

City of Red Wing, Minnesota Comprehensive Annual Financial Report



Photo Courtesy of Bruce Reuter

**For the Fiscal Year Ended
December 31, 2014**

CITY OF RED WING
RED WING, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

PREPARED BY:

FINANCE DEPARTMENT

MARSHALL HALLOCK, CPA
Finance Director

Member GFOA of U.S. and Canada
Published June 5, 2015

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INTRODUCTORY SECTION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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June 5, 2015

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, 2014.

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.

The financial statements in this report have been audited by Abdo, Eick & 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, 2014 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, 2014, 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 30th 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 13,402 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 2014 improved over the 2007 - 2011 fiscal years and improved over the activity levels experienced in fiscal years 2012 - 2013. In 2014, the City issued 17 permits for new residential construction with a valuation of \$ 4,514,616 compared to 7 in 2013 with a valuation of \$1,565,000. The 17 residential permits issued in 2014 are above the five-year average of 9.8 residential permits and above the five-year average valuation of \$2,110,759.

In 2014, the City issued 8 civic, institutional, commercial and industrial permits with a valuation of \$11,728,189 compared to 8 in 2013 with a valuation of \$1,732,280. The 8 civic, institutional and commercial and industrial permits issued in 2014 are above the five-year average of 5.2 civic, institutional, commercial and industrial permits. The valuation of the 8 civic, institutional and commercial permit issued in 2014 is above the five-year average valuation of \$4,073,363.

A total of 25 residential, civic, institutional commercial and industrial permits were issued in 2014 with a combined valuation of \$16,242,805. The 25 residential, civic, institutional commercial and industrial permits issued in 2014 are up from the five-year average of 15 residential, civic, institutional commercial and industrial permits. The valuation of the 25 residential, civic, institutional commercial and industrial permits issued in 2014 is above the five-year average valuation of \$6,184,122.

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 \$36.4 million of street related transportation improvements are being planned over the next 5 years with approximately \$18 million for 2015. 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 2015 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 2014. 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 2014 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 2014 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 continued in 2014 on a proposed public safety facility which will facilitate meeting emergency response time goals within the western sections of the City.

Design work continued 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 continued on improvements to the Solid Waste Campus which will 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 2014 that enhanced the quality of life, livability, beauty and recreational opportunities for our community. Improvements were made to regional trails, regional park facilities, 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 & 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, 2013. This was the sixth 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 & 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

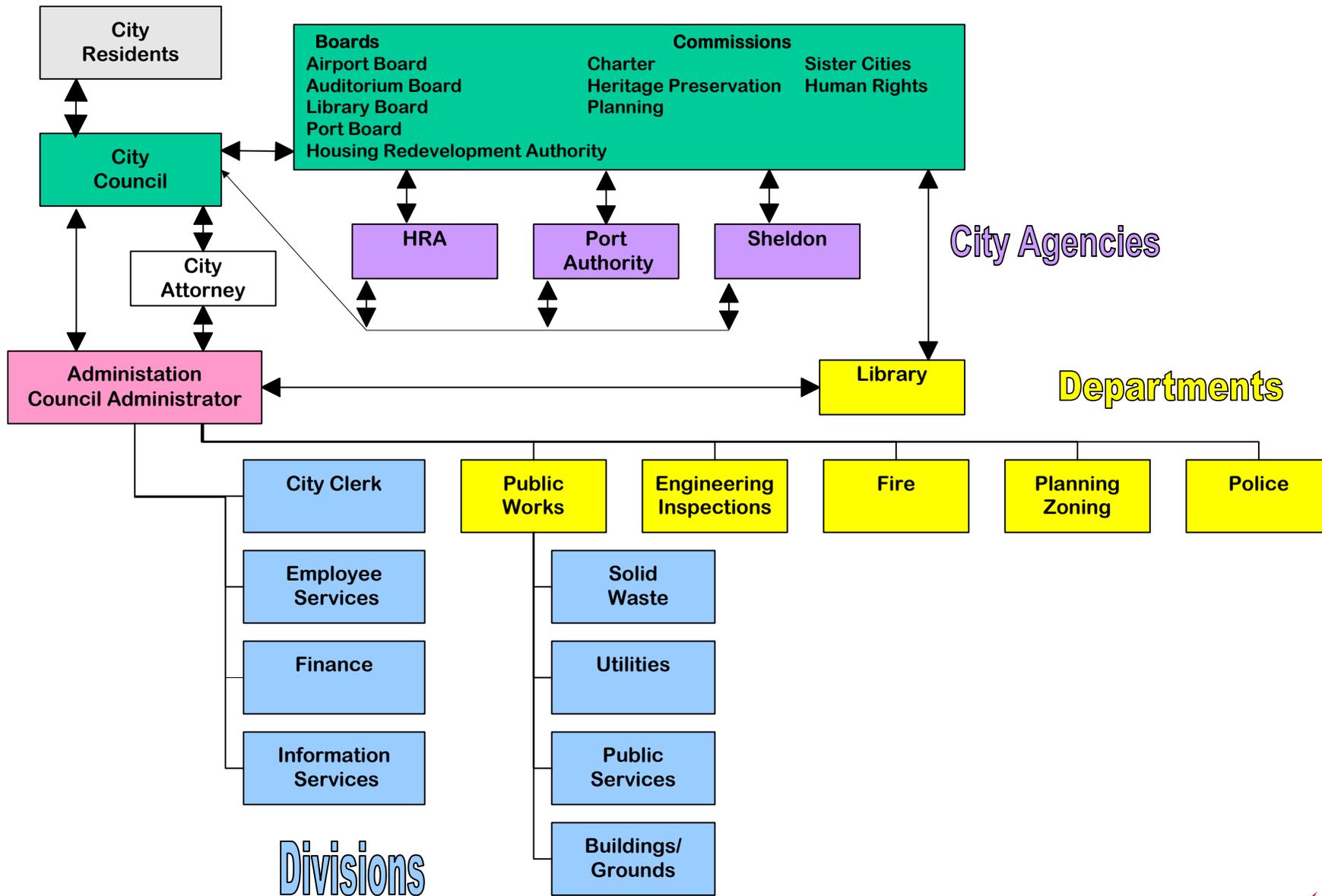


Back row: (left to right) Council Member Ralph Rauterkus, Council Member Jason Sebion, Council Member Dean Hove, and Council Member Michael Schultz. Front Row: (left to right) Council Member Peggy Rehder, Council President Lisa Bayley, Mayor Dan Bender, and Council Member Marilyn Meinke.

ADMINISTRATIVE PERSONNEL

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

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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, 2013

Executive Director/CEO

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FINANCIAL SECTION

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

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 2013 financial statements and, in our report dated June 23, 2014, 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 presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2014, 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 accordance 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, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, supplementary information 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 5, 2015, 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 5, 2015

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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, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found 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 \$140,939,868 (net position). Of this amount, \$39,500,465 (*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 \$4,718,800, compared to an increase of \$2,027,460 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 increase from the previous year is mainly due to the increase in fair value of investments of approximately \$2.1 million reported at year end. Furthermore, curtailing the increase was a loss on discontinued operations in the Solid Waste Campus fund of \$2,564,361 during 2014.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$37,148,587, an increase of \$2,631,390 in comparison with the prior year. A significant portion of the net increase is attributable to the timing of planned capital outlays within the General fund, assessment collections in the Capital Improvement Assessment fund, the previously mentioned increase in fair value of investments reported at year end and improvement project expenditures exceeding revenues. Approximately 30.5 percent of this total amount, \$11,334,364, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$25,814,223) is not available for new spending because it is either 1) nonspendable (\$5,185,387), 2) restricted (\$11,871,096), 3) committed (\$4,367,845), or 4) assigned (\$4,389,895) 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 \$29,058,543 compared to \$31,689,933 generated in revenues and other financing sources for governmental programs.
- The General fund reported an increase in fund balance this year of \$1,660,738. Revenues were greater than the final budget by \$309,020 and expenditures were less than the final budget by \$2,067,939. Substantially all this increase is attributable to the previously mentioned increase in fair value of investments reported at year-end and the timing of planned capital acquisitions and improvement projects.
- At the end of the current year, unassigned fund balance of the General fund was \$12,674,073, or 86.1 percent of total General fund expenditures.
- The City's total debt decreased by \$1,646,341, or 6.4 percent during the current fiscal year. This was a result of the City issuing \$1,115,000 in additional debt and retired principal of \$2,761,341 during the year.

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

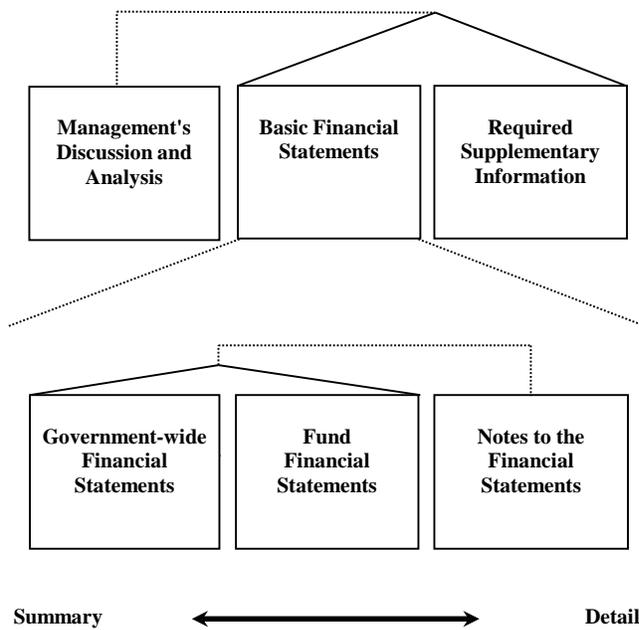


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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 inflow/outflow 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, solid waste campus, 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, four 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), the Capital Improvement Assessment fund and the West Avenue Reconstruction 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, solid waste campus, marina, ambulance, and storm water 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, insurance (risk management) activities, and information technology, postemployment benefits and engineering 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, solid waste campus, 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 210 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 \$140,939,868 at the close of the most recent fiscal year. A large portion of the City's net position (62.6 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		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Current and other assets	\$ 49,808,089	\$ 47,576,501	\$ 2,231,588	\$ 10,459,081	\$ 13,711,861	\$ (3,252,780)
Capital assets	52,938,702	47,766,338	5,172,364	58,257,180	59,098,233	(841,053)
Total assets	102,746,791	95,342,839	7,403,952	68,716,261	72,810,094	(4,093,833)
Long-term liabilities outstanding	9,673,648	8,911,893	761,755	17,419,512	19,624,626	(2,205,114)
Other liabilities	2,241,643	1,759,212	482,431	1,188,381	1,636,134	(447,753)
Total liabilities	11,915,291	10,671,105	1,244,186	18,607,893	21,260,760	(2,652,867)
Net position						
Net investment in capital assets	46,262,064	41,825,328	4,436,736	41,964,192	40,517,978	1,446,214
Restricted	12,812,857	11,964,453	848,404	400,290	382,228	18,062
Unrestricted	31,756,579	30,881,953	874,626	7,743,886	10,649,128	(2,905,242)
Total net position	\$ 90,831,500	\$ 84,671,734	\$ 6,159,766	\$ 50,108,368	\$ 51,549,334	\$ (1,440,966)

Additionally, a portion of the City's net position (9.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (28.0 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 \$4,718,800, compared to an increase of \$2,027,460 in the previous year. Contributing to this increase is attributable to operating grants, capital grants and contributions including special assessments, municipal State aids for street and other various improvements. Also contributing to this increase is an increase in fair value of investments of approximately \$2.1 million reported at year end. Furthermore, curtailing the increase was a loss on discontinued operations in the Waste to Energy fund of \$2,564,361 during 2014.

