	<u>1,205,025</u>	<u>2,259,084</u>	<u>2,466,344</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	78,268	78,268	74,767
Transfers in	528,850	528,850	466,741	(62,109)	332,471
Bonds issued	1,619,420	1,565,419	1,565,419	-	1,276,467
Premiums on bonds issued	-	55,507	62,778	7,271	-
Transfers out	(3,127,020)	(3,127,020)	(2,968,220)	158,800	(5,858,790)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(978,750)</u>	<u>(977,244)</u>	<u>(795,014)</u>	<u>182,230</u>	<u>(4,175,085)</u>
NET CHANGE IN FUND BALANCES	-	(2,031,303)	410,011	2,441,314	(1,708,741)
FUND BALANCES, JANUARY 1	15,402,881	15,402,881	15,402,881	-	17,111,622
FUND BALANCES, DECEMBER 31	<u>\$ 15,402,881</u>	<u>\$ 13,371,578</u>	<u>\$ 15,812,892</u>	<u>\$ 2,441,314</u>	<u>\$ 15,402,881</u>

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DEBT SERVICE FUNDS

Debt Service funds account for financial resources used for the payment of general long-term debt principal, interest and related costs.

\$1,835,000 G.O. Improvement Bonds 2011A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, and City facility improvements.

\$2,375,000 G.O. Improvement Bonds 2012A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment, and City facility improvements.

\$2,930,000 G.O. Improvement Bonds 2013A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment, and City facility improvements.

\$2,625,000 G.O. Improvement Bonds 2002A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street and utility improvements.

\$1,700,000 Golf Course Expansion - This fund is used to account for the payment of principal, interest and related costs on long-term debt secured to finance the golf course expansion.

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CITY OF RED WING, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013
With Comparative Totals for December 31, 2012

	301	302	304	312
	\$1,835,000	\$2,375,000	\$2,930,000	\$2,625,000
	G.O.	G.O.	G.O.	G.O.
	<u>Bonds 2011A</u>	<u>Bonds 2012A</u>	<u>Bonds 2013A</u>	<u>Improvement Bonds 2002A</u>
ASSETS				
Cash and investments	\$ 251,695	\$ 429,892	\$ 45,604	\$ -
Receivables				
Delinquent taxes	3,085	-	-	-
Intergovernmental	<u>2,303</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 257,083</u></u>	<u><u>\$ 429,892</u></u>	<u><u>\$ 45,604</u></u>	<u><u>\$ -</u></u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	\$ 3,085	\$ -	\$ -	\$ -
FUND BALANCES				
Restricted for debt service	<u>253,998</u>	<u>429,892</u>	<u>45,604</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 257,083</u></u>	<u><u>\$ 429,892</u></u>	<u><u>\$ 45,604</u></u>	<u><u>\$ -</u></u>

330 \$1,700,000 Golf Course Expansion	Totals	
	2013	2012
\$ -	\$ 727,191	\$ 710,110
-	3,085	-
-	2,303	-
<u>\$ -</u>	<u>\$ 732,579</u>	<u>\$ 710,110</u>
\$ -	\$ 3,085	\$ -
-	729,494	710,110
<u>\$ -</u>	<u>\$ 732,579</u>	<u>\$ 710,110</u>

CITY OF RED WING, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	301 \$1,835,000 G.O. <u>Bonds 2011A</u>	302 \$2,375,000 G.O. <u>Bonds 2012A</u>	304 \$2,930,000 G.O. <u>Bonds 2013A</u>	312 \$2,625,000 G.O. Improvement <u>Bonds 2002A</u>
REVENUES				
Taxes				
Property taxes	\$ 165,870	\$ 288,109	\$ -	\$ -
Special assessments	-	-	-	-
Investment income	-	-	1,465	-
Rents	<u>389</u>	<u>627</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>166,259</u>	<u>288,736</u>	<u>1,465</u>	<u>-</u>
EXPENDITURES				
Debt service				
Principal retirement	160,000	-	-	250,000
Interest and fiscal charges	28,715	30,125	-	5,625
Professional services	<u>3,175</u>	<u>3,175</u>	<u>950</u>	<u>400</u>
TOTAL EXPENDITURES	<u>191,890</u>	<u>33,300</u>	<u>950</u>	<u>256,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(25,631)</u>	<u>255,436</u>	<u>515</u>	<u>(256,025)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Bonds issued	-	-	45,089	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>45,089</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(25,631)	255,436	45,604	(256,025)
FUND BALANCES, JANUARY 1	<u>279,629</u>	<u>174,456</u>	<u>-</u>	<u>256,025</u>
FUND BALANCES, DECEMBER 31	<u>\$ 253,998</u>	<u>\$ 429,892</u>	<u>\$ 45,604</u>	<u>\$ -</u>

330 \$1,700,000 Golf Course Expansion	Totals	
	2013	2012
\$ -	\$ 453,979	\$ 5
-	-	614,157
-	1,465	850
<u>728,442</u>	<u>729,458</u>	<u>376,741</u>
<u>728,442</u>	<u>1,184,902</u>	<u>991,753</u>
728,442	1,138,442	1,145,110
-	64,465	104,720
<u>-</u>	<u>7,700</u>	<u>1,775</u>
<u>728,442</u>	<u>1,210,607</u>	<u>1,251,605</u>
<u>-</u>	<u>(25,705)</u>	<u>(259,852)</u>
-	-	486,572
-	45,089	2,850
<u>-</u>	<u>-</u>	<u>(486,572)</u>
<u>-</u>	<u>45,089</u>	<u>2,850</u>
-	19,384	(257,002)
<u>-</u>	<u>710,110</u>	<u>967,112</u>
<u>\$ -</u>	<u>\$ 729,494</u>	<u>\$ 710,110</u>

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INTERNAL SERVICE FUNDS

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

Administrative Services - This fund is used to account for the administrative activities of the City which are charged to the various operating funds of the City.

Central Services - This fund is used to account for the value added service provided by purchasing to the various City Departments.

Risk Management - This fund is used to account for the risk management activities of the City which are charged to the various operating funds of the City.

Information Technology - This fund is used to account for the operations of the City's IT Department.

Postemployment Benefits - This fund is used to account for funding compensated absences payable of governmental funds.

Engineering - This fund is used to account for the operations of the City's engineering department.

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CITY OF RED WING, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2013
With Comparative Totals for December 31, 2012

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 279,274	\$ 639,450	\$ 4,367,393	\$ 544,313
Receivables				
Accrued interest	-	256	6,497	-
Accounts	3,726	56,798	481,685	-
Loans	-	-	23,845	-
Inventories	-	43,453	8,771	-
Prepaid items	-	-	48,525	-
TOTAL CURRENT ASSETS	283,000	739,957	4,936,716	544,313
CAPITAL ASSETS				
Buildings	-	7,825	-	-
Machinery and equipment	-	36,221	-	-
Office equipment	-	-	-	42,708
Vehicles	-	384,060	-	-
Less accumulated depreciation	-	(349,370)	-	(42,708)
NET CAPITAL ASSETS	-	78,736	-	-
TOTAL ASSETS	283,000	818,693	4,936,716	544,313
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	7,436	38,168	4,279	24,933
Salaries payable	56,487	97,793	-	15,451
Compensated absences payable	107,022	123,709	-	18,564
Unearned revenue	-	-	-	-
TOTAL CURRENT LIABILITIES	170,945	259,670	4,279	58,948
NONCURRENT LIABILITIES				
Compensated absences payable	112,055	158,876	-	33,083
TOTAL LIABILITIES	283,000	418,546	4,279	92,031
NET POSITION				
Net investment in capital assets	-	78,736	-	-
Unrestricted	-	321,411	4,932,437	452,282
TOTAL NET POSITION	\$ -	\$ 400,147	\$ 4,932,437	\$ 452,282

715 Postemployment Benefits	728 Engineering	Totals	
		2013	2012
\$ 763,205	\$ 902,346	\$ 7,495,981	\$ 7,537,418
228	2,250	9,231	12,159
-	4,300	546,509	14,353
-	-	23,845	27,935
-	-	52,224	46,077
-	-	48,525	268
<u>763,433</u>	<u>908,896</u>	<u>8,176,315</u>	<u>7,638,210</u>
-	-	7,825	7,825
-	-	36,221	36,221
-	140,884	183,592	183,592
-	75,321	459,381	446,708
-	(179,038)	(571,116)	(533,908)
-	<u>37,167</u>	<u>115,903</u>	<u>140,438</u>
<u>763,433</u>	<u>946,063</u>	<u>8,292,218</u>	<u>7,778,648</u>
-	50,755	125,571	483,528
-	30,186	199,917	179,661
368,611	58,923	676,829	642,497
-	-	-	31
<u>368,611</u>	<u>139,864</u>	<u>1,002,317</u>	<u>1,305,717</u>
<u>394,822</u>	<u>67,221</u>	<u>766,057</u>	<u>741,218</u>
<u>763,433</u>	<u>207,085</u>	<u>1,768,374</u>	<u>2,046,935</u>
-	37,167	115,903	140,438
-	<u>701,811</u>	<u>6,407,941</u>	<u>5,591,275</u>
<u>\$ -</u>	<u>\$ 738,978</u>	<u>\$ 6,523,844</u>	<u>\$ 5,731,713</u>

CITY OF RED WING, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
OPERATING REVENUES				
Charges for services	\$ 1,560,138	\$ 3,419,019	\$ 3,340,309	\$ 631,036
Miscellaneous	226	7,827	878,040	1,658
TOTAL OPERATING REVENUES	1,560,364	3,426,846	4,218,349	632,694
OPERATING EXPENSES				
Personal services	956,473	1,448,896	-	246,249
Employee benefits	314,156	651,667	2,987,235	80,113
Supplies	41,854	466,468	-	71,217
Cost of merchandise sold	-	608,201	-	-
Professional services	182,735	157,592	76,592	59,985
Rent and leased equipment	294	208	-	38,758
Repairs and maintenance	3,818	23,376	-	56,271
Administration and fiscal charges	43,780	6,129	-	12,937
Insurance premiums	4,463	4,949	336,650	1,459
Insurance claims	-	-	40,855	-
Depreciation	-	31,512	-	-
Miscellaneous	12,791	305	248,955	1,857
TOTAL OPERATING EXPENSES	1,560,364	3,399,303	3,690,287	568,846
OPERATING INCOME (LOSS)	-	27,543	528,062	63,848
NONOPERATING REVENUES				
Investment income (loss)	-	3,585	(204,978)	-
INCOME (LOSS) BEFORE TRANSFERS	-	31,128	323,084	63,848
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	-	-	-	-
CHANGE IN NET POSITION	-	31,128	323,084	63,848
NET POSITION, JANUARY 1	-	369,019	4,609,353	388,434
NET POSITION, DECEMBER 31	\$ -	\$ 400,147	\$ 4,932,437	\$ 452,282

715 Postemployment Benefits	728 Engineering	Totals	
		2013	2012
\$ -	\$ 822,826	\$ 9,773,328	\$ 9,448,306
-	460	888,211	185,990
-	823,286	10,661,539	9,634,296
-	503,924	3,155,542	3,115,831
-	191,384	4,224,555	3,824,847
-	19,747	599,286	590,485
-	-	608,201	499,734
-	313,044	789,948	1,058,621
-	794	40,054	24,600
-	950	84,415	98,023
-	48,430	111,276	99,186
-	2,973	350,494	354,874
-	-	40,855	58,806
-	16,364	47,876	47,003
-	459	264,367	251,257
-	1,098,069	10,316,869	10,023,267
-	(274,783)	344,670	(388,971)
-	(20,810)	(222,203)	68,254
-	(295,593)	122,467	(320,717)
-	694,664	694,664	723,396
-	(25,000)	(25,000)	-
-	374,071	792,131	402,679
-	364,907	5,731,713	5,329,034
<u>\$ -</u>	<u>\$ 738,978</u>	<u>\$ 6,523,844</u>	<u>\$ 5,731,713</u>

CITY OF RED WING, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 1,556,412	\$ 3,367,996	\$ 2,858,961	\$ 631,036
Payments to vendors and suppliers	(293,030)	(1,402,731)	(374,349)	(227,937)
Payments to and on behalf of employees	(1,258,469)	(2,087,756)	(3,609,008)	(323,143)
Other receipts	226	7,827	878,040	1,658
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,139	(114,664)	(246,356)	81,614
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loan payments received	-	-	23,126	-
Loans made	-	-	(19,036)	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	4,090	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for acquisition and construction of capital assets	-	(23,341)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts/(paid)	-	3,730	(202,051)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,139	(134,275)	(444,317)	81,614
CASH AND CASH EQUIVALENTS, JANUARY 1	274,135	773,725	4,811,710	462,699
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 279,274	\$ 639,450	\$ 4,367,393	\$ 544,313
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ -	\$ 27,543	\$ 528,062	\$ 63,848
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	31,512	-	-
(Increase) decrease in assets				
Accounts receivable	(3,726)	(51,023)	(481,317)	-
Inventories	-	(5,602)	(545)	-
Prepaid items	-	-	(48,257)	-
Increase (decrease) in liabilities				
Accounts payable	(3,295)	(129,901)	(244,268)	13,088
Salaries payable	6,586	8,842	-	2,296
Unearned revenue	-	-	(31)	-
Compensated absences payable	5,574	3,965	-	2,382
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 5,139	\$ (114,664)	\$ (246,356)	\$ 81,614

715 Postemployment Benefits	728 Engineering	Totals	
		2013	2012
\$ 60,208	\$ 826,736	\$ 9,301,349	\$ 9,437,442
-	(379,978)	(2,678,025)	(2,565,997)
-	(705,734)	(7,984,110)	(7,281,147)
-	460	888,211	185,990
<u>60,208</u>	<u>(258,516)</u>	<u>(472,575)</u>	<u>(223,712)</u>
-	-	23,126	19,955
-	-	(19,036)	(24,421)
-	694,664	694,664	723,396
-	(25,000)	(25,000)	-
-	669,664	673,754	718,930
-	-	(23,341)	(42,960)
(144)	(20,810)	(219,275)	75,013
60,064	390,338	(41,437)	527,271
703,141	512,008	7,537,418	7,010,147
<u>\$ 763,205</u>	<u>\$ 902,346</u>	<u>\$ 7,495,981</u>	<u>\$ 7,537,418</u>
\$ -	\$ (274,783)	\$ 344,670	\$ (388,971)
-	16,364	47,876	47,003
-	3,910	(532,156)	(10,864)
-	-	(6,147)	23,728
-	-	(48,257)	(47)
-	6,419	(357,957)	87,891
-	2,532	20,256	(6,472)
-	-	(31)	-
60,208	(12,958)	59,171	24,020
<u>\$ 60,208</u>	<u>\$ (258,516)</u>	<u>\$ (472,575)</u>	<u>\$ (223,712)</u>

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AGENCY FUNDS

Agency funds account for assets held in a trust capacity or as an agent for others and/or other funds.

Friends of the Fox - This fund is used to account for monies received from the participation of employees in the Flexible Spending Account.

Flex Account - This fund is used to account for monies received from the participation of employees in the Flexible Spending Account.

Lodging Tax - This fund is used to account for the collection of a 3% lodging tax on local lodging establishments and its remittance to the Red Wing Visitor's and Convention Bureau, net of a 5% City administration fee.

Cannon Valley Bike Trail - This fund is used to account for monies received to be used for Cannon Valley Trail.

Sheldon Auditorium - This fund is used to account for the operations of the T. B. Sheldon Auditorium.

Red Wing 2020 - This fund is used to account for the operations of the Red Wing 2020.

Coalition of Utility Cities - This fund is used to account for the operations of the Coalition of Utility Cities.

Local Government Utility - This fund is used to account for the operations of the Local Government Nuclear Waste Coalition.

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CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS - CONTINUED ON THE FOLLOWING PAGES
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
<u>FRIENDS OF THE FOX (801)</u>				
ASSETS				
Cash and investments	\$ 2,089	\$ -	\$ -	\$ 2,089
LIABILITIES				
Accounts payable	\$ 2,089	\$ -	\$ -	\$ 2,089
<u>FLEX ACCOUNT (804)</u>				
ASSETS				
Cash and investments	\$ 36,264	\$ 188,480	\$ 179,354	\$ 45,390
Accounts receivable	2,363	331	-	2,694
TOTAL ASSETS	<u>\$ 38,627</u>	<u>\$ 188,811</u>	<u>\$ 179,354</u>	<u>\$ 48,084</u>
LIABILITIES				
Due to other governments	\$ 40,000	\$ -	\$ -	\$ 40,000
Salaries payable	(1,373)	188,480	179,023	8,084
TOTAL LIABILITIES	<u>\$ 38,627</u>	<u>\$ 188,480</u>	<u>\$ 179,023</u>	<u>\$ 48,084</u>
<u>LODGING TAX (806)</u>				
ASSETS				
Cash and investments	\$ -	\$ 202,375	\$ 202,358	\$ 17
Unbilled accounts receivable	11,262	11,145	11,261	11,146
TOTAL ASSETS	<u>\$ 11,262</u>	<u>\$ 213,520</u>	<u>\$ 213,619</u>	<u>\$ 11,163</u>
LIABILITIES				
Accounts payable	\$ 11,262	\$ 202,258	\$ 202,357	\$ 11,163
<u>CANNON VALLEY BIKE TRAIL (808)</u>				
ASSETS				
Cash and investments	\$ 397,228	\$ 291,122	\$ 191,016	\$ 497,334
Petty cash and change funds	400	-	-	400
Intergovernmental	77,194	-	77,194	-
Other assets	-	5,764	-	5,764
Unbilled accounts receivable	313	3,285	313	3,285
TOTAL ASSETS	<u>\$ 475,135</u>	<u>\$ 300,171</u>	<u>\$ 268,523</u>	<u>\$ 506,783</u>
LIABILITIES				
Accounts payable	\$ 35,485	\$ 189,298	\$ 183,229	\$ 41,554
Due to other governments	439,650	110,873	85,294	465,229
TOTAL LIABILITIES	<u>\$ 475,135</u>	<u>\$ 300,171</u>	<u>\$ 268,523</u>	<u>\$ 506,783</u>

CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
<u>SHELDON AUDITORIUM (810)</u>				
ASSETS				
Cash and investments	\$ 97,468	\$ 923,942	\$ 939,474	\$ 81,936
Assets held in endowment	2,502,024	687,616	174,561	3,015,079
Petty cash and change funds	1,925	-	-	1,925
Accounts receivable	-	15,073	8,397	6,676
Other assets	6,618	51,600	50,418	7,800
TOTAL ASSETS	<u>\$ 2,608,035</u>	<u>\$ 1,678,231</u>	<u>\$ 1,172,850</u>	<u>\$ 3,113,416</u>
LIABILITIES				
Accounts payable	\$ 15,725	\$ 571,040	\$ 577,316	\$ 9,449
Due to other governments	2,495,183	494,187	(44,905)	3,034,275
Salaries payable	13,773	184,187	185,013	12,947
Compensated absences payable	40,152	1,797	10,267	31,682
Other liabilities	43,202	427,020	445,159	25,063
TOTAL LIABILITIES	<u>\$ 2,608,035</u>	<u>\$ 1,678,231</u>	<u>\$ 1,172,850</u>	<u>\$ 3,113,416</u>
<u>RED WING 2020 (825)</u>				
ASSETS				
Cash and investments	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>
LIABILITIES				
Accounts payable	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>
<u>COALITION OF UTILITY CITIES (840)</u>				
ASSETS				
Cash and investments	\$ 184,481	\$ 95,364	\$ 66,993	\$ 212,852
Accounts receivable	22,472	95,001	95,364	22,109
TOTAL ASSETS	<u>\$ 206,953</u>	<u>\$ 190,365</u>	<u>\$ 162,357</u>	<u>\$ 234,961</u>
LIABILITIES				
Accounts payable	<u>\$ 206,953</u>	<u>\$ 190,365</u>	<u>\$ 162,357</u>	<u>\$ 234,961</u>

CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1	Additions	Deductions	Balance December 31
<u>LOCAL GOVERNMENT UTILITY (845)</u>				
ASSETS				
Cash and investments	\$ 1,129	\$ -	\$ -	\$ 1,129
LIABILITIES				
Accounts payable	\$ 1,129	\$ -	\$ -	\$ 1,129
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and investments	\$ 719,720	\$ 1,701,283	\$ 1,579,195	\$ 841,808
Assets held in endowment	2,502,024	687,616	174,561	3,015,079
Petty cash and change funds	2,325	-	-	2,325
Accounts receivable	24,835	110,405	103,761	31,479
Intergovernmental receivable	77,194	-	77,194	-
Unbilled accounts receivable	11,575	14,430	11,574	14,431
Other assets	6,618	57,364	50,418	13,564
TOTAL ASSETS	\$ 3,344,291	\$ 2,571,098	\$ 1,996,703	\$ 3,918,686
LIABILITIES				
Accounts payable	\$ 273,704	\$ 1,152,961	\$ 1,125,259	\$ 301,406
Due to other governments	2,974,833	605,060	40,389	3,539,504
Salaries payable	12,400	372,667	364,036	21,031
Compensated absences payable	40,152	1,797	10,267	31,682
Other liabilities	43,202	427,020	445,159	25,063
TOTAL LIABILITIES	\$ 3,344,291	\$ 2,559,505	\$ 1,985,110	\$ 3,918,686

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**DISCRETELY PRESENTED COMPONENT UNIT
PORT AUTHORITY**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF RED WING, MINNESOTA
DISCRETETLY PRESENTED COMPONENT UNIT - PORT AUTHORITY
COMBINING BALANCE SHEET
DECEMBER 31, 2013

With Comparative Totals for December 31, 2012

	236 Port Authority General	Special Revenue			Totals	
		231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	2013	2012
ASSETS						
Cash and cash equivalents	\$ -	\$ 70,523	\$ 64,941	\$ 471,664	\$ 607,128	\$ 1,088,475
Receivables						
Accrued interest	-	1,049	-	-	1,049	2,380
Delinquent taxes	5,407	-	-	-	5,407	6,140
Accounts	13,950	-	-	495	14,445	-
Loans	-	1,089,124	26,980	422,259	1,538,363	1,221,302
Intergovernmental	137,519	-	-	-	137,519	2,814
Due from primary government	-	104,905	-	-	104,905	-
Advance to other funds	-	33,187	-	-	33,187	48,591
Land held for resale	2,818,705	-	-	-	2,818,705	2,818,705
TOTAL ASSETS	\$ 2,975,581	\$ 1,298,788	\$ 91,921	\$ 894,418	\$ 5,260,708	\$ 5,188,407
LIABILITIES						
Accounts payable	\$ 3,924	\$ -	\$ -	\$ -	\$ 3,924	\$ 10,135
Contracts payable	7,028	-	-	-	7,028	-
Due to primary government	1,054,903	-	-	-	1,054,903	927,608
Due to other governments	-	-	-	478,815	478,815	509,506
Advances from other funds	33,187	-	-	-	33,187	48,591
Loans from primary government	1,407,130	14,991	-	-	1,422,121	1,566,061
Salaries payable	10,626	-	-	-	10,626	10,930
TOTAL LIABILITIES	2,516,798	14,991	-	478,815	3,010,604	3,072,831
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	5,407	-	-	-	5,407	6,140
FUND BALANCES						
Nonspendable	2,818,705	-	-	-	2,818,705	2,818,705
Restricted	-	-	-	415,603	415,603	1,826,140
Committed	-	1,283,797	91,921	-	1,375,718	-
Unassigned	(2,365,329)	-	-	-	(2,365,329)	(2,535,409)
TOTAL FUND BALANCES	453,376	1,283,797	91,921	415,603	2,244,697	2,109,436
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 2,975,581	\$ 1,298,788	\$ 91,921	\$ 894,418	\$ 5,260,708	\$ 5,188,407
Fund balances - governmental funds from above					\$ 2,244,697	\$ 2,109,436
Amounts reported for governmental activities in the statement of net position are different because						
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.					525,675	265,042
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						
Compensated absences payable					(23,562)	(27,543)
Other postemployment benefits obligation					(16,638)	(14,597)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.						
Delinquent property taxes receivable					5,407	6,140
Internal service funds are used by management to charge the costs of insurance and various services to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.					35,441	25,263
Total net position - governmental activities					\$ 2,771,020	\$ 2,363,741