Governmental activities. Governmental activities increased the City's net position by \$6,159,766. Key elements of this increase are as follows:

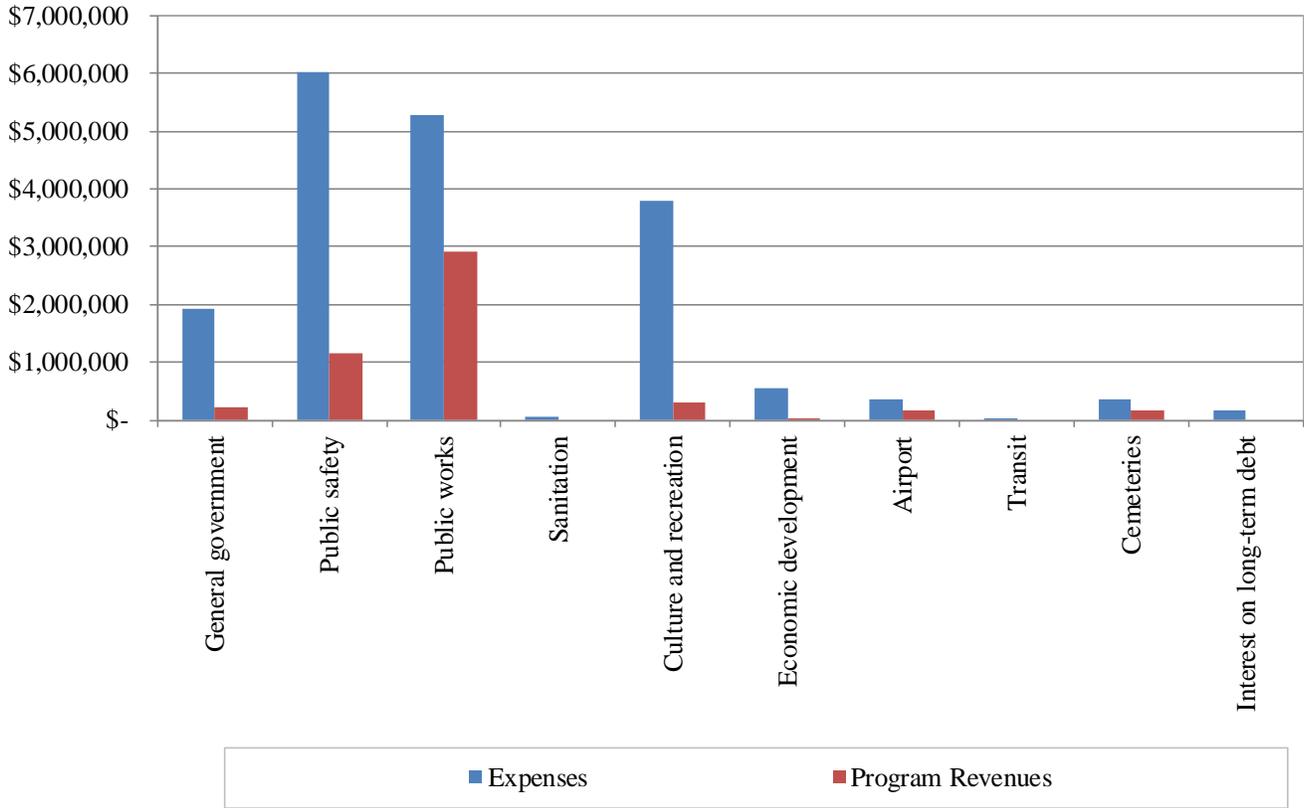
City of Red Wing's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,365,757	\$ 1,930,032	\$ (564,275)	\$ 17,250,903	\$ 17,298,070	\$ (47,167)
Operating grants and contributions	1,198,873	2,712,569	(1,513,696)	54,787	4,710	50,077
Capital grants and contributions	2,376,861	2,282,063	94,798	-	-	-
General revenues						
Property taxes	14,591,935	14,163,981	427,954	-	-	-
Other taxes	387,869	404,829	(16,960)	-	-	-
Grants and contributions not restricted to specific programs	2,020,910	1,136,834	884,076	-	-	-
Unrestricted investment earnings (loss)	2,209,808	(1,402,035)	3,611,843	1,115,146	(919,620)	2,034,766
Other	48,432	130,824	(82,392)	-	-	-
Gain on sale of capital assets	31,854	89,842	(57,988)	112,220	122,127	(9,907)
Total revenues	24,232,299	21,448,939	2,783,360	18,533,056	16,505,287	2,027,769
Expenses						
General government	1,928,550	1,950,660	(22,110)	-	-	-
Public safety	6,033,337	5,556,816	476,521	-	-	-
Public works	5,291,324	5,556,878	(265,554)	-	-	-
Sanitation	48,969	94,652	(45,683)	-	-	-
Culture and recreation	3,791,583	4,000,733	(209,150)	-	-	-
Economic development	562,704	553,909	8,795	-	-	-
Airport	358,401	872,190	(513,789)	-	-	-
Transit	22,904	45,120	(22,216)	-	-	-
Cemeteries	368,248	326,916	41,332	-	-	-
Interest and fiscal charges	153,007	105,782	47,225	-	-	-
Ambulance	-	-	-	3,921,127	3,946,409	(25,282)
Refuse collection and recycling	-	-	-	2,050,561	2,086,819	(36,258)
Water	-	-	-	3,127,351	2,901,369	225,982
Sewer	-	-	-	4,216,823	3,972,286	244,537
Storm water	-	-	-	622,651	660,862	(38,211)
Solid waste campus	-	-	-	2,272,893	2,678,199	(405,306)
Marina	-	-	-	711,761	617,166	94,595
Total expenses	18,559,027	19,063,656	(504,629)	16,923,167	16,863,110	60,057
Increase (decrease) in net position before transfers	5,673,272	2,385,283	3,287,989	1,609,889	(357,823)	1,967,712
Transfers	486,494	(977,026)	1,463,520	(486,494)	977,026	(1,463,520)
Loss on discontinued operations	-	-	-	(2,564,361)	-	(2,564,361)
Change in net position	6,159,766	1,408,257	4,751,509	(1,440,966)	619,203	(2,060,169)
Net position - January 1	84,671,734	83,263,477	1,408,257	51,549,334	50,930,131	619,203
Net position - December 31	\$ 90,831,500	\$ 84,671,734	\$ 6,159,766	\$ 50,108,368	\$ 51,549,334	\$ (1,440,966)

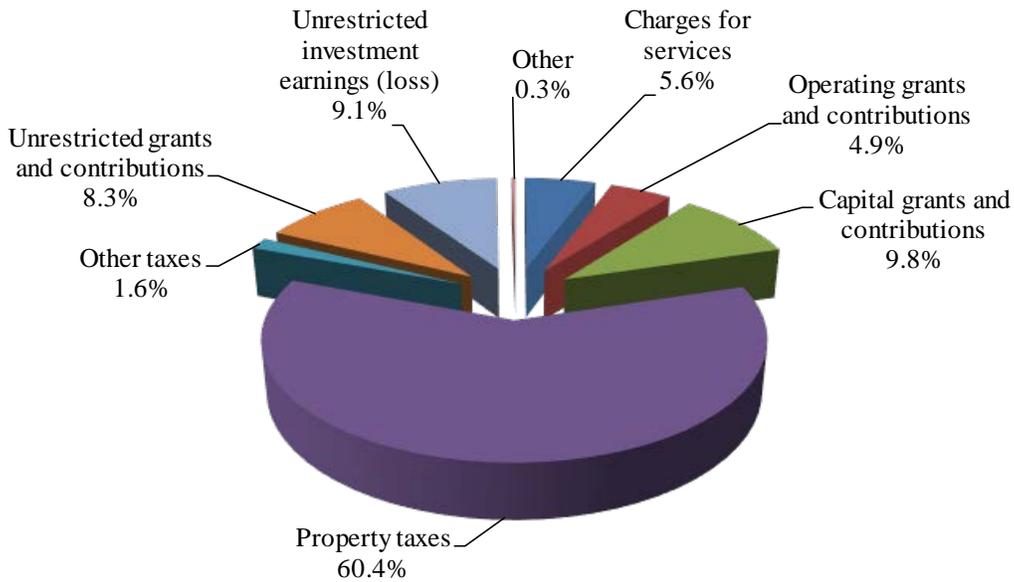
- The 2014 general levy was \$13,717,963 and the special taxing district levy was \$307,409. The 2013 general levy was \$13,717,963 and the special taxing district levy was \$307,409.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

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

Expenses and Program Revenues - Governmental Activities



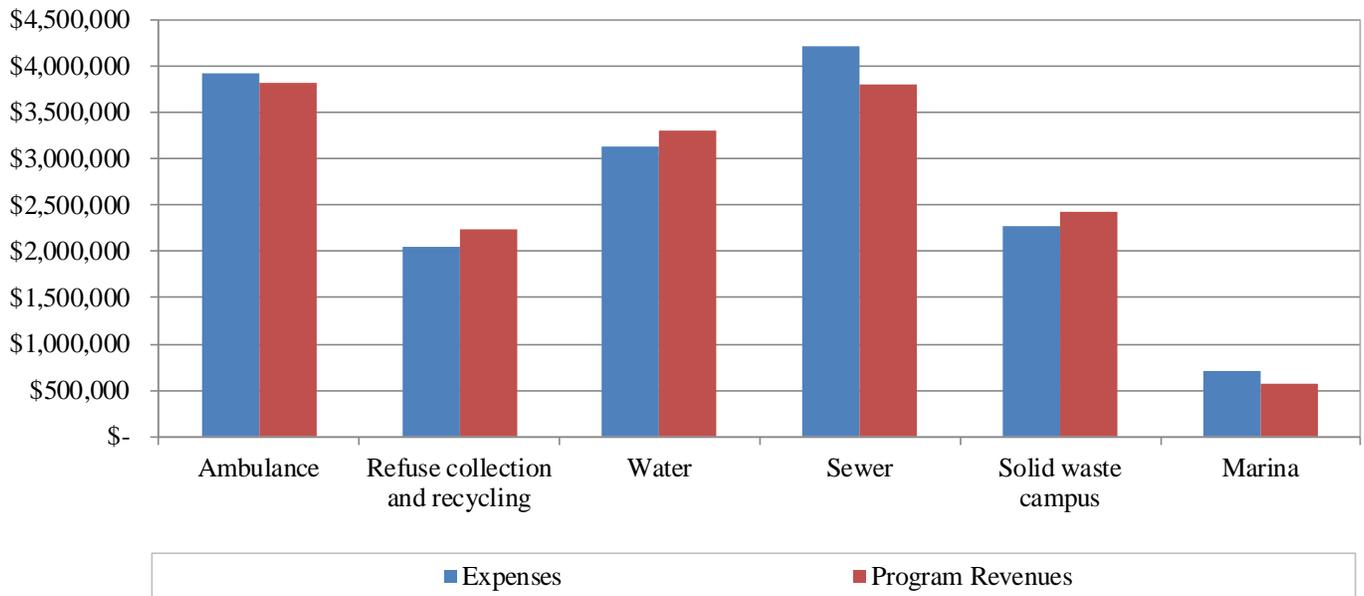
Revenues by Source - Governmental Activities



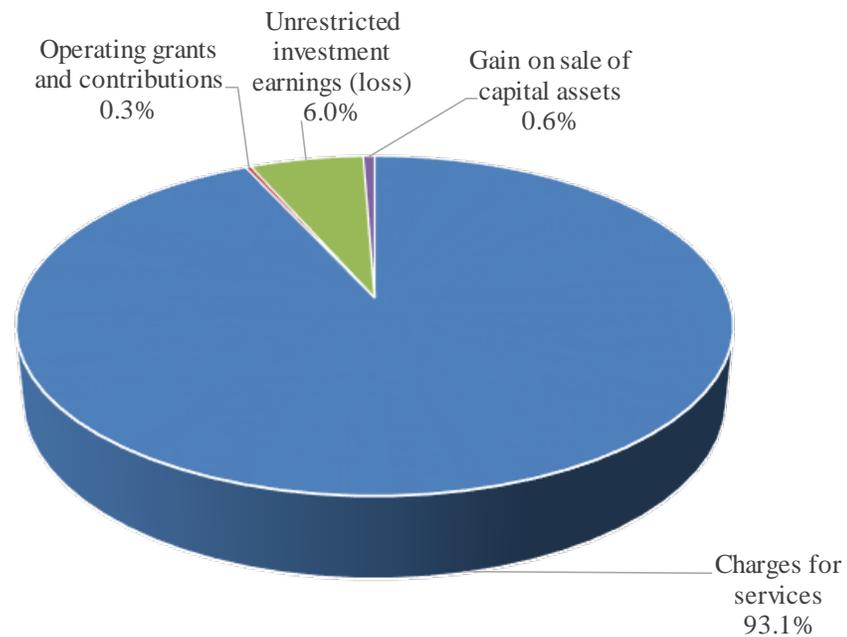
Business-type activities. Business-type activities decreased the City’s net position by \$1,440,966. Key elements of this decrease are as follows:

- Charges for services for business-type activities decreased by \$47,167 or 0.3 percent. Volume decreases contributed to the majority of this decrease.
- Overall expenses increased slightly over previous year.
- Investment earnings totaled \$1,115,146 due to market value increases.
- Transfers to governmental activities totaled \$486,494.
- Loss on discontinued operations totaled \$2,564,361 due to equipment obsolescence in the Solid Waste Campus fund.

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 \$37,148,587, an increase of \$2,631,390 in comparison with the prior year. A significant portion of the net increase is attributable to the timing of planned capital outlays within the General fund, assessment collections in the Capital Improvement Assessment Fund, the previously mentioned increase in fair value of investments reported at year end, and improvement project expenditures exceeding revenues. Approximately 30.5 percent of this total amount, \$11,334,364, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$25,814,223) is not available for new spending because it is either 1) nonspendable (\$5,185,387), 2) restricted (\$11,871,096), 3) committed (\$4,367,845), or 4) assigned (\$4,389,895) 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 \$12,674,073, while total fund balance reached \$17,473,630. 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 86.1 percent of total General fund expenditures, while total fund balance represents 118.7 percent of that same amount.

The fund balance of the City's General fund increased by \$1,660,738 during the current fiscal year. Key factors in this increase are as follows:

- The increase in fund balance is \$3,737,150 more than the budgeted decrease in fund balance of \$2,076,412. This variance results primarily from actual revenues being greater than budget by \$309,020 resulting primarily from investment income due to increases in fair value reported at year-end, actual expenditures being less than budget by \$2,067,939 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 \$1,360,191.

The *PERA Perpetual fund* has a total fund balance of \$9,023,298, all of which is restricted for future police and fire expenditures. The net increase in fund balance during the current year in the PERA Perpetual fund was \$666,844. The increase is largely a result of investment income net of transfers to the General fund.

The *Debt Service fund* has a total fund balance of \$734,870, 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 \$5,376. 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 \$6,821,265. The net increase in fund balance during the current year in the Capital Improvement Assessment fund was \$405,044. The increase is largely a result of \$1,294,668 of special assessment revenue, \$495,156 of intergovernmental revenue, \$360,106 of investment income less transfers out of \$1,651,855.

The *West Avenue Reconstruction fund* has a total fund balance deficit of \$657,089. The net decrease in fund balance during the current year in the West Avenue Reconstruction was \$569,072. The decrease is a result of \$1,188,885 of intergovernmental revenue and total transfers in from various funds of \$1,289,111 less capital project expenditures of \$3,047,068.

Proprietary funds. Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,868,118. Total decrease in net position for enterprise funds was \$1,453,901. This decrease includes a loss on discontinued operations in the Solid Waste Campus fund of \$2,564,361. 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 \$1,610,203 of 2013 and prior year's General fund funded capital improvement plan items into the 2014 budget, made an additional \$2,025,567 in net adjustments decreasing capital expenditures of which \$1,967,653 related to culture and recreation, made \$19,556 in adjustments increasing general government expenditures, made \$78,494 in adjustments increasing public safety expenditures including \$37,328 in 2013 training and technology funds, made \$13,000 in adjustments increasing public works expenditures primarily related to the conservation plan implementation, made \$95,856 in adjustments decreasing culture and recreation expenditures primarily related to the golf course, made \$30,000 in adjustments increasing economic development related to marketing and communication enhancements and made \$295,254 in adjustments decreasing contingencies primarily related to transferring budget authority to other activities associated primarily with capital projects.

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

- Total property taxes were under budget by \$124,817.
- Total investment income was over budget by \$378,932.
- Total public works expenditures were over budget by \$188,587.
- Total culture and recreation expenditures were over budget by \$247,535.
- Capital outlay expenditures were under budget by \$2,008,048 due to the timing of capital projects.
- Transfers out were under budget by \$1,455,677.

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, 2014, amounts to \$111,195,882 (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 2014 and prior years with costs during the year of \$8,402,319. Of this amount, \$2,237,627 related to ongoing improvements to the City’s waste water treatment facilities in the Sewer enterprise fund, \$10,926 related to ongoing improvements to the solid waste facilities in the Solid Waste Campus enterprise fund, \$293,111 related to ongoing improvements at Memorial Park, \$85,282 related to ongoing improvements to the T.B. Sheldon Auditorium, \$31,893 related to improvements at the Fire Department and \$8,420 related to improvements at the airport. An additional \$5,735,060 related to ongoing bridge, roads, and park projects.
- Building improvements and additions of \$1,551,356, of which \$408,631 related to the Industrial Pre-Treatment Plant and Municipal Waste Water Treatment Plant in the Sewer enterprise fund, \$127,560 related to other enterprise building improvements, \$462,067 related to the public works building improvements, \$142,518 related to the Library building improvements, \$66,506 related to the golf course clubhouse improvements, \$46,992 related to park maintenance building improvements, \$42,418 related to Ignite building improvements, \$84,822 related to Barn Bluff improvements, \$30,123 related to golf course land improvements and \$139,719 related to Port Authority bulkhead improvements.

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		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Land	\$ 5,873,120	\$ 5,873,120	\$ -	\$ 214,980	\$ 214,980	\$ -
Construction in progress	20,278,104	14,124,338	6,153,766	6,458,284	4,214,599	2,243,685
Buildings	6,374,949	6,152,458	222,491	25,460,822	26,222,943	(762,121)
Improvements	3,187,694	3,307,292	(119,598)	5,905,692	8,154,030	(2,248,338)
Machinery and equipment	607,618	778,586	(170,968)	566,276	645,172	(78,896)
Office equipment	159,901	210,271	(50,370)	-	-	-
Vehicles	3,889,738	3,146,334	743,404	2,969,297	2,436,462	532,835
Infrastructure	12,567,578	14,173,939	(1,606,361)	16,681,829	17,210,047	(528,218)
Total	\$ 52,938,702	\$ 47,766,338	\$ 5,172,364	\$ 58,257,180	\$ 59,098,233	\$ (841,053)

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,899,345. Of this amount, \$16,279,345 comprises revenue related debt backed by the full faith and credit of the City and \$7,620,000 is general obligation debt.