CITY OF RED WING, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNIT - PORT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	Special Revenue				Totals	
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	2013	2012
REVENUES						
Taxes						
Property taxes	\$ 308,239	\$ -	\$ -	\$ -	\$ 308,239	\$ 307,326
Other taxes	738	-	-	-	738	693
Intergovernmental						
State	266,158	-	-	-	266,158	21,935
Charges for services						
General government	13,250	-	-	-	13,250	13,250
Investment income (loss)	-	(10,952)	-	560	(10,392)	10,718
Miscellaneous revenues						
Lease payments received	204,568	-	-	-	204,568	185,718
Interest on notes and loans	-	14,484	1,714	10,691	26,889	36,175
Refunds and reimbursements	220	-	-	-	220	1,772
Other	4,287	-	-	-	4,287	5,592
Contribution from primary government	179,435	-	-	-	179,435	947,734
TOTAL REVENUES	976,895	3,532	1,714	11,251	993,392	1,530,913
EXPENDITURES						
Current						
Economic development						
Personal services	232,995	-	-	-	232,995	170,009
Supplies	3,046	-	-	-	3,046	5,021
Other services and charges	281,072	13,444	-	26,547	321,063	538,497
Capital outlay						
Economic development	260,633	-	-	-	260,633	-
Debt service						
Interest and fiscal charges	29,069	886	-	10,439	40,394	37,218
TOTAL EXPENDITURES	806,815	14,330	-	36,986	858,131	750,745
NET CHANGE IN FUND BALANCES	170,080	(10,798)	1,714	(25,735)	135,261	780,168
FUND BALANCES, JANUARY 1	283,296	1,294,595	90,207	441,338	2,109,436	1,329,268
FUND BALANCES, DECEMBER 31	\$ 453,376	\$ 1,283,797	\$ 91,921	\$ 415,603	\$ 2,244,697	\$ 2,109,436
Net change in fund balances - governmental funds from above					\$ 135,261	\$ 780,168
Amounts reported for governmental activities in the statement of activities are different because						
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.						
Capital outlay					260,633	-
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.						
Property taxes					(733)	(543)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.						
Compensated absences					3,981	(8,813)
Other postemployment benefits cost					(2,041)	(1,929)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.						
					10,178	(3,266)
Change in net position - governmental activities					<u>\$ 407,279</u>	<u>\$ 765,617</u>

CITY OF RED WING, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Totals		Percent Increase (Decrease)
	2013	2012	
REVENUES			
Taxes	\$ 14,590,910	\$ 13,595,074	7.32 %
Special assessments	2,141,695	1,183,707	80.93
Licenses and permits	193,607	207,338	(6.62)
Intergovernmental	5,317,522	4,876,778	9.04
Charges for services	576,692	657,924	(12.35)
Fines and forfeits	88,015	95,804	(8.13)
Investment earnings (loss)	(1,204,614)	575,882	(309.18)
Interest earned - other	29,398	35,978	(18.29)
Miscellaneous	1,296,349	973,166	33.21
TOTAL REVENUES	\$ 23,029,574	\$ 22,201,651	3.73 %
Per Capita	\$ 1,397	\$ 1,351	3.43 %
EXPENDITURES			
Current			
General government	\$ 1,675,393	\$ 1,637,430	2.32 %
Public safety	5,530,808	5,220,262	5.95
Public works	3,829,994	3,234,677	18.40
Sanitation	95,464	36,804	159.38
Culture and recreation	3,487,693	2,736,273	27.46
Economic development	550,841	1,238,660	(55.53)
Airport	244,706	219,222	11.62
Transit	20,193	269	7,406.69
Cemeteries	293,358	277,906	5.56
Unallocated	154,763	140,355	10.27
Capital outlay			
General government	134,170	108,447	23.72
Public safety	219,284	385,829	(43.17)
Public works	6,115,308	5,387,471	13.51
Culture and recreation	665,778	1,073,328	(37.97)
Airport	190,454	310,471	(38.66)
Transit	24,927	10,000	149.27
Cemeteries	71,400	310,653	(77.02)
Debt service			
Principal	1,229,778	1,231,939	(0.18)
Interest and other charges	76,905	115,742	(33.55)
Bond issuance costs	13,399	19,081	(29.78)
TOTAL EXPENDITURES	\$ 24,624,616	\$ 23,694,819	3.92 %
Per Capita	\$ 1,494	\$ 1,442	3.62 %
Total Long-term Indebtedness	\$ 6,980,000	\$ 5,279,778	32.20 %
Per Capita	424	321	31.82
General Fund Balance - December 31	\$ 15,812,892	\$ 15,402,881	2.66 %
Per Capita	960	937	2.36

The purpose of this report is to provide a summary of financial information concerning the City of Red Wing to interested citizens. The complete financial statements may be examined at City Hall, 315 W 4th Street, Red Wing, MN 55066. Questions about this report should be directed to Marshall Hallock at (651) 385-3602.

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Red Wing'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 government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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CITY OF RED WING, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Net investment in capital assets	\$ 24,655,091	\$ 23,945,471	\$ 29,338,479	\$ 30,316,216	\$ 35,498,581
Restricted	17,737,323	15,319,497	14,233,395	14,529,715	13,635,221
Unrestricted	26,054,799	27,686,177	26,976,616	29,042,767	27,773,140
Total governmental activities net position	\$ 68,447,213	\$ 66,951,145	\$ 70,548,490	\$ 73,888,698	\$ 76,906,942
Business-type activities					
Net investment in capital assets	\$ 15,067,237	\$ 17,882,430	\$ 19,855,939	\$ 25,115,974	\$ 24,924,003
Restricted	219,491	245,288	263,918	277,918	291,918
Unrestricted	15,935,499	17,911,716	16,817,578	17,700,932	18,705,283
Total business-type activities net position	\$ 31,222,227	\$ 36,039,434	\$ 36,937,435	\$ 43,094,824	\$ 43,921,204
Primary government					
Net investment in capital assets	\$ 39,722,328	\$ 41,827,901	\$ 49,194,418	\$ 55,432,190	\$ 60,422,584
Restricted	17,956,814	15,564,785	14,497,313	14,807,633	13,927,139
Unrestricted	41,990,298	45,597,893	43,794,194	46,743,699	46,478,423
Total primary government net position	\$ 99,669,440	\$ 102,990,579	\$ 107,485,925	\$ 116,983,522	\$ 120,828,146

Starting in 2008, the Port Authority is accounted for as a discretely presented component unit and not included after 2007.

Table 1

Fiscal Year				
2009	2010	2011	2012	2013
\$ 33,868,669	\$ 35,233,880	\$ 35,820,191	\$ 38,453,702	\$ 41,825,328
14,322,109	13,566,492	15,311,936	13,650,753	11,965,453
29,360,417	31,603,457	30,782,252	31,159,022	30,880,953
<u>\$ 77,551,195</u>	<u>\$ 80,403,829</u>	<u>\$ 81,914,379</u>	<u>\$ 83,263,477</u>	<u>\$ 84,671,734</u>
\$ 30,344,747	\$ 31,280,810	\$ 32,865,281	\$ 35,251,711	\$ 40,517,978
309,980	328,042	346,104	364,166	382,228
16,725,336	15,808,643	14,168,386	15,314,254	10,649,128
<u>\$ 47,380,063</u>	<u>\$ 47,417,495</u>	<u>\$ 47,379,771</u>	<u>\$ 50,930,131</u>	<u>\$ 51,549,334</u>
\$ 64,213,416	\$ 66,514,690	\$ 68,685,472	\$ 73,705,413	\$ 82,343,306
14,632,089	13,894,534	15,658,040	14,014,919	12,347,681
46,085,753	47,412,100	44,950,638	46,473,276	41,530,081
<u>\$ 124,931,258</u>	<u>\$ 127,821,324</u>	<u>\$ 129,294,150</u>	<u>\$ 134,193,608</u>	<u>\$ 136,221,068</u>

CITY OF RED WING, MINNESOTA
CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental activities					
General government	\$ 2,386,462	\$ 2,714,085	\$ 3,368,303	\$ 3,227,516	\$ 3,413,474
Public safety	5,748,620	4,218,243	4,839,369	5,087,522	5,815,304
Public works	3,867,935	5,366,686	4,267,419	5,017,458	5,108,570
Storm water	-	58,641	110,620	232,518	395,617
Sanitation	70,880	61,521	64,597	38,409	36,262
Culture and recreation	2,930,167	2,506,566	2,624,795	2,764,318	3,498,954
Urban development	198,541	-	-	-	-
Economic development	2,508,145	648,666	1,096,297	1,022,289	149,406
Airport	700,292	1,087,516	1,137,212	1,128,910	1,136,163
Transit	374,147	51,619	79,820	17,516	42,298
Cemeteries	284,277	381,364	332,493	332,831	424,331
Interest on long-term debt	703,991	562,269	492,908	415,303	349,139
Total governmental activities expenses	<u>19,773,457</u>	<u>17,657,176</u>	<u>18,413,833</u>	<u>19,284,590</u>	<u>20,369,518</u>
Business-type activities					
Ambulance	-	1,823,179	2,149,463	2,518,224	2,937,169
Refuse collection and recycling	1,361,887	1,397,393	1,477,582	1,599,803	1,747,022
Water	1,789,599	1,879,768	2,342,297	2,423,986	2,829,671
Sewer	2,475,537	2,519,879	2,750,496	3,530,022	3,429,651
Storm water	-	-	-	-	-
Incinerator	1,717,381	1,957,313	2,508,366	2,955,362	2,801,961
Marina	713,089	750,342	753,225	786,144	720,786
Total business-type activities expenses	<u>8,057,493</u>	<u>10,327,874</u>	<u>11,981,429</u>	<u>13,813,541</u>	<u>14,466,260</u>
Total primary government expenses	<u>\$ 27,830,950</u>	<u>\$ 27,985,050</u>	<u>\$ 30,395,262</u>	<u>\$ 33,098,131</u>	<u>\$ 34,835,778</u>

Table 2

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	3,312,304	\$	2,802,055	\$	2,120,072	\$	1,904,155	\$	1,950,660
	5,741,518		5,437,702		5,364,753		5,405,760		5,556,816
	4,648,198		5,029,668		5,358,673		5,269,097		5,705,927
	335,811		294,734		-		-		-
	35,771		41,256		48,509		36,645		94,652
	3,069,402		3,183,989		3,410,754		3,235,484		3,850,929
	-		-		-		-		-
	607,341		406,373		429,599		1,238,660		553,909
	1,136,300		654,954		663,642		645,686		872,190
	22,603		-		13,869		10,269		45,120
	277,854		247,108		273,316		291,059		326,916
	252,562		182,266		168,349		141,251		105,782
	<u>19,439,664</u>		<u>18,280,105</u>		<u>17,851,536</u>		<u>18,178,066</u>		<u>19,062,901</u>
	3,387,037		3,362,868		3,600,515		3,508,100		3,946,409
	1,771,792		1,776,307		1,810,551		1,934,248		2,086,819
	2,927,250		2,838,949		2,913,991		3,010,641		2,901,369
	3,566,878		3,724,271		4,121,737		3,678,557		3,970,509
	-		-		-		674,328		660,862
	2,940,549		3,042,167		3,267,775		3,077,122		2,677,273
	698,809		737,230		728,269		671,424		617,166
	<u>15,292,315</u>		<u>15,481,792</u>		<u>16,442,838</u>		<u>16,554,420</u>		<u>16,860,407</u>
\$	<u>34,731,979</u>	\$	<u>33,761,897</u>	\$	<u>34,294,374</u>	\$	<u>34,732,486</u>	\$	<u>35,923,308</u>