City of Red Wing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
General obligation bonds	\$ 7,620,000	\$ 6,980,000	\$ 640,000	\$ -	\$ -	\$ -
General obligation revenue bonds	-	-	-	16,279,345	18,565,686	(2,286,341)
Total	\$ 7,620,000	\$ 6,980,000	\$ 640,000	\$ 16,279,345	\$ 18,565,686	\$ (2,286,341)

The City's total debt decreased by \$1,646,341, (6.4 percent) during the current fiscal year. This was a result of the City issuing \$1,115,000 in additional debt and retired principal of \$2,761,341 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2014 and 2015.

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 \$46,723,536, 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 2015 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 4.2 percent, which is a decrease from a rate of 5.0 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 stabilized residential tax base coupled with increased utility tax base. The City's local property tax rate for 2015 was increased by 2.60 percent over 2014.
- History of strong property tax collections.
- Changes to user charges for proprietary funds to reflect current and anticipated conditions and asset renewal and 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 2015 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, 2014

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CITY OF RED WING, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
ASSETS				
Cash and investments	\$ 41,650,887	\$ 7,517,648	\$ 49,168,535	\$ 1,143,404
Assets held in endowment	515,461	-	515,461	-
Receivables				
Accrued interest	88,017	32,476	120,493	-
Delinquent taxes	202,068	-	202,068	4,449
Accounts - net of allowance for doubtful accounts of \$196,727	474,340	2,469,861	2,944,201	11,061
Loans	73,646	-	73,646	1,549,713
Special assessments	1,519,182	-	1,519,182	-
Intergovernmental	1,877,106	-	1,877,106	1,307
Loans to other governments	193,687	-	193,687	-
Internal balances	(158,654)	158,654	-	-
Loans to component unit	485,969	-	485,969	-
Inventories	66,231	251,868	318,099	-
Prepaid items	1,444	28,574	30,018	-
Land held for resale	2,818,705	-	2,818,705	-
Capital assets				
Nondepreciable	26,151,224	6,673,264	32,824,488	265,042
Depreciable, net of accumulated depreciation	26,787,478	51,583,916	78,371,394	393,689
TOTAL ASSETS	102,746,791	68,716,261	171,463,052	3,368,665
LIABILITIES				
Accounts and contracts payable	1,505,565	688,504	2,194,069	4,185
Escrow accounts and deposits payable	116,694	-	116,694	-
Due to other governments	1,125	62,208	63,333	442,431
Loans from primary government	-	-	-	485,969
Accrued interest payable	62,421	190,126	252,547	-
Salaries payable	504,710	246,525	751,235	12,705
Unearned revenue	51,128	1,018	52,146	-
Noncurrent liabilities				
Due within one year	1,532,903	1,910,824	3,443,727	8,059
Due in more than one year	8,140,745	15,508,688	23,649,433	45,800
TOTAL LIABILITIES	11,915,291	18,607,893	30,523,184	999,149
NET POSITION				
Net investment in capital assets	46,262,064	41,964,192	88,226,256	658,731
Restricted				
Permanently restricted				
Library endowments	515,461	-	515,461	-
Cemetery perpetual	1,656,307	-	1,656,307	-
Temporarily restricted				
Debt service	676,925	-	676,925	-
Police and fire activities	9,074,352	-	9,074,352	-
DNR snowmobile grant	11,454	-	11,454	-
Future loans	141,613	-	141,613	-
Sister cities activities	6,261	-	6,261	-
Tax increment activities	14,962	-	14,962	-
Library activities	21,379	-	21,379	-
Cemetery operations	694,143	-	694,143	-
Ash landfill	-	400,290	400,290	-
Unrestricted	31,756,579	7,743,886	39,500,465	1,710,785
TOTAL NET POSITION	\$ 90,831,500	\$ 50,108,368	\$ 140,939,868	\$ 2,369,516

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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 1,928,550	\$ 222,553	\$ -	\$ -
Public safety	6,033,337	487,672	670,836	4,759
Public works	5,291,324	222,671	336,835	2,349,682
Sanitation	48,969	-	-	-
Culture and recreation	3,791,583	152,626	155,748	4,500
Economic development	562,704	12,634	-	-
Airport	358,401	107,625	35,454	17,920
Transit	22,904	-	-	-
Cemeteries	368,248	159,976	-	-
Interest and fiscal charges	153,007	-	-	-
Total governmental activities	<u>18,559,027</u>	<u>1,365,757</u>	<u>1,198,873</u>	<u>2,376,861</u>
Business-type activities				
Ambulance	3,921,127	3,778,997	45,019	-
Refuse collection and recycling	2,050,561	2,245,610	-	-
Water	3,127,351	3,305,736	-	-
Sewer	4,216,823	3,808,506	-	-
Storm water	622,651	1,110,841	-	-
Solid waste campus	2,272,893	2,435,248	-	-
Marina	711,761	565,965	9,768	-
Total business-type activities	<u>16,923,167</u>	<u>17,250,903</u>	<u>54,787</u>	<u>-</u>
Totals primary government	<u>\$ 35,482,194</u>	<u>\$ 18,616,660</u>	<u>\$ 1,253,660</u>	<u>\$ 2,376,861</u>
Component unit				
Port authority	<u>\$ 912,780</u>	<u>\$ 143,656</u>	<u>\$ 43,945</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
 Other revenues
 Gain on sale of capital assets
 Transfers
 Extraordinary item - loss on discontinued operations (Note 8)

Total general revenues, transfers and extraordinary item

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
\$ (1,705,997)		\$ (1,705,997)	
(4,870,070)		(4,870,070)	
(2,382,136)		(2,382,136)	
(48,969)		(48,969)	
(3,478,709)		(3,478,709)	
(550,070)		(550,070)	
(197,402)		(197,402)	
(22,904)		(22,904)	
(208,272)		(208,272)	
(153,007)		(153,007)	
<u>(13,617,536)</u>		<u>(13,617,536)</u>	
	\$ (97,111)	(97,111)	
	195,049	195,049	
	178,385	178,385	
	(408,317)	(408,317)	
	488,190	488,190	
	162,355	162,355	
	<u>(136,028)</u>	<u>(136,028)</u>	
	382,523	382,523	
<u>(13,617,536)</u>	<u>382,523</u>	<u>(13,235,013)</u>	
			<u>\$ (725,179)</u>
13,979,615	-	13,979,615	\$ -
-	-	-	307,407
612,320	-	612,320	-
119,509	-	119,509	-
228,567	-	228,567	-
39,793	-	39,793	731
2,020,910	-	2,020,910	61
2,209,808	1,115,146	3,324,954	15,476
48,432	-	48,432	-
31,854	112,220	144,074	-
486,494	(486,494)	-	-
-	(2,564,361)	(2,564,361)	-
<u>19,777,302</u>	<u>(1,823,489)</u>	<u>17,953,813</u>	<u>323,675</u>
6,159,766	(1,440,966)	4,718,800	(401,504)
<u>84,671,734</u>	<u>51,549,334</u>	<u>136,221,068</u>	<u>2,771,020</u>
<u>\$ 90,831,500</u>	<u>\$ 50,108,368</u>	<u>\$ 140,939,868</u>	<u>\$ 2,369,516</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CITY OF RED WING, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	PERA Perpetual	Debt Service
ASSETS			
Cash and investments	\$ 16,467,342	\$ 9,413,767	\$ 732,611
Assets held in endowment	-	-	-
Receivables			
Accrued interest	26,901	33,159	-
Delinquent taxes	197,592	-	4,476
Accounts (net of allowance)	109,947	-	-
Loans	-	-	-
Special assessments	-	-	-
Intergovernmental	164,181	-	2,383
Loans to other governments	193,687	-	-
Due from other funds	1,281,866	-	-
Advances to other funds	-	-	-
Loans to component unit	-	-	-
Prepaid items	-	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 18,441,516</u>	<u>\$ 9,446,926</u>	<u>\$ 739,470</u>
LIABILITIES			
Accounts payable	\$ 369,018	\$ -	\$ -
Escrow accounts payable	27,275	-	-
Contracts payable	-	-	-
Due to other funds	-	423,628	124
Due to other governments	1,125	-	-
Salaries payable	232,329	-	-
Deposits payable	89,419	-	-
Unearned revenue	51,128	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>770,294</u>	<u>423,628</u>	<u>124</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	197,592	-	4,476
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - intergovernmental	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>197,592</u>	<u>-</u>	<u>4,476</u>
FUND BALANCES			
Nonspendable	193,687	-	-
Restricted	1,005,870	9,023,298	734,870
Committed	3,600,000	-	-
Assigned	-	-	-
Unassigned	12,674,073	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>17,473,630</u>	<u>9,023,298</u>	<u>734,870</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,441,516</u>	<u>\$ 9,446,926</u>	<u>\$ 739,470</u>

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

Capital Improvement Assessment	West Avenue Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 2,701,110	\$ -	\$ 3,982,925	\$ 33,297,755
-	-	515,461	515,461
17,542	-	7,212	84,814
-	-	-	202,068
-	-	91,669	201,616
-	-	46,667	46,667
1,519,182	-	-	1,519,182
1,319,459	-	391,083	1,877,106
-	-	-	193,687
-	-	-	1,281,866
717,114	-	-	717,114
525,319	-	-	525,319
-	-	1,227	1,227
2,818,705	-	-	2,818,705
<u>\$ 9,618,431</u>	<u>\$ -</u>	<u>\$ 5,036,244</u>	<u>\$ 43,282,587</u>
\$ -	\$ 315,073	\$ 655,423	\$ 1,339,514
-	-	-	27,275
-	52,977	12,366	65,343
-	289,039	569,075	1,281,866
-	-	-	1,125
-	-	46,767	279,096
-	-	-	89,419
-	-	-	51,128
-	657,089	1,283,631	3,134,766
-	-	-	202,068
1,519,182	-	-	1,519,182
1,277,984	-	-	1,277,984
2,797,166	-	-	2,999,234
2,818,705	-	2,172,995	5,185,387
-	-	1,107,058	11,871,096
-	-	767,845	4,367,845
4,002,560	-	387,335	4,389,895
-	(657,089)	(682,620)	11,334,364
6,821,265	(657,089)	3,752,613	37,148,587
<u>\$ 9,618,431</u>	<u>\$ -</u>	<u>\$ 5,036,244</u>	<u>\$ 43,282,587</u>

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

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CITY OF RED WING, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

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

Total fund balances - governmental funds	\$ 37,148,587
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	52,849,587
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	(7,620,000)
Other postemployment benefits obligation	(470,103)
Unamortized bond premiums, net of amortization	(113,443)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	202,068
Special assessments receivable	1,519,182
Intergovernmental receivable	1,277,984
Governmental funds do not report a liability for accrued interest until due and payable.	(62,421)
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>6,100,059</u>
Total net position - governmental activities	<u><u>\$ 90,831,500</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, 2014

	General	PERA Perpetual	Debt Service
REVENUES			
Taxes	\$ 14,285,145	\$ -	\$ 611,191
Special assessments	5,719	-	-
Licenses and permits	63,551	-	-
Intergovernmental	2,638,706	-	-
Charges for services	454,922	-	-
Fines and forfeits	73,872	-	-
Investment income	543,932	813,514	1,378
Miscellaneous	235,119	-	1,365
	<u>18,300,966</u>	<u>813,514</u>	<u>613,934</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	1,715,823	-	-
Public safety	5,503,176	-	-
Public works	2,695,229	-	-
Sanitation	49,680	-	-
Culture and recreation	2,013,727	-	-
Economic development	229,260	-	-
Airport	-	-	-
Cemeteries	323,860	-	-
Transit	22,904	-	-
Unallocated	85,994	-	-
Capital outlay			
Public safety	568,154	-	-
Public works	1,074,212	-	-
Culture and recreation	400,198	-	-
Economic development	42,418	-	-
Airport	-	-	-
Debt service			
Principal retirement	-	-	475,000
Interest and fiscal charges	-	-	165,689
	<u>14,724,635</u>	<u>-</u>	<u>640,689</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,576,331</u>	<u>813,514</u>	<u>(26,755)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	19,777	-	-
Bonds issued	1,082,869	-	32,131
Premiums on bonds issued	19,612	-	-
Transfers in	364,686	-	-
Transfers out	(3,402,537)	(146,670)	-
	<u>(1,915,593)</u>	<u>(146,670)</u>	<u>32,131</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	1,660,738	666,844	5,376
FUND BALANCES, JANUARY 1 AS RESTATED (NOTE 10)	<u>15,812,892</u>	<u>8,356,454</u>	<u>729,494</u>
FUND BALANCES, DECEMBER 31	<u>\$ 17,473,630</u>	<u>\$ 9,023,298</u>	<u>\$ 734,870</u>

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

Capital Improvement Assessment	West Avenue Reconstruction	Other Governmental Funds	Totals
\$ -	\$ -	\$ 130,824	\$ 15,027,160
1,294,668	-	-	1,300,387
-	-	208,190	271,741
495,156	1,188,885	1,128,917	5,451,664
1,500	-	78,965	535,387
-	-	10,119	83,991
360,106	-	153,264	1,872,194
18,826	-	481,974	737,284
<u>2,170,256</u>	<u>1,188,885</u>	<u>2,192,253</u>	<u>25,279,808</u>
-	-	-	1,715,823
-	-	252,272	5,755,448
137,265	-	114,609	2,947,103
-	-	-	49,680
-	-	1,173,608	3,187,335
-	-	296,433	525,693
-	-	221,686	221,686
-	-	-	323,860
-	-	-	22,904
-	-	-	85,994
-	-	31,893	600,047
-	3,047,068	2,687,991	6,809,271
-	-	520,912	921,110
-	-	-	42,418
-	-	8,420	8,420
-	-	-	475,000
-	-	-	165,689
<u>137,265</u>	<u>3,047,068</u>	<u>5,307,824</u>	<u>23,857,481</u>
<u>2,032,991</u>	<u>(1,858,183)</u>	<u>(3,115,571)</u>	<u>1,422,327</u>
23,908	-	-	43,685
-	-	-	1,115,000
-	-	-	19,612
-	1,289,111	3,578,031	5,231,828
(1,651,855)	-	-	(5,201,062)
<u>(1,627,947)</u>	<u>1,289,111</u>	<u>3,578,031</u>	<u>1,209,063</u>
405,044	(569,072)	462,460	2,631,390
<u>6,416,221</u>	<u>(88,017)</u>	<u>3,290,153</u>	<u>34,517,197</u>
<u>\$ 6,821,265</u>	<u>\$ (657,089)</u>	<u>\$ 3,752,613</u>	<u>\$ 37,148,587</u>

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

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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, 2014

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

Net change in fund balances - governmental funds	\$ 2,631,390
<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	8,458,134
Depreciation expense	(3,243,973)
<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	(15,009)
<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	475,000
Bonds issued	(1,115,000)
Bonds premiums issued, net of amortization	(6,689)
<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>	
	(241)
<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	(48,721)
Special assessments	(896,684)
State (MSA) grants	(465,080)
<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	(87,850)
<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>	
	474,489
Change in net position - governmental activities	\$ 6,159,766

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 14,339,223	\$ 14,339,223	\$ 14,285,145	\$ (54,078)
Special assessments	-	-	5,719	5,719
Licenses and permits	56,480	56,480	63,551	7,071
Intergovernmental	3,462,473	2,646,085	2,638,706	(7,379)
Charges for services	453,443	453,443	454,922	1,479
Fines and forfeits	79,100	79,100	73,872	(5,228)
Investment income	165,000	165,000	543,932	378,932
Miscellaneous				
Interest on notes and loans	9,723	9,723	300	(9,423)
Rents	167,111	167,111	154,401	(12,710)
Contributions and donations	516,913	61,000	49,465	(11,535)
Refunds and reimbursements	-	1,481	6,540	5,059
Other	13,300	13,300	24,413	11,113
TOTAL REVENUES	19,262,766	17,991,946	18,300,966	309,020
EXPENDITURES				
Current				
General government	1,864,713	1,884,269	1,715,823	168,446
Public safety	5,512,945	5,591,439	5,503,176	88,263
Public works	2,493,642	2,506,642	2,695,229	(188,587)
Sanitation	49,750	49,750	49,680	70
Culture and recreation	1,862,048	1,766,192	2,013,727	(247,535)
Economic development	223,496	253,496	229,260	24,236
Cemeteries	303,684	303,684	323,860	(20,176)
Transit	15,200	15,200	22,904	(7,704)
Contingencies and other	624,126	328,872	85,994	242,878
Capital outlay				
General government	-	353,759	-	353,759
Public safety	395,997	704,471	568,154	136,317
Public works	1,525,344	2,092,037	1,074,212	1,017,825
Culture and recreation	2,537,053	825,332	400,198	425,134
Economic development	-	63,832	42,418	21,414
Cemeteries	50,000	53,599	-	53,599
TOTAL EXPENDITURES	17,457,998	16,792,574	14,724,635	2,067,939
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,804,768	1,199,372	3,576,331	2,376,959
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	6,060	19,777	13,717
Transfers in	496,650	501,650	364,686	(136,964)
Bonds issued	1,055,730	1,074,720	1,082,869	8,149
Premiums on bonds issued	-	-	19,612	19,612
Transfers out	(3,775,237)	(4,858,214)	(3,402,537)	1,455,677
TOTAL OTHER FINANCING SOURCES (USES)	(2,222,857)	(3,275,784)	(1,915,593)	1,360,191
NET CHANGE IN FUND BALANCES	(418,089)	(2,076,412)	1,660,738	3,737,150
FUND BALANCES, JANUARY 1	15,812,892	15,812,892	15,812,892	-
FUND BALANCES, DECEMBER 31	\$ 15,394,803	\$ 13,736,480	\$ 17,473,630	\$ 3,737,150

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 217,000	\$ 217,000	\$ 813,514	\$ 596,514
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(223,000)</u>	<u>(223,000)</u>	<u>(146,670)</u>	<u>76,330</u>
NET CHANGE IN FUND BALANCES	(6,000)	(6,000)	666,844	672,844
FUND BALANCES, JANUARY 1	<u>8,356,454</u>	<u>8,356,454</u>	<u>8,356,454</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 8,350,454</u></u>	<u><u>\$ 8,350,454</u></u>	<u><u>\$ 9,023,298</u></u>	<u><u>\$ 672,844</u></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, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 1,108,226	\$ 1,062,499	\$ 2,714,888	\$ 3,300,487
Receivables				
Accrued interest	1,104	1,104	6,898	5,804
Accounts - net of allowance for doubtful accounts of \$187,772 and \$191,917, respectively	393,537	373,828	509,723	460,902
Loans	-	-	-	-
Inventories	-	-	205,324	190,987
Prepaid items	30	30	-	-
	<u>1,502,897</u>	<u>1,437,461</u>	<u>3,436,833</u>	<u>3,958,180</u>
TOTAL CURRENT ASSETS				
NONCURRENT ASSETS				
Capital assets at cost				
Land	-	-	37,791	37,791
Construction in progress	-	-	128,847	128,847
Buildings	-	-	15,712,432	15,799,972
Improvements other than buildings	76,638	76,638	4,225,024	4,389,730
Machinery and equipment	193,494	193,494	145,732	303,987
Office equipment	-	-	-	10,567
Vehicles	1,826,835	1,586,319	705,914	650,168
Infrastructure	-	-	11,832,277	11,832,277
Less accumulated depreciation	<u>(1,263,103)</u>	<u>(1,222,169)</u>	<u>(9,713,978)</u>	<u>(9,571,271)</u>
Total capital assets	<u>833,864</u>	<u>634,282</u>	<u>23,074,039</u>	<u>23,582,068</u>
TOTAL NONCURRENT ASSETS	<u>833,864</u>	<u>634,282</u>	<u>23,074,039</u>	<u>23,582,068</u>
TOTAL ASSETS	<u>2,336,761</u>	<u>2,071,743</u>	<u>26,510,872</u>	<u>27,540,248</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		Solid Waste Campus		Marina		Ambulance	
Sewer Utility							
2014	2013	2014	2013	2014	2013	2014	2013
\$ 852,053	\$ 4,394,805	\$ 1,781,167	\$ 576,931	\$ 99,329	\$ 107,044	\$ 303,453	\$ 502,126
24,255	26,756	-	2,250	-	-	-	-
530,709	471,520	246,944	304,011	-	4,711	589,812	609,626
-	-	-	-	-	-	-	-
30,331	32,410	-	-	16,213	23,056	-	-
10,305	8,250	-	11,060	18,239	15,337	-	-
<u>1,447,653</u>	<u>4,933,741</u>	<u>2,028,111</u>	<u>894,252</u>	<u>133,781</u>	<u>150,148</u>	<u>893,265</u>	<u>1,111,752</u>
134,839	134,839	42,350	42,350	-	-	-	-
6,318,511	4,080,884	10,926	4,868	-	-	-	-
11,321,724	11,429,214	6,589,962	6,968,441	-	-	-	-
4,371,006	4,141,533	1,605,028	6,461,372	2,210,101	2,210,101	-	-
2,030,347	2,127,532	43,464	179,158	6,679	6,679	105,377	105,377
-	-	-	2,599	-	-	-	-
1,426,768	1,375,498	1,267,940	1,051,343	38,525	38,525	754,221	630,653
15,470,099	15,470,099	-	-	-	-	-	-
<u>(15,299,859)</u>	<u>(14,936,658)</u>	<u>(2,001,843)</u>	<u>(4,703,541)</u>	<u>(1,891,370)</u>	<u>(1,743,795)</u>	<u>(399,873)</u>	<u>(421,755)</u>
<u>25,773,435</u>	<u>23,822,941</u>	<u>7,557,827</u>	<u>10,006,590</u>	<u>363,935</u>	<u>511,510</u>	<u>459,725</u>	<u>314,275</u>
<u>25,773,435</u>	<u>23,822,941</u>	<u>7,557,827</u>	<u>10,006,590</u>	<u>363,935</u>	<u>511,510</u>	<u>459,725</u>	<u>314,275</u>
<u>27,221,088</u>	<u>28,756,682</u>	<u>9,585,938</u>	<u>10,900,842</u>	<u>497,716</u>	<u>661,658</u>	<u>1,352,990</u>	<u>1,426,027</u>