CITY OF RED WING, MINNESOTA
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Program revenue					
Governmental activities					
Charges for services					
General government	\$ 591,551	\$ 648,785	\$ 626,333	\$ 650,000	\$ 678,416
Public safety	2,233,768	669,270	686,646	610,429	523,506
Public works	550,368	564,397	603,775	606,123	711,436
Storm water	-	-	5,552	1,000	9,000
Sanitation	1,950	-	-	-	-
Culture and recreation	308,690	408,012	344,010	341,334	335,253
Economic development	3,063,999	273,941	262,757	334,970	1,493
Airport	55,252	46,454	47,167	56,945	65,000
Transit	49,494	2,380	-	-	-
Cemeteries	109,675	128,220	128,810	132,158	155,470
Operating grants and contributions	891,609	965,566	1,266,614	939,088	833,049
Capital grants and contributions	2,023,502	1,368,814	2,434,744	1,425,629	5,646,830
Total governmental activities program revenues	<u>9,879,858</u>	<u>5,075,839</u>	<u>6,406,408</u>	<u>5,097,676</u>	<u>8,959,453</u>
Business-type activities					
Charges for services					
Ambulance	-	1,854,166	2,335,391	2,653,895	2,875,701
Refuse collection and recycling	1,296,727	1,452,938	1,497,839	1,615,518	1,756,555
Water	1,976,022	2,504,459	2,798,241	3,107,356	2,992,059
Sewer	2,873,293	3,233,508	2,908,589	3,004,141	3,001,304
Storm water	-	-	-	-	-
Incinerator	1,416,584	1,728,595	1,996,358	2,267,535	2,200,732
Marina	760,496	824,426	866,417	800,378	693,278
Operating grants and contributions	-	4,762	9,416	4,401	5,695
Capital grants and contributions	-	1,006	42,316	145,083	976,046
Total business-type activities program revenues	<u>8,323,122</u>	<u>11,603,860</u>	<u>12,454,567</u>	<u>13,598,307</u>	<u>14,501,370</u>
Total primary government program revenues	<u>\$ 18,202,980</u>	<u>\$ 16,679,699</u>	<u>\$ 18,860,975</u>	<u>\$ 18,695,983</u>	<u>\$ 23,460,823</u>
Net (expense) revenue					
Governmental activities	\$ (9,893,599)	\$ (12,581,337)	\$ (12,007,425)	\$ (14,186,914)	\$ (11,410,065)
Business-type activities	265,629	1,275,986	473,138	(215,234)	35,110
Total primary government net expense	<u>\$ 9,627,970</u>	<u>\$ 11,305,351</u>	<u>\$ 11,534,287</u>	<u>\$ 14,402,148</u>	<u>\$ 11,374,955</u>

Table 2

		Fiscal Year							
		2009	2010	2011	2012	2013			
\$	887,819	\$	917,260	\$	137,823	\$	188,538	\$	262,776
	419,073		426,580		395,215		412,246		372,731
	643,036		629,296		(387,818)		92,462		74,871
	232,162		440,723		440,723		-		-
	-		-		-		-		-
	279,457		301,088		324,288		557,299		917,747
	591		-		-		1,166		4,616
	61,597		59,022		81,033		82,923		88,226
	-		-		-		-		16,496
	157,752		154,837		169,300		172,325		191,814
	761,027		1,123,423		1,426,275		2,096,164		2,712,569
	2,744,503		1,252,750		890,256		2,890,146		2,282,063
	<u>6,187,017</u>		<u>5,304,979</u>		<u>3,477,095</u>		<u>6,493,269</u>		<u>6,923,909</u>
	3,360,260		3,349,826		3,701,105		3,661,669		4,036,230
	1,810,061		1,864,877		2,014,532		2,117,154		2,297,080
	3,123,809		3,022,454		3,175,525		3,338,912		3,271,779
	3,249,586		3,236,300		3,468,089		3,387,202		3,604,489
	-		-		557,890		723,152		880,982
	2,251,264		2,413,378		2,649,004		2,734,200		2,651,573
	681,836		665,688		643,048		584,739		553,234
	4,424		7,212		32,650		6,100		4,710
	1,048,457		179,102		6,899		49,028		-
	<u>15,529,697</u>		<u>14,738,837</u>		<u>16,248,742</u>		<u>16,602,156</u>		<u>17,300,077</u>
\$	<u>21,716,714</u>	\$	<u>20,043,816</u>	\$	<u>19,725,837</u>	\$	<u>23,095,425</u>	\$	<u>24,223,986</u>
\$	(13,252,647)	\$	(12,975,126)	\$	(14,374,441)	\$	(11,684,797)	\$	(12,138,992)
	237,382		(742,955)		(194,096)		47,736		439,670
\$	<u>13,015,265</u>	\$	<u>13,718,081</u>	\$	<u>14,568,537</u>	\$	<u>11,637,061</u>	\$	<u>11,699,322</u>

CITY OF RED WING, MINNESOTA
CHANGES IN NET POSITION - CONTINUED
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes, levied for general purposes	\$ 11,029,525	\$ 10,333,714	\$ 10,932,066	\$ 11,448,451	\$ 12,061,187
Property taxes, levied for specific purposes	179,292	183,517	198,612	313,855	-
Property taxes, levied for debt service	115,432	99,898	223	35	(16)
Tax increments	1,107,495	969,807	958,304	916,214	1,010,650
Franchise taxes	118,025	116,525	116,958	119,073	122,006
Other taxes	26,255	25,466	24,952	24,897	47,094
Grants and contributions not restricted to specific programs	376,249	1,404,538	1,867,985	1,772,944	1,376,798
Unrestricted investment earnings (loss)	1,439,125	1,088,207	1,650,180	2,166,969	1,274,520
Other revenues	38,270	14,027	47,179	112,377	71,530
Gain on sale of capital assets	142,523	7,091	2	671,676	350
Transfers	59,088	2,427,123	213,854	384,172	(76,595)
Total governmental activities	<u>14,631,279</u>	<u>16,669,913</u>	<u>16,010,315</u>	<u>17,930,663</u>	<u>15,887,524</u>
Business-type activities					
Unrestricted investment earnings (loss)	806,809	383,700	627,519	1,249,381	794,052
Gain on sale of capital assets	-	-	5,653	-	-
Transfers	(59,088)	(2,427,123)	(213,854)	(384,172)	76,595
Total business-type activities	<u>747,721</u>	<u>(2,043,423)</u>	<u>419,318</u>	<u>865,209</u>	<u>870,647</u>
Total primary government	<u>\$ 15,379,000</u>	<u>\$ 14,626,490</u>	<u>\$ 16,429,633</u>	<u>\$ 18,795,872</u>	<u>\$ 16,758,171</u>
Changes in net position					
Governmental activities	\$ 4,737,680	\$ 4,088,576	\$ 4,002,890	\$ 3,743,749	\$ 4,477,459
Business-type activities	<u>1,013,350</u>	<u>(767,437)</u>	<u>892,456</u>	<u>649,975</u>	<u>905,757</u>
Total primary government	<u>\$ 5,751,030</u>	<u>\$ 3,321,139</u>	<u>\$ 4,895,346</u>	<u>\$ 4,393,724</u>	<u>\$ 5,383,216</u>

Starting in 2008, the Port Authority is accounted for as a discretely presented component unit and not included after 2007.

Table 2

Fiscal Year				
2009	2010	2011	2012	2013
\$ 12,395,721	\$ 12,437,596	\$ 12,103,697	\$ 13,003,517	\$ 13,737,436
-	-	-	-	-
(31)	(2)	15	(49)	426,545
999,896	232,901	172,726	182,081	129,926
129,493	140,157	148,140	357,416	216,365
28,443	30,403	31,924	30,405	58,538
2,360,939	2,020,134	1,561,023	1,611,696	1,136,834
712,472	682,528	1,281,445	678,948	(1,402,035)
41,673	36,711	89,945	57,700	130,824
-	9,175	10,300	149,127	89,842
(2,690,027)	273,298	(301,902)	(3,036,946)	(977,026)
<u>13,978,579</u>	<u>15,862,901</u>	<u>15,097,313</u>	<u>13,033,895</u>	<u>13,547,249</u>
449,771	456,910	739,540	350,178	(919,620)
-	561,634	24,928	115,500	122,127
<u>2,690,027</u>	<u>(273,298)</u>	<u>301,902</u>	<u>3,036,946</u>	<u>977,026</u>
<u>3,139,798</u>	<u>745,246</u>	<u>1,066,370</u>	<u>3,502,624</u>	<u>179,533</u>
<u>\$ 17,118,377</u>	<u>\$ 16,608,147</u>	<u>\$ 16,163,683</u>	<u>\$ 16,536,519</u>	<u>\$ 13,726,782</u>
\$ 725,932	\$ 2,887,775	\$ 722,872	\$ 1,349,098	\$ 1,408,257
<u>3,377,180</u>	<u>2,291</u>	<u>872,274</u>	<u>3,550,360</u>	<u>619,203</u>
<u>\$ 4,103,112</u>	<u>\$ 2,890,066</u>	<u>\$ 1,595,146</u>	<u>\$ 4,899,458</u>	<u>\$ 2,027,460</u>

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CITY OF RED WING, MINNESOTA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 3

Fiscal Year	Property Taxes			Tax Increments	Franchise Tax	Other Tax	Total
	Levied for General Purposes	Levied for Specific Purposes	Levied for Debt Service				
2004	\$ 11,029,525	\$ 179,292	\$ 115,432	\$ 1,107,495	\$ 118,025	\$ 26,255	\$ 12,576,024
2005	10,333,714	183,517	99,898	969,807	116,525	25,466	11,728,927
2006	10,932,066	198,612	223	958,304	116,958	24,952	12,231,115
2007	11,448,451	313,855	35	916,214	119,073	24,897	12,822,525
2008	12,061,187	-	(16)	1,010,650	122,006	47,094	13,240,921
2009	12,395,721	-	(31)	999,896	129,493	28,443	13,553,522
2010	12,437,596	-	(2)	232,901	140,157	30,403	12,841,055
2011	12,103,697	-	15	172,726	148,140	31,924	12,456,502
2012	13,003,517	-	(49)	182,081	357,416	30,405	13,573,370
2013	13,737,436	-	426,545	129,926	216,365	58,538	14,568,810

Starting in 2008, the Port Authority is accounted for as a discretely presented component unit and not included after 2007.

CITY OF RED WING, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2004 - 2010)	911,793	1,141,232	1,147,345	947,368	765,756
Committed	-	-	-	-	-
Unassigned (Unreserved 2004 - 2010)	<u>12,140,828</u>	<u>11,371,705</u>	<u>10,927,943</u>	<u>10,964,276</u>	<u>10,849,553</u>
Total General fund	<u>\$ 13,052,621</u>	<u>\$ 12,512,937</u>	<u>\$ 12,075,288</u>	<u>\$ 11,911,644</u>	<u>\$ 11,615,309</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2004 - 2010)	18,299,403	16,963,216	18,984,494	21,772,182	16,521,630
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Unreserved 2004 - 2010)	<u>5,090,526</u>	<u>5,619,720</u>	<u>3,799,656</u>	<u>3,022,324</u>	<u>6,821,564</u>
Total all other governmental funds	<u>\$ 23,389,929</u>	<u>\$ 22,582,936</u>	<u>\$ 22,784,150</u>	<u>\$ 24,794,506</u>	<u>\$ 23,343,194</u>

Starting in 2008, the Port Authority is accounted for as a discretely presented component unit and not included after 2007.