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

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CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2014	2013	2014	2013	
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 658,532	\$ 207,541	\$ 7,517,648	\$ 10,151,433	\$ 8,353,132
Receivables					
Accrued interest	219	270	32,476	36,184	3,203
Accounts - net of allowance for doubtful accounts of \$187,772 and \$191,917, respectively	199,136	155,683	2,469,861	2,380,281	272,724
Loans	-	-	-	-	26,979
Inventories	-	-	251,868	246,453	66,231
Prepaid items	-	-	28,574	34,677	217
TOTAL CURRENT ASSETS	857,887	363,494	10,300,427	12,849,028	8,722,486
NONCURRENT ASSETS					
Capital assets at cost					
Land	-	-	214,980	214,980	-
Construction in progress	-	-	6,458,284	4,214,599	-
Buildings	-	-	33,624,118	34,197,627	7,825
Improvements other than buildings	88,753	88,753	12,576,550	17,368,127	-
Machinery and equipment	-	-	2,525,093	2,916,227	36,221
Office equipment	-	-	-	13,166	181,019
Vehicles	182,586	182,586	6,202,789	5,515,092	418,686
Infrastructure	-	-	27,302,376	27,302,376	-
Less accumulated depreciation	(76,984)	(44,772)	(30,647,010)	(32,643,961)	(554,636)
Total capital assets	194,355	226,567	58,257,180	59,098,233	89,115
TOTAL NONCURRENT ASSETS	194,355	226,567	58,257,180	59,098,233	89,115
TOTAL ASSETS	1,052,242	590,061	68,557,607	71,947,261	8,811,601

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, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 19,115	\$ 15,420	\$ 72,744	\$ 104,045
Contracts payable	-	-	-	20,987
Advances from other funds - current portion	-	-	-	-
Due to other governments	12,425	12,283	48,724	49,672
Accrued interest payable	-	-	83,900	91,990
Salaries payable	43,148	41,450	43,598	44,593
Compensated absences payable - current portion	48,144	40,715	67,582	70,465
Unearned revenue	-	-	-	-
G.O. revenue bonds payable - current portion	-	-	816,000	794,000
TOTAL CURRENT LIABILITIES	122,832	109,868	1,132,548	1,175,752
NONCURRENT LIABILITIES				
Compensated absences payable	36,281	44,364	90,700	92,038
Other postemployment benefits obligation	65,177	50,673	83,962	64,504
Advances from other funds	-	-	-	-
G.O. revenue bonds payable	-	-	7,419,000	8,235,000
TOTAL NONCURRENT LIABILITIES	101,458	95,037	7,593,662	8,391,542
TOTAL LIABILITIES	224,290	204,905	8,726,210	9,567,294
NET POSITION				
Net investment in capital assets	833,864	634,282	14,839,039	14,553,068
Restricted for ash landfill	-	-	-	-
Unrestricted	1,278,607	1,232,556	2,945,623	3,419,886
TOTAL NET POSITION	\$ 2,112,471	\$ 1,866,838	\$ 17,784,662	\$ 17,972,954

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

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/406/418		605/303		610	
322/323/402/490/492		Solid Waste Campus		Marina		Ambulance	
Sewer Utility							
2014	2013	2014	2013	2014	2013	2014	2013
\$ 164,750	\$ 779,142	\$ 246,968	\$ 100,702	\$ 1,722	\$ 8,139	\$ 11,668	\$ 10,272
165,170	93,530	-	-	-	-	-	-
-	-	-	-	90,000	-	-	-
-	-	1,059	39	-	-	-	-
46,582	52,900	59,644	62,060	-	3,147	-	-
50,802	51,464	31,182	26,125	5,427	666	65,351	55,074
71,237	93,439	27,155	43,457	1,732	-	94,336	92,502
-	-	-	-	1,018	4,610	-	-
604,660	587,341	170,000	160,000	-	85,000	-	-
<u>1,103,201</u>	<u>1,657,816</u>	<u>536,008</u>	<u>392,383</u>	<u>99,899</u>	<u>101,562</u>	<u>171,355</u>	<u>157,848</u>
94,794	99,543	49,599	29,139	8,214	-	101,643	90,855
100,663	79,968	64,070	57,896	5,564	3,116	86,094	65,580
-	-	-	-	627,114	-	-	-
4,059,685	4,664,345	3,223,643	3,394,569	-	660,000	-	-
<u>4,255,142</u>	<u>4,843,856</u>	<u>3,337,312</u>	<u>3,481,604</u>	<u>640,892</u>	<u>663,116</u>	<u>187,737</u>	<u>156,435</u>
<u>5,358,343</u>	<u>6,501,672</u>	<u>3,873,320</u>	<u>3,873,987</u>	<u>740,791</u>	<u>764,678</u>	<u>359,092</u>	<u>314,283</u>
21,109,090	18,571,255	4,164,184	6,452,021	363,935	(233,490)	459,725	314,275
-	-	400,290	382,228	-	-	-	-
753,655	3,683,755	1,148,144	192,606	(607,010)	130,470	534,173	797,469
<u>\$ 21,862,745</u>	<u>\$ 22,255,010</u>	<u>\$ 5,712,618</u>	<u>\$ 7,026,855</u>	<u>\$ (243,075)</u>	<u>\$ (103,020)</u>	<u>\$ 993,898</u>	<u>\$ 1,111,744</u>

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

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CITY OF RED WING, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS - CONTINUED
DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2014	2013	2014	2013	
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 6,367	\$ 1,203	\$ 523,334	\$ 1,018,923	\$ 100,708
Contracts payable	-	-	165,170	114,517	-
Advances from other funds - current portion	-	-	90,000	-	-
Due to other governments	-	-	62,208	61,994	-
Accrued interest payable	-	-	190,126	210,097	-
Salaries payable	7,017	6,621	246,525	225,993	225,614
Compensated absences payable - current portion	9,978	12,178	320,164	352,756	687,903
Unearned revenue	-	-	1,018	4,610	-
G.O. revenue bonds payable - current portion	-	-	1,590,660	1,626,341	-
TOTAL CURRENT LIABILITIES	23,362	20,002	3,189,205	3,615,231	1,014,225
NONCURRENT LIABILITIES					
Compensated absences payable	12,238	9,500	393,469	365,439	782,199
Other postemployment benefits obligation	7,361	4,439	412,891	326,176	-
Advances from other funds	-	-	627,114	-	-
G.O. revenue bonds payable	-	-	14,702,328	16,953,914	-
TOTAL NONCURRENT LIABILITIES	19,599	13,939	16,135,802	17,645,529	782,199
TOTAL LIABILITIES	42,961	33,941	19,325,007	21,260,760	1,796,424
NET POSITION					
Net investment in capital assets	194,355	226,567	41,964,192	40,517,978	89,115
Restricted for ash landfill	-	-	400,290	382,228	-
Unrestricted	814,926	329,553	6,868,118	9,786,295	6,926,062
TOTAL NET POSITION	\$ 1,009,281	\$ 556,120	49,232,600	50,686,501	\$ 7,015,177
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			875,768	862,833	
Net position of business-type activities			<u>\$ 50,108,368</u>	<u>\$ 51,549,334</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, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
OPERATING REVENUES				
Charges for services	\$ 2,226,972	\$ 2,198,069	\$ 3,102,387	\$ 3,104,643
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	18,638	99,011	106,846	73,575
TOTAL OPERATING REVENUES	2,245,610	2,297,080	3,209,233	3,178,218
OPERATING EXPENSES				
Personal services	638,339	624,230	711,076	695,639
Employee benefits	246,644	246,223	305,923	305,420
Supplies	210,130	252,174	282,735	287,177
Cost of merchandise sold	-	-	-	-
Professional services	77,759	154,274	322,233	277,730
Rent and leased equipment	-	-	35,367	20,199
Repairs and maintenance	121,489	138,355	195,218	100,195
Administration and fiscal charges	612,599	582,956	331,030	329,842
Insurance premiums	13,740	13,487	26,020	23,663
Insurance claims	-	-	-	-
Depreciation	148,319	120,412	654,943	631,186
Bad debt expense	-	-	-	-
Miscellaneous	461	1,490	7,009	6,614
TOTAL OPERATING EXPENSES	2,069,480	2,133,601	2,871,554	2,677,665
OPERATING INCOME (LOSS)	176,130	163,479	337,679	500,553
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental				
Federal grant	-	-	-	-
State grant	-	-	-	-
Investment income (loss)	55,503	(41,351)	432,070	(379,813)
Rents and leases	-	-	96,286	93,561
Contributions and donations	-	-	-	-
Refunds and reimbursements	-	-	217	-
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital assets	14,000	750	-	953
Interest and fiscal charges	-	-	(246,438)	(268,425)
Amortization expense	-	-	-	-
Bond issuance costs	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	69,503	(40,601)	282,135	(553,724)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	245,633	122,878	619,814	(53,171)

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

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/406/418		605/303		610	
322/323/402/490/492		Solid Waste Campus		Marina		Ambulance	
Sewer Utility							
2014	2013	2014	2013	2014	2013	2014	2013
\$ 3,623,960	\$ 3,376,131	\$ 2,403,114	\$ 2,522,812	\$ 452,210	\$ 421,721	\$ 3,766,612	\$ 4,018,355
-	-	-	-	113,755	128,817	-	-
-	-	-	-	(100,046)	(98,734)	-	-
61,374	37,849	-	-	-	-	-	-
<u>3,685,334</u>	<u>3,413,980</u>	<u>2,403,114</u>	<u>2,522,812</u>	<u>465,919</u>	<u>451,804</u>	<u>3,766,612</u>	<u>4,018,355</u>
795,292	815,226	444,941	515,797	115,508	78,771	970,919	939,099
334,464	350,583	153,803	205,566	40,761	19,010	389,091	355,321
809,387	661,428	243,187	301,486	11,642	18,401	139,128	97,175
-	-	-	-	-	-	-	-
593,353	593,602	540,170	469,198	93,890	95,019	198,334	200,363
5,120	8,006	73,338	1,003	2,006	3,141	-	-
354,503	252,105	95,155	261,940	46,745	48,707	56,387	35,656
290,075	273,244	275,263	376,871	60,025	67,090	8,755	3,925
58,910	53,942	20,368	20,496	5,201	3,680	11,681	12,866
-	-	-	-	-	-	-	-
821,394	855,053	273,268	389,947	147,575	147,924	84,680	76,322
-	-	-	-	-	-	2,078,668	2,278,928
13,649	10,406	16,524	5,279	20,158	21,496	8,219	3,443
<u>4,076,147</u>	<u>3,873,595</u>	<u>2,136,017</u>	<u>2,547,583</u>	<u>543,511</u>	<u>503,239</u>	<u>3,945,862</u>	<u>4,003,098</u>
<u>(390,813)</u>	<u>(459,615)</u>	<u>267,097</u>	<u>(24,771)</u>	<u>(77,592)</u>	<u>(51,435)</u>	<u>(179,250)</u>	<u>15,257</u>
-	-	-	-	-	-	41,374	-
-	-	-	-	9,768	-	3,645	4,550
590,094	(473,315)	35,002	(20,813)	-	-	-	-
116	-	-	-	-	-	-	-
-	-	-	-	-	-	-	160
-	-	-	14,748	-	-	12,371	17,094
123,056	192,286	32,134	114,939	-	2,696	14	781
6,705	3,901	85,220	98,737	-	-	4,000	-
(138,009)	(155,230)	(145,005)	(150,748)	(58,081)	(19,821)	-	-
-	-	926	926	-	-	-	-
-	-	-	-	(14,150)	-	-	-
<u>581,962</u>	<u>(432,358)</u>	<u>8,277</u>	<u>57,789</u>	<u>(62,463)</u>	<u>(17,125)</u>	<u>61,404</u>	<u>22,585</u>
<u>191,149</u>	<u>(891,973)</u>	<u>275,374</u>	<u>33,018</u>	<u>(140,055)</u>	<u>(68,560)</u>	<u>(117,846)</u>	<u>37,842</u>

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

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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, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2014	2013	2014	2013	
OPERATING REVENUES					
Charges for services	\$ 1,110,886	\$ 880,982	\$ 16,686,141	\$ 16,522,713	\$ 9,883,344
Sales	-	-	113,755	128,817	-
Cost of goods sold	-	-	(100,046)	(98,734)	-
Miscellaneous	-	-	186,858	210,435	370,835
TOTAL OPERATING REVENUES	1,110,886	880,982	16,886,708	16,763,231	10,254,179
OPERATING EXPENSES					
Personal services	148,187	151,081	3,824,262	3,819,843	3,374,037
Employee benefits	-	-	1,470,686	1,482,123	3,911,509
Supplies	94,116	66,981	1,790,325	1,684,822	690,384
Cost of merchandise sold	-	-	-	-	579,823
Professional services	315,963	406,723	2,141,702	2,196,909	990,979
Rent and leased equipment	-	-	115,831	32,349	27,561
Repairs and maintenance	-	-	869,497	836,958	97,331
Administration and fiscal charges	-	-	1,577,747	1,633,928	120,329
Insurance premiums	-	-	135,920	128,134	377,937
Insurance claims	-	-	-	-	57,251
Depreciation	32,212	30,432	2,162,391	2,251,276	43,002
Bad debt expense	-	-	2,078,668	2,278,928	-
Miscellaneous	-	-	66,020	48,728	279,553
TOTAL OPERATING EXPENSES	590,478	655,217	16,233,049	16,393,998	10,549,696
OPERATING INCOME (LOSS)	520,408	225,765	653,659	369,233	(295,517)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental					
Federal grant	-	-	41,374	-	-
State grant	-	-	13,413	4,550	-
Investment income (loss)	2,477	(4,328)	1,115,146	(919,620)	331,122
Rents and leases	-	-	96,402	93,561	-
Contributions and donations	-	-	-	160	-
Refunds and reimbursements	-	-	12,588	31,842	-
Miscellaneous	-	-	155,204	310,702	-
Gain (loss) on sale of capital assets	-	-	109,925	104,341	-
Interest and fiscal charges	-	-	(587,533)	(594,224)	-
Amortization expense	-	-	926	926	-
Bond issuance costs	-	-	(14,150)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	2,477	(4,328)	943,295	(967,762)	331,122
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	522,885	221,437	1,596,954	(598,529)	35,605

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, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
CAPITAL CONTRIBUTIONS FROM (TO)				
OTHER FUNDS	\$ -	\$ -	\$ -	\$ 360,858
TRANSFERS IN	-	-	10,000	-
TRANSFERS OUT	-	(155,000)	(818,106)	(107,050)
LOSS ON DISCONTINUED OPERATIONS (NOTE 8)	-	-	-	-
CHANGE IN NET POSITION	245,633	(32,122)	(188,292)	200,637
NET POSITION, JANUARY 1	1,866,838	1,898,960	17,972,954	17,772,317
NET POSITION, DECEMBER 31	<u>\$ 2,112,471</u>	<u>\$ 1,866,838</u>	<u>\$ 17,784,662</u>	<u>\$ 17,972,954</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		Solid Waste Campus		Marina		Ambulance	
Sewer Utility							
2014	2013	2014	2013	2014	2013	2014	2013
\$ -	\$ 385,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20,051	11,000	1,000,000	653,864	-	-	-	-
(603,465)	(107,050)	(25,250)	(53,750)	-	-	-	-
-	-	(2,564,361)	-	-	-	-	-
(392,265)	(602,869)	(1,314,237)	633,132	(140,055)	(68,560)	(117,846)	37,842
22,255,010	22,857,879	7,026,855	6,393,723	(103,020)	(34,460)	1,111,744	1,073,902
<u>\$ 21,862,745</u>	<u>\$ 22,255,010</u>	<u>\$ 5,712,618</u>	<u>\$ 7,026,855</u>	<u>\$ (243,075)</u>	<u>\$ (103,020)</u>	<u>\$ 993,898</u>	<u>\$ 1,111,744</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, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2014	2013	2014	2013	
CAPITAL CONTRIBUTIONS FROM (TO)					
OTHER FUNDS	\$ -	\$ -	\$ -	\$ 746,012	\$ -
TRANSFERS IN	-	-	1,030,051	664,864	455,728
TRANSFERS OUT	(69,724)	(11,000)	(1,516,545)	(433,850)	-
LOSS ON DISCONTINUED OPERATIONS (NOTE 8)	-	-	(2,564,361)	-	-
CHANGE IN NET POSITION	453,161	210,437	(1,453,901)	378,497	491,333
NET POSITION, JANUARY 1	556,120	345,683	50,686,501	50,308,004	6,523,844
NET POSITION, DECEMBER 31	<u>\$ 1,009,281</u>	<u>\$ 556,120</u>	<u>\$ 49,232,600</u>	<u>\$ 50,686,501</u>	<u>\$ 7,015,177</u>
Changes in net position as shown above			\$ (1,453,901)	\$ 378,497	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			12,935	240,706	
Changes in net position of business-type activities			<u>\$ (1,440,966)</u>	<u>\$ 619,203</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, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,207,263	\$ 2,187,421	\$ 3,053,566	\$ 3,136,445
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,032,341)	(1,157,014)	(1,246,198)	(1,029,762)
Payments to and on behalf of employees	(869,435)	(845,580)	(1,002,757)	(983,522)
Other receipts	18,638	99,011	203,349	167,136
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>324,125</u>	<u>283,838</u>	<u>1,007,960</u>	<u>1,290,297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants received	-	-	-	-
Loan payments received	-	-	-	-
Loans made	-	-	-	-
Transfers from other funds	-	-	10,000	-
Transfers to other funds	-	(155,000)	(818,106)	(107,050)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(155,000)</u>	<u>(808,106)</u>	<u>(107,050)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Special assessments received	-	-	-	4,380
Proceeds from sale of capital assets	14,000	750	-	953
Principal paid on bonds and leases	-	-	(794,000)	(772,000)
Interest and fiscal charges paid on bonds and leases	-	-	(254,528)	(276,290)
Payments for acquisition and construction of capital assets	(347,901)	(145,968)	(167,901)	(501,161)
Advances received from other funds	-	-	-	-
Principal paid on advances from other funds	-	-	-	-
Interest paid on advances from other funds	-	-	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(333,901)</u>	<u>(145,218)</u>	<u>(1,216,429)</u>	<u>(1,544,118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts (paid)	55,503	(38,691)	430,976	(378,071)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,727	(55,071)	(585,599)	(738,942)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>1,062,499</u>	<u>1,117,570</u>	<u>3,300,487</u>	<u>4,039,429</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,108,226</u>	<u>\$ 1,062,499</u>	<u>\$ 2,714,888</u>	<u>\$ 3,300,487</u>