Table 4

Fiscal Year				
2009	2010	2011	2012	2013
\$ -	\$ -	\$ 378,256	\$ 289,632	\$ 252,568
89,405	88,286	179,473	467,881	1,101,363
-	-	6,900,000	3,200,000	3,400,000
14,711,308	16,404,412	9,653,893	11,445,368	11,058,961
<u>\$ 14,800,713</u>	<u>\$ 16,492,698</u>	<u>\$ 17,111,622</u>	<u>\$ 15,402,881</u>	<u>\$ 15,812,892</u>
\$ -	\$ -	\$ 1,855,521	\$ 2,016,704	\$ 2,113,081
15,892,114	14,620,699	12,677,653	11,187,608	10,238,897
-	-	50,000	475,212	831,826
-	-	8,029,651	7,189,612	8,441,271
5,769,957	6,161,448	(866,737)	(143,690)	(1,177,706)
<u>\$ 21,662,071</u>	<u>\$ 20,782,147</u>	<u>\$ 21,746,088</u>	<u>\$ 20,725,446</u>	<u>\$ 20,447,369</u>

CITY OF RED WING, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 12,515,019	\$ 11,698,684	\$ 12,248,889	\$ 12,811,025	\$ 13,177,966
Special assessments	1,645,492	1,095,362	863,138	830,208	970,841
Intergovernmental revenue	2,604,864	2,835,298	3,437,349	405,248	2,810,099
Licenses and permits	313,642	402,432	372,056	3,577,241	298,073
Charges for services	5,917,634	1,551,383	1,642,733	1,798,581	1,697,142
Fines and forfeits	135,283	144,630	132,649	131,500	131,719
Interest	1,397,633	1,077,526	1,605,363	2,089,247	1,129,967
Other revenues	880,202	691,173	771,607	716,435	700,775
Total revenues	<u>25,409,769</u>	<u>19,496,488</u>	<u>21,073,784</u>	<u>22,359,485</u>	<u>20,916,582</u>
Expenditures					
General government	2,188,614	2,415,687	3,149,335	3,017,669	3,061,231
Public safety	5,589,151	4,205,292	4,714,149	4,975,383	5,488,262
Public works	3,998,140	4,263,275	3,558,981	3,818,668	4,110,267
Storm water	-	58,641	110,619	232,516	395,616
Sanitation	2,986,273	75,754	64,600	38,613	35,971
Culture and recreation	2,712,227	2,559,811	2,597,497	2,835,223	3,191,580
Economic development	2,650,016	888,100	1,010,869	1,038,256	176,063
Airport	170,952	229,441	283,229	315,064	253,885
Transit	323,635	51,619	79,820	319,824	42,298
Cemeteries	274,731	381,699	337,554	17,568	397,311
Unallocated	100,447	137,222	111,326	96,260	118,942
Capital outlay	832,376	2,385,061	3,350,600	2,613,655	1,818,355
Debt service					
Principal	1,958,324	1,894,971	1,616,505	1,513,313	1,581,234
Interest and fiscal charges	749,533	692,222	533,444	472,143	369,706
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>24,534,419</u>	<u>20,238,795</u>	<u>21,518,528</u>	<u>21,304,155</u>	<u>21,040,721</u>
Revenues over (under) expenditures	<u>875,350</u>	<u>(742,307)</u>	<u>(444,744)</u>	<u>1,055,330</u>	<u>(124,139)</u>
Other financing sources (uses)					
Sale of capital assets	-	-	-	509,210	350
Transfers in	7,007,455	5,481,752	7,307,158	4,314,706	3,254,013
Debt issued	536,410	-	-	-	-
Premiums on debt issued	-	-	-	-	-
Transfers out	(6,948,367)	(5,415,244)	(7,098,849)	(4,032,534)	(3,330,608)
Total other financing sources (uses)	<u>595,498</u>	<u>66,508</u>	<u>208,309</u>	<u>791,382</u>	<u>(76,245)</u>
Net change in fund balance	<u>\$ 1,470,848</u>	<u>\$ (675,799)</u>	<u>\$ (236,435)</u>	<u>\$ 1,846,712</u>	<u>\$ (200,384)</u>
Debt service as a percentage of noncapital expenditures	13.14%	14.71%	12.33%	11.09%	10.65%
Debt service as a percentage of total expenditures	11.04%	12.78%	9.99%	9.32%	9.27%

Starting in 2008, the Port Authority is accounted for as a discretely presented component unit and not included after 2007.

Table 5

		Fiscal Year				
2009	2010	2011	2012	2013		
\$ 13,558,893	\$ 12,798,927	\$ 12,475,584	\$ 13,595,074	\$ 14,590,910		
903,363	764,107	500,460	1,183,707	2,141,695		
3,977,829	3,713,359	3,474,515	4,876,778	5,317,522		
203,838	193,790	186,541	207,338	193,607		
2,009,568	2,241,024	556,262	657,924	576,692		
224,585	92,010	113,624	95,804	88,015		
675,171	536,410	1,201,002	611,860	(1,175,216)		
1,734,194	602,992	539,205	973,166	1,296,349		
<u>23,287,441</u>	<u>20,942,619</u>	<u>19,047,193</u>	<u>22,201,651</u>	<u>23,029,574</u>		
2,995,979	2,672,512	1,885,793	1,637,430	1,675,393		
5,529,460	5,432,783	5,289,918	5,220,262	5,530,808		
3,398,471	3,439,138	2,779,132	3,234,677	3,829,994		
333,747	298,935	-	-	-		
35,681	42,224	49,213	36,804	95,464		
2,933,926	2,748,279	2,973,146	2,736,273	3,487,693		
607,341	406,373	429,599	1,238,660	550,841		
233,431	247,582	231,346	219,222	244,706		
22,603	-	13,869	269	20,193		
253,865	231,676	260,461	277,906	293,358		
123,767	84,567	124,213	140,355	154,763		
3,210,844	3,212,101	3,182,182	7,586,199	7,929,202		
1,622,459	1,476,143	1,010,415	1,231,939	1,229,778		
281,586	208,882	185,237	115,742	76,905		
-	-	-	19,081	13,399		
<u>21,583,160</u>	<u>20,501,195</u>	<u>18,414,524</u>	<u>23,694,819</u>	<u>25,132,497</u>		
<u>1,704,281</u>	<u>441,424</u>	<u>632,669</u>	<u>(1,493,168)</u>	<u>(2,102,923)</u>		
-	9,175	-	149,127	89,842		
5,675,237	4,418,882	2,274,976	3,936,506	2,324,126		
-	-	1,835,000	2,375,000	2,930,000		
-	-	-	-	115,693		
<u>(5,875,237)</u>	<u>(4,057,420)</u>	<u>(3,098,264)</u>	<u>(7,696,848)</u>	<u>(3,224,804)</u>		
<u>(200,000)</u>	<u>370,637</u>	<u>1,011,712</u>	<u>(1,236,215)</u>	<u>2,234,857</u>		
<u>\$ 1,504,281</u>	<u>\$ 812,061</u>	<u>\$ 1,644,381</u>	<u>\$ (2,729,383)</u>	<u>\$ 131,934</u>		
10.97%	9.75%	7.85%	8.36%	7.59%		
8.82%	8.22%	6.49%	5.69%	5.20%		

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CITY OF RED WING, MINNESOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Tax Increment	Franchise Tax	Other Tax	Total
2004	\$ 11,263,244	\$ 1,107,495	\$ 118,025	\$ 26,255	\$ 12,515,019
2005	10,586,886	969,807	116,525	25,466	11,698,684
2006	11,148,675	958,304	116,958	24,952	12,248,889
2007	11,750,841	916,214	119,073	24,897	12,811,025
2008	12,003,479	1,005,387	122,006	47,094	13,177,966
2009	12,426,555	974,402	129,493	28,443	13,558,893
2010	12,303,314	325,053	140,157	30,403	12,798,927
2011	12,120,279	175,241	148,140	31,924	12,475,584
2012	13,025,172	182,081	357,416	30,405	13,595,074
2013	14,211,500	129,926	216,365	33,119	14,590,910

CITY OF RED WING, MINNESOTA
NET TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Class of Property				
	Residential Property	Commercial/ Industrial Property	Public Utility Property	Agricultural Property	Less Tax Exempt Real Property
2004	\$ 7,329,508	\$ 3,566,572	\$ 7,548,176	\$ 152,360	\$ 768,566
2005	8,065,821	3,696,624	7,244,266	140,921	733,949
2006	8,875,238	4,061,099	8,390,237	164,930	806,711
2007	9,753,265	4,134,917	8,878,164	185,798	782,753
2008	10,305,121	4,384,700	8,619,212	204,192	847,815
2009	10,758,334	4,493,366	8,145,933	223,245	858,484
2010	10,422,221	4,557,140	7,830,792	255,484	268,738
2011	10,165,828	4,607,110	8,198,164	234,771	147,368
2012	8,715,559	4,370,842	8,524,214	236,418	142,238
2013	8,606,691	4,217,687	10,330,550	243,075	129,902

Sources: Springsted Inc. and Goodhue County Auditor.

Note: The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages varies depending on the type and value of the property. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represents a basic element of the State's property tax system and are subject to annual revisions by the State Legislature.

Table 7

<u>Total Real Estate Tax Capacity</u>	<u>Personal Property Tax Capacity</u>	<u>Total Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Estimated Market Value</u>
\$ 17,828,050	\$ 294,500	\$ 18,122,550	63.591	\$ 1,381,563,600	1.37 %
18,413,683	303,573	18,717,256	58.369	1,543,126,200	1.26
20,684,793	316,969	21,001,762	54.349	1,662,327,000	1.31
22,169,391	330,511	22,499,902	53.171	1,715,048,800	1.36
22,665,410	325,201	22,990,611	54.698	1,739,849,800	1.37
22,762,394	319,706	23,082,100	55.170	1,691,747,800	1.42
22,796,899	321,288	23,118,187	55.132	1,695,585,300	1.38
23,058,505	343,826	23,402,331	54.671	1,689,961,300	1.39
21,704,795	354,969	22,059,764	59.376	1,551,046,300	1.43
23,268,101	387,988	23,656,089	60.149	1,625,696,000	1.46

CITY OF RED WING, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Direct Rate		
	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total City Direct Tax Rate
Tax capacity rates (per \$100 of adjusted tax capacity value).			
2004	62.951	0.640	63.591
2005	57.802	0.567	58.369
2006	54.349	-	54.349
2007	53.171	-	53.171
2008	54.698	-	54.698
2009	55.170	-	55.170
2010	55.132	-	55.132
2011	54.671	-	54.671
2012	59.376	-	59.376
2013	58.311	1.838	60.149

Source: Goodhue County Auditor's Office.

Note: Special Districts include the Port Authority and the Housing Redevelopment Authority.

Table 8

Overlapping Rates				
County Tax Rate	School District Tax Rate	Special Districts	Total Overlapping Debt	Total and Direct Overlapping Rates
56.942	23.374	2.050	82.366	145.957
53.453	20.439	2.011	75.903	134.272
47.162	18.559	1.911	67.632	121.981
43.452	18.779	2.258	64.489	117.660
42.694	17.580	2.281	62.555	117.253
42.831	17.181	2.406	62.418	117.588
42.329	19.528	2.404	64.261	119.393
43.214	17.309	2.437	62.960	117.631
46.572	19.927	2.598	69.097	128.473
45.076	14.646	2.422	62.144	122.293

CITY OF RED WING, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Table 9

Taxpayer	Type of Business	2013			2004		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 10,610,382	1	48.1 %	\$ 7,466,813	1	41.2 %
Wal-Mart Stores Incorporated	Retail	202,202	2	0.9	239,250	2	1.3
Mayo Clinic Health System	Medical Services	177,893	3	0.8	186,148	3	1.0
Red Wing Shoe Company	Manufacturing	174,361	4	0.8	159,953	5	0.9
Menards, Inc.	Retail	152,663	5	0.7	-	-	-
Target Corporation	Retail	144,636	6	0.7	168,364	4	0.9
M & E Realty Company	Real Estate	123,526	7	0.6	129,394	6	0.7
BIC Graphic USA	Manufacturing	114,016	8	0.5	87,428	8	0.5
Principal Investments LLC	Real Estate	106,216	9	0.5	-	-	-
CJB Real Estate Inc.	Real Estate	104,607	10	0.5	-	-	-
Red Wing Hotel Corporation	Hotel	-	-	-	97,599	7	0.5
Archer-Daniels Midland	Soybean Processor	-	-	-	85,157	9	0.5
Red Wing Grain	Grain Processing	-	-	-	66,842	10	0.4
Total		<u>\$ 11,910,502</u>		<u>54.1 %</u>	<u>\$ 8,686,948</u>		<u>47.9 %</u>
Total All Property		<u>\$ 23,656,089</u>			<u>\$ 18,122,550</u>		

Sources: Springsted Inc. and Goodhue County Auditor.

Mayo Clinic Health System formerly listed as Fairview Red Wing Health Services
 BIC Graphic USA formerly listed as Norwood Promotional Products Promotional Products

CITY OF RED WING, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 10

Fiscal Year Ended December 31,	Total Net Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 11,018,208	\$ 10,914,180	99.1 %	\$ 103,356	\$ 11,017,536	100.0 %
2005	10,430,040	10,323,091	99.0	106,949	10,430,040	100.0
2006	10,915,679	10,798,150	98.9	114,111	10,912,261	100.0
2007	11,444,617	11,287,314	98.6	156,726	11,444,040	100.0
2008	12,047,521	11,850,251	98.4	189,202	12,039,453	99.9
2009	12,188,861	11,999,405	98.4	170,263	12,169,668	99.8
2010	12,955,124	12,747,284	98.4	172,044	12,919,328	99.7
2011	12,226,569	12,067,120	98.7	121,298	12,188,418	99.7
2012	13,015,000	12,880,561 ⁽¹⁾	99.0	87,767	12,968,328	99.6
2013	14,147,810	14,045,965	99.3	-	14,045,965	99.3

Sources: Springsted Inc. and City Finance Department. The numbers presented are the most recent available.

Note: The net levy excludes state aid for property tax relief disparities, if applicable. The net levy is the basis for computing tax capacity rates.

(1) Market Rate Homestead Credit of \$2,455 was unallotted during year and included in collections.

CITY OF RED WING, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities					
	General Obligation Bonds	General Obligation Tax Increment	General Obligation Improvement	Revenue Bonds	Loans Payable	Capital Leases
2004	\$ -	\$ 3,860,000	\$ 6,665,000	\$ 1,501,488	\$ 129,480	\$ 688,773
2005	-	3,030,000	5,925,000	1,444,686	105,880	616,220
2006	-	2,400,000	5,170,000	1,383,155	-	552,126
2007	-	1,800,000	4,390,000	1,317,264	-	484,705
2008	-	1,155,000	3,595,000	1,246,949	-	413,785
2009	-	490,000	2,770,000	1,189,090	-	339,185
2010	-	-	1,920,000	1,131,421	-	260,711
2011	1,835,000	-	1,045,000	1,078,551	-	178,166
2012	4,210,000	-	250,000	728,442	-	91,336
2013	7,086,754	-	-	-	-	-

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

Table 11

Business-type Activities	Total Primary Government	Percentage of Personal Income	Bonded Debt Per Capita
General Obligation Revenue			
\$ 19,648,561	\$ 32,493,302	2.09 %	\$ 1,997
25,439,391	36,561,177	2.40	2,235
24,409,765	33,915,046	2.11	2,077
23,178,512	31,170,481	1.85	1,908
25,973,075	32,383,809	1.83	1,987
24,683,588	29,471,863	1.69	1,809
24,168,891	27,481,023	1.49	1,670
21,768,941	25,905,658	1.32	1,577
20,168,482	25,448,260	1.23	1,544
18,580,255	25,667,009	1.25	1,557

CITY OF RED WING, MINNESOTA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Total
	General Obligation Bonds	General Obligation Tax Increment	General Obligation Improvement	
2004	\$ -	\$ 3,860,000	\$ 6,665,000	\$ 10,525,000
2005	-	3,030,000	5,925,000	8,955,000
2006	-	2,400,000	5,170,000	7,570,000
2007	-	1,800,000	4,390,000	6,190,000
2008	-	1,155,000	3,595,000	4,750,000
2009	-	490,000	2,770,000	3,260,000
2010	-	-	1,920,000	1,920,000
2011	1,835,000	-	1,045,000	2,880,000
2012	4,210,000	-	250,000	4,460,000
2013	7,086,754	-	-	7,086,754

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

Table 12

Resources Restricted in Debt Service For Repayment	Net General Bonded Debt	Percentage of Estimated Taxable Market Value	Per Capita
\$ 4,895,307	\$ 5,629,693	0.41 %	\$ 346
4,728,713	4,226,287	0.27	258
4,166,140	3,403,860	0.20	208
3,637,552	2,552,448	0.15	156
3,067,567	1,682,433	0.10	103
2,551,266	708,734	0.04	43
1,495,690	424,310	0.03	26
967,112	1,912,888	0.11	116
710,110	3,749,890	0.24	228
729,494	6,357,260	0.39	386

CITY OF RED WING, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2013

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct debt			
City of Red Wing	<u>\$ 7,086,754</u>	100.00 %	<u>\$ 7,086,754</u>
Overlapping debt			
Goodhue County	8,220,000	40.20	3,304,440
Independent School District #256	<u>13,715,000</u>	81.70	<u>11,205,155</u>
Total overlapping debt	<u>21,935,000</u>		<u>14,509,595</u>
Total direct and overlapping debt	<u>\$ 29,021,754</u>		<u>\$ 21,596,349</u>

Source: Goodhue County Auditors report of outstanding indebtedness.

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 outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Red Wing. This process recognized that, when considering the government'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.

CITY OF RED WING, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 14

Fiscal Year	Population	Debt Limit	Net Debt Applicable to Limit	Legal Debt Margin	Amount of Debt Applicable to Debt Limit	Net Bonded Debt Per Capita
2004	16,274	\$ 27,631,272	\$ -	\$ 27,631,272	- %	-
2005	16,358	30,862,524	-	30,862,524	-	-
2006	16,329	33,246,540	-	33,246,540	-	-
2007	16,338	34,300,976	-	34,300,976	-	-
2008	16,300	34,796,996	-	34,796,996	-	-
2009	16,294	33,834,956	-	33,834,956	-	-
2010	16,459	50,867,559	-	50,867,559	-	-
2011	16,432	50,698,839	1,260,000	49,438,839	2.49	77
2012	16,481	46,531,389	3,755,915	42,775,474	8.07	228
2013	16,481	48,770,880	6,357,260	42,413,620	13.03	386

Sources: Springsted Inc. and Office of the State Auditor.

Note: For issues with a settlement date after June 30, 2008, State statutes have increased the legal debt limit of general obligation debt a Minnesota city may issue from 2% to 3% of total Estimated Market Value.

Legal Debt Margin Calculation for Fiscal Year 2013

Market value	\$1,625,696,000
Add back exempt real property	-
Total assessed value	<u>1,625,696,000</u>
Debt limit (3% of market value)	<u>48,770,880</u>
Debt applicable to limit	
General obligation bonds	7,086,754
Less amount set aside for repayment of general obligation debt	<u>729,494</u>
Total net debt applicable to limit	<u>6,357,260</u>
Legal debt margin	<u>\$ 42,413,620</u>

CITY OF RED WING, MINNESOTA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

Table 15

Water Revenue Bonds							
Fiscal Year	Utility Operating Revenue	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 1,932,652	\$ 1,558,889	\$ 373,763	\$ 45,000	\$ 16,482	\$ 61,482	6.08
2005	2,425,174	1,383,591	1,041,583	669,000	292,656	961,656	1.08
2006	2,736,193	1,756,970	979,223	687,000	415,821	1,102,821	0.89
2007	3,046,704	1,540,086	1,506,618	710,000	411,075	1,121,075	1.34
2008	2,910,301	1,850,515	1,059,786	722,450	387,235	1,109,685	0.96
2009	3,040,243	1,970,031	1,070,212	741,000	366,303	1,107,303	0.97
2010	2,938,283	1,964,288	973,995	786,000	344,872	1,130,872	0.86
2011	3,085,108	2,029,259	1,055,849	786,000	322,306	1,108,306	0.95
2012	3,223,599	2,091,869	1,131,730	811,000	298,766	1,109,766	1.02
2013	3,178,218	2,046,479	1,131,739	772,000	276,290	1,048,290	1.08

Sewer Revenue Bonds							
Fiscal Year	Utility Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 2,858,593	\$ 2,026,002	\$ 832,591	\$ 240,314	\$ 141,175	\$ 381,489	2.18
2005	3,127,986	1,980,224	1,147,762	265,688	167,549	433,237	2.65
2006	2,836,153	1,833,842	1,002,311	489,475	267,703	757,178	1.32
2007	2,880,038	2,083,821	796,217	478,442	274,977	753,419	1.06
2008	2,883,733	2,502,078	381,655	492,987	239,137	732,124	0.52
2009	3,094,840	2,645,685	449,155	506,760	224,509	731,269	0.61
2010	3,160,976	2,876,002	284,974	522,771	209,451	732,222	0.39
2011	3,296,135	3,219,432	76,703	538,024	193,898	731,922	0.10
2012	3,299,146	2,779,998	519,148	553,533	177,876	731,409	0.71
2013	3,413,980	3,018,542	395,438	570,301	161,363	731,664	0.54

Marina Revenue Bonds							
Fiscal Year	Marina Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 760,496	\$ 498,171	\$ 262,325	\$ 50,000	\$ 60,150	\$ 110,150	2.38
2005	824,426	539,932	284,494	50,000	58,150	108,150	2.63
2006	866,417	546,841	319,576	55,000	56,050	111,050	2.88
2007	800,378	603,708	196,670	55,000	53,850	108,850	1.81
2008	693,278	522,606	170,672	60,000	53,183	113,183	1.51
2009	584,087	405,403	178,684	60,000	49,691	109,691	1.63
2010	566,808	446,809	119,999	65,000	47,117	112,117	1.07
2011	536,481	429,751	106,730	65,000	51,002	116,002	0.92
2012	468,258	385,407	82,851	85,000	20,748	105,748	0.78
2013	451,804	355,315	96,489	90,000	19,978	109,978	0.88

Disposal System Revenue Bonds							
Fiscal Year	Incinerator Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
2009	2,226,303	2,573,658	(347,355)	-	146,626	146,626	(2.37)
2010	2,405,074	2,757,932	(352,858)	80,000	165,683	245,683	(1.44)
2011	2,643,093	2,962,722	(319,629)	145,000	162,951	307,951	(1.04)
2012	2,687,895	2,596,386	91,509	150,000	158,159	308,159	0.30
2013	2,522,812	2,157,636	365,176	155,000	153,009	308,009	1.19

(1) Operating expenses do not include depreciation.

Source: City Finance Department.

CITY OF RED WING, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 16

Fiscal Year	Population ⁽¹⁾	Goodhue County Personal Income ⁽²⁾	Goodhue County Per Capita Personal Income ⁽²⁾	Goodhue County Unemployment Rate ⁽³⁾
2004	16,274	\$ 1,553,017,000	\$ 34,261	4.8 %
2005	16,358	1,522,895,000	33,589	4.5
2006	16,329	1,607,243,000	35,248	4.3
2007	16,338	1,686,830,000	36,777	5.0
2008	16,300	1,767,329,000	38,448	5.6
2009	16,294	1,747,859,000	37,968	7.9
2010	16,459	1,845,466,000	39,955	7.2
2011	16,432	1,960,500,000	42,396	6.3
2012	16,481	2,061,052,000	44,481	5.4
2013	16,481	2,061,052,000	44,481	5.0

(1) U.S Census Bureau and Office of the State Auditor.

(2) U.S. Department of Commerce, Bureau of Economic Analysis.

(3) State of Minnesota, Department of Employment and Economic Development.

Note: Personal Income and Unemployment Rate information relevant to the City of Red Wing was only available for Goodhue County as is provided above.

The 2013 Personal Income information for Goodhue County will not be released until sometime in August of 2014, therefore the 2012 figures were used.

CITY OF RED WING, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2013		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,429	1	10.74 %
Red Wing Shoe Company	951	2	7.15
Mayo Clinic Health System (b)	780	3	5.86
Xcel Energy	755	4	5.67
Capital Safety (c)	482	5	3.62
Bic Graphic USA	475	6	3.57
Independent School District #256	425	7	3.19
Goodhue County	350	8	2.63
City of Red Wing	180	9	1.35
Hiawatha Home care	180	9	1.35
St. Brigid's at High Park	174	10	1.31
ProAct (d)	-	-	-
SB Foot Tanning	-	-	-
Josten's	-	-	-
Interstate Medical (b)	-	-	-
Total	<u>6,181</u>		<u>46.44 %</u>
Total City Employment	<u>13,307</u>		

Sources: State of Minnesota, Department of Employment and Economic Development, March 2014 phone survey and 2004 Red Wing Housing Study.

(a) Operated by the Prairie island Mdewakanton Dakota Tribe on tax-exempt reservation land.

(b) Formerly listed as Fairview Red Wing Health Center.

(c) Formerly listed as DB Industries. Includes full and part-time employees.

Table 17

2004

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
1,875	1	17.66 %
1,200	2	11.30
450	4	4.24
640	3	6.03
228	10	2.15
349	5	3.29
450	4	4.24
-	-	-
-	-	-
-	-	-
-	-	-
315	6	2.97
266	7	2.51
253	8	2.38
233	9	2.20
<u>6,259</u>		<u>58.97 %</u>
<u>10,615</u>		

CITY OF RED WING, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of December 31,			
	2004	2005	2006	2007
Governmental Activities				
General government				
Council administrator	3	3	3	3
City clerk	2	2	2	3
Finance	4	4	4	4
Employee services	3	3	4	4
Community development	2	3	3	3
Communications	1	1	1	2
Information technology	2	2	2	3
Public safety				
Police	31	33	33	33
Fire	11	11	11	11
Inspection	5	5	6	6
Streets and highways				
Maintenance	15	15	14	13
Engineering	7	7	7	7
Culture and recreation				
Library	6	6	6	6
Parks	10	10	10	11
All other governmental employees				
Cemetery	2	2	2	2
Public services	-	-	-	-
Buildings and grounds	-	-	-	-
Central services	4	4	6	6
Port Authority	3	3	3	3
Sheldon Theatre	3	3	3	3
Internal service administration	-	-	-	-
Business-type Activities				
Refuse and recycling	12	12	12	12
Water	10	10	10	10
Sewer	12	12	12	12
Storm water	-	-	-	-
Incinerator	11	11	13	13
Marina	1	1	1	1
Ambulance	10	10	10	10
Total	170	173	178	181

Sources: City Finance Department and Employee Services Department.

Note: A full-time employee is scheduled to work 2,080 hours per year, including vacation and sick leave.

Table 18

Full-Time Equivalent Employees as of December 31,

2008	2009	2010	2011	2012	2013
2	2	2	-	-	-
2	2	2	-	-	-
4	4	4	-	-	-
4	4	4	-	-	-
3	3	3	3	1	-
3	2	2	-	-	-
3	3	3	-	-	-
35	31	31	31	31	31
11	12	12	12	12	12
6	4	4	1	2	2
11	11	15	15	10	11
7	7	7	7	7	7
6	6	6	6	5	6
9	9	9	9	7	7
2	1	-	-	-	-
-	-	-	-	2	2
-	-	-	-	5	5
6	6	6	6	6	5
3	3	2	2	2	2
3	3	3	3	3	3
-	-	-	17	16	17
12	13	10	9	9	9
11	11	12	11	11	11
13	14	14	14	14	13
-	1	1	1	1	1
13	13	12	12	12	12
1	1	1	1	1	1
11	12	12	12	12	13
<u>181</u>	<u>178</u>	<u>177</u>	<u>172</u>	<u>169</u>	<u>170</u>

CITY OF RED WING, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Elections*				
Number of registered voters	11,458		10,883	
Number of votes cast	8,874		6,828	
Police				
Number of calls for service	12,058	12,177	12,551	12,307
Fire				
Number of fire calls	641	777	993	945
Building permits				
Newly issued residential permits	78	113	57	28
Total valuation of residential permits	\$ 15,783,053	\$ 19,808,975	\$ 16,722,013	\$ 5,057,064
Newly issued civic and institutional permits	4	-	-	1
Total valuation of civic and institutional permits	\$ 4,987,135	\$ -	\$ -	\$ 25,000
Newly issued commercial permits	6	6	9	8
Total valuation of commercial permits	\$ 4,462,135	\$ 1,477,125	\$ 879,398	\$ 5,496,073
Newly issued industrial permits	1	1	-	-
Total valuation of industrial permits	\$ 328,000	\$ 1,427,000	\$ -	\$ -
Refuse				
Refuse collected (tons/year)	6,094	6,195	6,124	6,319
Water				
Number of accounts	6,160	6,168	6,175	6,183
Average daily water demand in gallons	1,700,000	1,700,000	1,700,000	1,700,000
Peak daily water demand in gallons	4,000,000	4,000,000	4,000,000	4,000,000
Wastewater				
Peak daily dry weather sewage treatment flow in gallons	6,800,000	6,800,000	6,800,000	6,800,000
Peak daily wet weather sewage treatment flow in gallons	10,000,000	10,000,000	10,000,000	10,000,000

Sources: Various City departments.

* Elections are held in even numbered years.

Table 19

		Fiscal Year					
		2008	2009	2010	2011	2012	2013
		10,185		9,522		9,443	
		8,860		6,568		8,748	
		11,432	11,859	14,479	15,472	15,980	15,497
		991	929	949	920	877	837
		17	5	8	9	8	7
\$		2,521,878	\$ 1,063,647	\$ 1,601,745	\$ 1,539,000	\$ 1,333,434	\$ 1,565,000
		1	1	-	-	1	4
\$		900,333	\$ 100,000	\$ -	\$ -	\$ 20,000	\$ 966,000
		6	2	1	4	4	4
\$		3,513,900	\$ 965,000	\$ 1,664,000	\$ 1,708,850	\$ 3,513,494	\$ 766,280
		-	-	-	-	-	-
\$		-	\$ -	\$ -	\$ -	\$ -	\$ -
		6,168	6,222	6,458	6,787	6,802	6,614
		6,192	6,255	6,249	6,206	6,205	6,205
		1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,500,000
		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	3,300,000
		6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000
		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000

CITY OF RED WING, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year			
	2004	2005	2006	2007
General government				
Municipal governmental buildings	9	9	9	9
Public safety				
Police				
Patrol units	18	18	18	18
Fire				
Fire units	7	7	7	7
Public works				
Street division				
Miles of street	113.38	114.94	116.10	116.98
Parks division				
Parks and playgrounds	34	34	34	34
Acres of parks and playgrounds	931.41	943.02	943.02	943.02
Swimming pools	1	1	1	1
Number of city owned golf courses	1	1	1	1
Parking ramps				
Number of ramps	3	3	3	3
Water				
Number of deep wells and reservoirs	17	15	13	13
Number of pump stations	8	8	8	8
Number of water treatment facilities	1	2	2	2
Wastewater				
Number of wastewater treatment facilities	2	2	2	2
Lift stations	9	12	12	12
Ambulance				
Ambulance units	3	3	3	3

Sources: Various City departments.

Table 20

Fiscal Year						
2008	2009	2010	2011	2012	2013	
9	9	9	9	9	9	
19	18	18	17	18	18	
7	7	7	7	8	8	
117.28	117.28	117.28	117.59	117.59	117.50	
34	34	34	34	34	34	
943.02	943.02	943.02	943.02	943.02	943.02	
1	1	1	1	1	1	
1	1	1	1	1	1	
1						
3	3	3	3	3	3	
1						
12	12	12	12	12	12	
8	8	8	8	8	8	
2	2	2	2	2	2	
2	2	2	2	2	2	
12	12	12	12	12	12	
3	4	4	4	4	4	

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**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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**CITY OF RED WING
RED WING, MINNESOTA**

Schedule A

**SCHEDULE OF CASH AND INVESTMENTS
December 31, 2013**

	Interest Rate (%)	Maturity Date	Carrying Amount
General Pooled Deposits and Investments			
Checking accounts			
Merchants Bank	Varies	-	\$ 75
Associated Bank	Varies	-	650,675
Wells Fargo checking	Varies	-	439
Wells Fargo - Larry Kuhl account	Varies	-	5,653
Total checking accounts			656,842
Petty cash			4,085
Certificates of deposit			
Wells Fargo	0.70%	03/31/15	268,057
Total certificates of deposit			268,057
Negotiable certificates of deposit			
CD - CIT BANK, SALT LAKE CITY, UT	2.10%	07/05/19	244,152
CD - GE CAPITAL BANK, SALT LAKE CITY, UT	2.00%	07/13/18	247,680
CD - GE CAPITAL RETAIL BANK, DRAPER UT	2.00%	06/08/18	227,624
CD - WORLD FINANCIAL NETWORK BANK, WILMIINGTON, DE	1.85%	06/08/17	202,676
CD - DISCOVER BANK, GREENWOOD, DE	1.80%	07/18/17	246,566
CD - GOLDMAN SACS BANK, NY, NY	1.80%	08/15/17	246,485
Total negotiable certificates of deposit			1,415,182
U.S. government securities			
FFCB	4.90%	12/28/20	2,126,395
FHLB	Step Up 1.25% - 6.00%	05/15/28	859,510
FHLB	Step Up 1.00% - 6.00%	12/28/27	932,750
FHLB	Step Up 1.25% - 6.00%	11/26/27	1,368,345
FHLB	Step Up 2.00% - 4.00%	11/08/27	880,130
FHLB	Step Up 1.00% - 5.00%	05/28/25	785,749
FHLB	Step Up 1.50% - 6.00%	07/10/23	961,420
FHLB	Step Up 1.25% - 5.25%	05/08/23	551,496
FHLB	Step Up 1.25% - 5.25%	05/08/23	459,580
FHLB	Step Up 1.25% - 4.00%	04/18/23	936,960
FHLB	Step Up 1.125% - 5.00%	03/28/23	545,681
FHLB	Step Up 1.125% - 5.00%	03/28/23	47,451
FHLB	Step Up 1.50% - 7.50%	01/30/23	1,848,600
FHLB	Step Up 1.50% - 7.50%	01/30/23	489,879
FHLB	Step Up 1.50% - 7.50%	01/30/23	494,501
FHLB	Step Up 1.00% - 6.00%	01/30/23	236,650
FHLB	Step Up 1.00% - 6.00%	01/30/23	236,650
FHLB	Step Up 1.00% - 6.00%	01/30/23	134,891
FHLB	Step Up 1.00% - 6.00%	01/30/23	134,891
FHLB	Step Up 1.00% - 6.00%	12/28/22	734,691
FHLB	Step Up 1.00% - 5.00%	12/28/22	954,220
FHLB	Step Up 1.00% - 5.00%	12/28/22	524,821
FHLB	Step Up 1.00% - 5.00%	12/28/22	114,506
FHLB	Step Up 0.750% - 5.00%	10/25/22	386,756
FHLB	Step Up 1.00% - 5.00%	10/25/22	722,805
FHLB	Step Up 1.00% - 5.00%	10/18/22	765,008
FHLB	Step Up 1.50% - 5.50%	09/13/22	472,435
FHLB	Step Up 1.50% - 5.50%	09/13/22	472,435
FHLMC	Step Up 2.00% - 6.00%	12/27/23	549,623
FHLMC	Step Up 2.00% - 6.00%	10/30/23	535,495
FHLMC	Step Up 1.75% - 8.00%	05/23/23	918,130
FHLMC	Step Up 1.625% - 9.00%	04/25/23	507,858
FHLMC	Step Up 1.625% - 9.00%	04/25/23	453,445
FHLMC	Step Up 1.625% - 5.00%	04/04/23	1,377,060
FHLMC	Step Up 2.00% - 5.50%	05/25/22	1,422,015
FHLMC	Step Up 2.00% - 7.00%	05/18/22	1,434,015
FHLMC	Step Up 2.00% - 7.00%	05/18/22	1,147,212
FHLMC	Step Up 2.00% - 7.00%	05/18/22	1,529,616
FNMA	Step Up 2.00% - 6.00%	06/21/32	447,460
FNMA	Step Up 2.00% - 6.00%	06/21/32	447,460
FNMA	Step Up 2.00% - 6.00%	06/21/32	894,920
FNMA	Step Up 1.50% - 5.50%	04/25/28	868,300
FNMA	Step Up 1.25% - 6.00%	03/27/28	1,414,200
FNMA	Step Up 1.75% - 5.05%	08/13/27	919,650
FNMA	Step Up 1.75% - 5.05%	08/13/27	459,825

**CITY OF RED WING
RED WING, MINNESOTA**

Schedule A

**SCHEDULE OF CASH AND INVESTMENTS
December 31, 2013**

	Interest Rate (%)	Maturity Date	Carrying Amount
FNMA	Step Up 2.00% - 6.50%	07/30/27	\$ 858,490
FNMA	Step Up 2.00% - 6.50%	07/30/27	858,490
FNMA	Step Up 1.00% - 6.00%	07/30/27	884,460
FNMA	Step Up 2.00% - 6.50%	07/23/27	367,816
FNMA	Step Up 1.50% - 6.50%	06/28/27	944,160
FNMA	Step Up 1.50% - 6.50%	06/28/27	944,160
FNMA POOL	4.50%	06/01/33	247,588
FNMA POOL	5.00%	05/15/33	67,619
FNMA POOL	5.00%	05/01/33	70,659
Total U.S. government securities			39,748,931
Other Investments			
Minnesota Community Capital Fund			103,200
St. Paul Foundation			3,522,561
Broker Money Market Accounts			8,984,096
Total other investments			12,609,857
Total General Pooled Deposits and Investments			\$ 54,702,954

**CITY OF RED WING
RED WING, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>General Fund</u>	<u>Airport</u>	<u>US EPA Hazardous Substances</u>	<u>US EPA Petroleum</u>	<u>Library</u>	
Shared Revenue						
State						
Highway users tax	\$ 295,462	\$ -	\$ -	\$ -	\$ -	\$ -
Market value credit	2,523	-	-	-	-	-
Local government aid	619,586	-	-	-	-	-
State PERA aid	32,922	-	-	-	-	-
Utility value transition aid	380,952	-	-	-	-	-
State police pension aid	182,167	-	-	-	-	-
State fire pension aid	110,701	-	-	-	-	-
Total Shared Revenue	1,624,313	-	-	-	-	-
Grants						
County and Local						
Miscellaneous	46,209	-	-	-	95,987	95,987
Total County and Local	46,209	-	-	-	95,987	95,987
State						
Minnesota Department of						
Police - Toward Zero Deaths	16,964	-	-	-	-	-
Transportation	-	40,314	-	-	-	40,314
Natural Resources	25,000	-	-	-	-	-
Miscellaneous	-	75	-	-	-	75
Library grant	-	-	-	-	23,410	23,410
Minnesota Historical and Cultural	116,017	-	-	-	-	-
Minnesota Peace Officers Board (POST)	8,886	-	-	-	-	-
Total State	166,867	40,389	-	-	23,410	63,799
Federal						
U.S. Department of						
Health and Human Services	-	-	47,203	11,478	-	58,681
Justice	1,825	-	-	-	-	-
Transportation	-	-	-	-	-	-
Aeronautics	-	10,000	-	-	-	10,000
Homeland Security	46,239	-	-	-	-	-
Total Federal	48,064	10,000	47,203	11,478	-	68,681
Total Grants	261,140	50,389	47,203	11,478	119,397	228,467
Total Intergovernmental Revenue	\$ 1,885,453	\$ 50,389	\$ 47,203	\$ 11,478	\$ 119,397	\$ 228,467

Schedule B

Capital Projects Funds							
Capital Improvement Assessment	Airport Federal Projects	East 5th Street Bridge Project	Sturgeon Lake Road	Levee Road Jackson to Broad Street	Old Highway #19	Total	Totals All Funds
\$ 423,715	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ 548,715	\$ 844,177
-	-	-	-	-	-	-	2,523
-	-	-	-	-	-	-	619,586
-	-	-	-	-	-	-	32,922
-	-	-	-	-	-	-	380,952
-	-	-	-	-	-	-	182,167
-	-	-	-	-	-	-	110,701
423,715	-	-	-	125,000	-	548,715	2,173,028
-	-	-	-	-	-	-	142,196
-	-	-	-	-	-	-	142,196
-	-	-	-	-	-	-	16,964
-	-	1,693,400	-	-	604,310	2,297,710	2,338,024
-	-	-	-	-	-	-	25,000
-	-	-	-	-	-	-	75
-	-	-	-	-	-	-	23,410
-	-	-	-	-	-	-	116,017
-	-	-	-	-	-	-	8,886
-	-	1,693,400	-	-	604,310	2,297,710	2,528,376
-	-	-	-	-	-	-	58,681
-	-	-	-	-	-	-	1,825
-	166,879	-	190,298	-	-	357,177	357,177
-	-	-	-	-	-	-	10,000
-	-	-	-	-	-	-	46,239
-	166,879	-	190,298	-	-	357,177	473,922
-	166,879	1,693,400	190,298	-	604,310	2,654,887	3,144,494
\$ 423,715	\$ 166,879	\$ 1,693,400	\$ 190,298	\$ 125,000	\$ 604,310	\$ 3,203,602	\$ 5,317,522

**CITY OF RED WING
RED WING, MINNESOTA
DETAILED COMBINED SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>BONDED INDEBTEDNESS</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>% SUPPORTED BY TAXES</u>	<u>AUTHORIZED</u>
<u>GENERAL OBLIGATION BONDS</u>					
\$1,835M GO Bonds of 2011A	1.928 %	08/01/12	02/01/22	100%	\$ 1,835,000
\$2,375M GO Bonds of 2012A	1.488	02/01/13	02/01/23	100%	2,375,000
\$2,930M GO Bonds of 2013A	1.324	02/01/14	02/01/24	100%	<u>2,930,000</u>
TOTAL GENERAL OBLIGATION BONDS					<u>7,140,000</u>
<u>GENERAL OBLIGATION IMPROVEMENT (SPECIAL ASSESSMENT) BONDS</u>					
\$5,720M Improvement Bonds of 1999C	4.9275	10/01/99	02/01/12	0%	5,720,000
\$2,625M Improvement Bonds of 2002A	4.1516	04/01/02	02/01/13	0%	<u>2,625,000</u>
TOTAL SPECIAL ASSESSMENT BONDS					<u>8,345,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS</u>					
\$750M Sewer Revenue Note 1996	3.824	12/20/96	08/20/17	0%	750,000
\$700M Sewer Revenue Note 1997	3.405	12/02/97	02/20/18	0%	700,000
\$2,500M Sewer Revenue Note 1998	3.34	05/22/98	08/20/18	0%	2,500,000
\$920M G. O. Marina Revenue Ref Bonds 2010A	2.592	05/01/11	05/01/21	0%	920,000
\$2,100M Sewer Revenue Note 2002	3.740	10/11/02	08/20/22	0%	2,100,000
\$500M G.O. Water Revenue Bonds 2002B	3.965	04/01/02	02/01/12	0%	500,000
\$15,417M G.O. Water Revenue Bonds 2004	2.819	04/12/04	08/20/23	0%	15,417,000
\$5,283,360 G.O. Sewer Revenue Bonds 2004	2.340	08/24/04	08/20/24	0%	5,283,360
\$4,070,000 G.O. Disposal System Bonds 2008A	4.235	02/01/08	02/01/29	0%	<u>4,070,000</u>
TOTAL GENERAL OBLIGATION REVENUE BONDS					<u>32,240,360</u>
<u>REVENUE BONDS</u>					
\$1,700M Taxable Golf Course Revenue Bonds of 1998	7.75	03/31/98	04/01/20	0%	<u>1,700,000</u>
TOTAL REVENUE BONDS					<u>1,700,000</u>
TOTAL BONDS PAYABLE					<u>49,425,360</u>
<u>LEASES PAYABLE</u>					
Lease Payable - Oshkosh	5.09	09/22/2003	09/22/13	100%	<u>735,078</u>
TOTAL LEASES PAYABLE					<u>735,078</u>
TOTAL CITY INDEBTEDNESS					<u>\$ 50,490,518</u>

Schedule C

<u>ISSUED</u>	<u>RETIRED</u>	<u>LONG-TERM OUTSTANDING</u>	<u>PRINCIPAL DUE IN 2014</u>	<u>INTEREST DUE IN 2014</u>
\$ 1,835,000	\$ 160,000	\$ 1,675,000	\$ 175,000	\$ 27,746
2,375,000	-	2,375,000	300,000	27,132
2,930,000	-	2,930,000	-	75,854
<u>7,140,000</u>	<u>160,000</u>	<u>6,980,000</u>	<u>475,000</u>	<u>130,732</u>
5,720,000	5,720,000	-	-	-
2,625,000	2,625,000	-	-	-
<u>8,345,000</u>	<u>8,345,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
750,000	554,004	195,995	46,941	7,050
700,000	499,290	200,710	42,067	6,479
2,500,000	1,803,019	696,981	150,333	22,034
920,000	175,000	745,000	85,000	18,264
1,494,594	675,594	819,000	78,000	30,631
500,000	500,000	-	-	-
15,283,450	6,254,450	9,029,000	794,000	254,528
5,283,360	1,944,360	3,339,000	270,000	78,133
4,070,000	530,000	3,540,000	160,000	146,045
<u>31,501,404</u>	<u>12,935,717</u>	<u>18,565,686</u>	<u>1,626,341</u>	<u>563,164</u>
<u>1,700,000</u>	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,700,000</u>	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>48,686,404</u>	<u>23,140,717</u>	<u>25,545,686</u>	<u>2,101,341</u>	<u>693,896</u>
<u>735,078</u>	<u>735,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>735,078</u>	<u>735,078</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 49,751,562</u>	<u>\$ 24,205,875</u>	<u>\$ 25,545,686</u>	<u>\$ 2,101,341</u>	<u>\$ 693,896</u>

CITY OF RED WING
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
FOR TAX INCREMENT DISTRICT #7-1
FOR THE YEAR ENDED DECEMBER 31, 2013
(Unaudited)

Schedule D

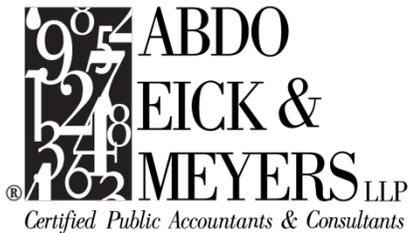
	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds:				
Tax increments received	\$ 6,092,300	\$ 1,658,007	\$ 129,926	\$ (4,304,367)
Interest on invested funds	-	172	-	172
Total Sources of Funds	6,092,300	1,658,179	129,926	(4,304,195)
Uses of Funds:				
Acquisition costs	2,615,000	1,029,206	-	1,585,794
Site improvements	602,300	-	-	602,300
Note interest payments	2,460,000	545,900	121,909	1,792,191
Administration	295,000	80,954	865	213,181
Capitalized interest	120,000	-	-	120,000
Total Uses of Funds	6,092,300	1,656,060	122,774	4,313,466
 District Balance (or Deficiency)	 -	 2,119	 7,152	 9,271
 Funds Remaining (or Deficiency)	 \$ -	 \$ 2,119	 \$ 7,152	 \$ 9,271

OTHER REQUIRED REPORTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Red Wing, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Red Wing, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2014.

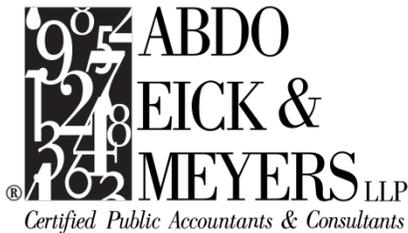
The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

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

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

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 23, 2014



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

Honorable Mayor and City Council
City of Red Wing, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Red Wing, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 23, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 23, 2014