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

Business-type Activities-Enterprise Funds

602/650/317/320/321		603/307/403/406/418		605/303		610	
322/323/402/490/492		Solid Waste Campus		Marina		Ambulance	
Sewer Utility							
2014	2013	2014	2013	2014	2013	2014	2013
\$ 3,564,771	\$ 3,401,305	\$ 2,460,181	\$ 2,570,594	\$ 467,038	\$ 450,685	\$ 3,786,426	\$ 4,123,699
-	-	-	-	-	-	-	-
(2,084,197)	(1,986,085)	(1,095,966)	(1,467,593)	(242,143)	(265,163)	(2,499,776)	(2,639,815)
(1,136,674)	(1,142,333)	(583,355)	(754,941)	(139,114)	(108,083)	(1,316,597)	(1,249,269)
184,546	230,135	32,134	129,687	-	2,696	12,385	18,035
<u>528,446</u>	<u>503,022</u>	<u>812,994</u>	<u>477,747</u>	<u>85,781</u>	<u>80,135</u>	<u>(17,562)</u>	<u>252,650</u>
-	-	-	-	9,768	-	45,019	4,550
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
20,051	11,000	1,000,000	653,864	-	-	-	-
(603,465)	(107,050)	(25,250)	(53,750)	-	-	-	-
<u>(583,414)</u>	<u>(96,050)</u>	<u>974,750</u>	<u>600,114</u>	<u>9,768</u>	<u>-</u>	<u>45,019</u>	<u>4,550</u>
-	3,218	-	-	-	-	-	-
9,000	5,424	655,457	115,000	-	-	4,000	-
(587,341)	(570,301)	(160,000)	(155,000)	(745,000)	(90,000)	-	-
(144,327)	(161,363)	(147,421)	(153,009)	(57,114)	(19,978)	-	-
(3,357,711)	(2,669,267)	(968,796)	(954,846)	-	(6,679)	(230,130)	(46,026)
-	-	-	-	802,114	-	-	-
-	-	-	-	(85,000)	-	-	-
-	-	-	-	(18,264)	-	-	-
<u>(4,080,379)</u>	<u>(3,392,289)</u>	<u>(620,760)</u>	<u>(1,147,855)</u>	<u>(103,264)</u>	<u>(116,657)</u>	<u>(226,130)</u>	<u>(46,026)</u>
<u>592,595</u>	<u>(470,796)</u>	<u>37,252</u>	<u>(20,813)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(3,542,752)	(3,456,113)	1,204,236	(90,807)	(7,715)	(36,522)	(198,673)	211,174
<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>
<u>\$ 852,053</u>	<u>\$ 4,394,805</u>	<u>\$ 1,781,167</u>	<u>\$ 576,931</u>	<u>\$ 99,329</u>	<u>\$ 107,044</u>	<u>\$ 303,453</u>	<u>\$ 502,126</u>

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CITY OF RED WING, MINNESOTA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652				
	Storm Water		Totals		
	2014	2013	2014	2013	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,067,433	\$ 852,532	\$ 16,606,678	\$ 16,722,681	\$ -
Receipts from interfund services provided	-	-	-	-	10,164,275
Payments to vendors and suppliers	(404,915)	(510,930)	(8,605,536)	(9,056,362)	(2,794,528)
Payments to and on behalf of employees	(144,331)	(146,361)	(5,192,263)	(5,230,089)	(7,656,961)
Other receipts	-	-	451,052	646,700	370,835
	<u>518,187</u>	<u>195,241</u>	<u>3,259,931</u>	<u>3,082,930</u>	<u>83,621</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants received	-	-	54,787	4,550	-
Loan payments received	-	-	-	-	23,650
Loans made	-	-	-	-	(26,784)
Transfers from other funds	-	-	1,030,051	664,864	455,728
Transfers to other funds	(69,724)	(11,000)	(1,516,545)	(433,850)	-
	<u>(69,724)</u>	<u>(11,000)</u>	<u>(431,707)</u>	<u>235,564</u>	<u>452,594</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES					
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Special assessments received	-	-	-	7,598	-
Proceeds from sale of capital assets	-	-	682,457	122,127	-
Principal paid on bonds and leases	-	-	(2,286,341)	(1,587,301)	-
Interest and fiscal charges paid on bonds and leases	-	-	(603,390)	(610,640)	-
Payments for acquisition and construction of capital assets	-	(88,753)	(5,072,439)	(4,412,700)	(16,214)
Advances received from other funds	-	-	802,114	-	-
Principal paid on advances from other funds	-	-	(85,000)	-	-
Interest paid on advances from other funds	-	-	(18,264)	-	-
	<u>-</u>	<u>(88,753)</u>	<u>(6,580,863)</u>	<u>(6,480,916)</u>	<u>(16,214)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest receipts (paid)	2,528	(4,154)	1,118,854	(912,525)	337,150
	<u>450,991</u>	<u>91,334</u>	<u>(2,633,785)</u>	<u>(4,074,947)</u>	<u>857,151</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>207,541</u>	<u>116,207</u>	<u>10,151,433</u>	<u>14,226,380</u>	<u>7,495,981</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 658,532</u>	<u>\$ 207,541</u>	<u>\$ 7,517,648</u>	<u>\$ 10,151,433</u>	<u>\$ 8,353,132</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
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities-Enterprise Funds			
	600		601/651/313/319/494	
	Refuse Collection & Recycling		Water Utility	
	2014	2013	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 176,130	\$ 163,479	\$ 337,679	\$ 500,553
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	-	96,503	93,561
Depreciation	148,319	120,412	654,943	631,186
(Increase) decrease in assets				
Accounts receivable	(19,709)	(10,648)	(48,821)	31,802
Inventories	-	-	(14,337)	10,710
Prepaid items	-	-	-	-
Increase (decrease) in liabilities				
Accounts payable	3,695	(15,011)	(31,301)	2,461
Due to other governments	142	733	(948)	2,487
Salaries payable	1,698	6,351	(995)	4,603
Compensated absences payable	(654)	10,931	(4,221)	2,666
Other postemployment benefits obligation	14,504	7,591	19,458	10,268
Unearned revenue	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 324,125</u>	<u>\$ 283,838</u>	<u>\$ 1,007,960</u>	<u>\$ 1,290,297</u>
SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES				
Book value of disposed/traded capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Capital assets acquired on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,987</u>
Capital assets contributed by other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,858</u>
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Business-type Activities-Enterprise Funds

602/650/317/320/321 322/323/402/490/492 Sewer Utility		603/307/403/418 Solid Waste Campus		605/303 Marina		610 Ambulance	
2014	2013	2014	2013	2014	2013	2014	2013
\$ (390,813)	\$ (459,615)	\$ 267,097	\$ (24,771)	\$ (77,592)	\$ (51,435)	\$ (179,250)	\$ 15,257
123,172	192,286	32,134	129,687	-	2,696	12,385	18,035
821,394	855,053	273,268	389,947	147,575	147,924	84,680	76,322
(59,189)	25,174	57,067	47,782	4,711	(4,711)	19,814	105,344
2,079	5,284	-	-	6,843	2,275	-	-
(2,055)	(901)	11,060	(11,060)	(2,902)	10,906	-	-
40,776	(137,735)	155,959	(19,275)	(6,417)	(20,810)	1,396	(7,459)
-	-	1,020	(985)	-	-	-	-
(662)	5,984	5,057	(13,974)	4,761	(2,705)	10,277	6,861
(26,951)	5,757	4,158	(24,769)	9,946	(7,942)	12,622	28,548
20,695	11,735	6,174	5,165	2,448	345	20,514	9,742
-	-	-	-	(3,592)	3,592	-	-
<u>\$ 528,446</u>	<u>\$ 503,022</u>	<u>\$ 812,994</u>	<u>\$ 477,747</u>	<u>\$ 85,781</u>	<u>\$ 80,135</u>	<u>\$ (17,562)</u>	<u>\$ 252,650</u>
<u>\$ 2,295</u>	<u>\$ 5,008</u>	<u>\$ 3,134,598</u>	<u>\$ 16,263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 216,943</u>	<u>\$ 800,471</u>	<u>\$ -</u>	<u>\$ 9,693</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 385,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (926)</u>	<u>\$ (926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF RED WING, MINNESOTA
 STATEMENTS OF CASH FLOWS
 PROPRIETARY FUNDS - CONTINUED
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Business-type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	652		Totals		
	Storm Water				
	2014	2013	2014	2013	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 520,408	\$ 225,765	\$ 653,659	\$ 369,233	\$ (295,517)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	-	-	264,194	436,265	-
Depreciation	32,212	30,432	2,162,391	2,251,276	43,002
(Increase) decrease in assets					
Accounts receivable	(43,453)	(28,450)	(89,580)	166,293	273,785
Inventories	-	-	(5,415)	18,269	(14,007)
Prepaid items	-	-	6,103	(1,055)	48,308
Increase (decrease) in liabilities					
Accounts payable	5,164	(37,226)	169,272	(235,055)	(24,863)
Due to other governments	-	-	214	2,235	-
Salaries payable	396	766	20,532	7,886	25,697
Compensated absences payable	538	2,418	(4,562)	17,609	27,216
Other postemployment benefits obligation	2,922	1,536	86,715	46,382	-
Unearned revenue	-	-	(3,592)	3,592	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 518,187	\$ 195,241	\$ 3,259,931	\$ 3,082,930	\$ 83,621
SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES					
Book value of disposed/traded capital assets	\$ -	\$ -	\$ 3,136,893	\$ 21,271	\$ -
Capital assets acquired on account	\$ -	\$ -	\$ 216,943	\$ 831,151	\$ -
Capital assets contributed by other funds	\$ -	\$ -	\$ -	\$ 746,012	\$ -
Amortization of bond (premium) discount	\$ -	\$ -	\$ (926)	\$ (926)	\$ -

0

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, 2014

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 757,295
Assets held in endowment	3,222,642
Receivables	
Accounts	76,938
Intergovernmental	48,869
Other assets	7,800
TOTAL ASSETS	\$ 4,113,544
LIABILITIES	
Accounts payable	\$ 377,357
Due to other governments	3,599,105
Salaries payable	28,845
Compensated absences payable	47,178
Other liabilities	61,059
TOTAL LIABILITIES	\$ 4,113,544

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, 2014

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CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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. The Port Authority is presented as a discretely presented component unit as the Board makeup of the entity is not substantially the same as the City Commission and no financial benefit exists between the two entities.

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, 2014

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, 2014

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 *West Avenue Reconstruction fund* accounts for funds received and capital expenditures incurred in the reconstruction of West Avenue.

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 *Solid Waste Campus fund* is used to account for all fees collected from customers using the facilities 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, 2014

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 net position/fund balance

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. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

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. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. 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.
8. 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.
9. 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.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Minnesota Municipal Money Market Fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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.

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.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2014. 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 \$187,772 as of December 31, 2014.

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.

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 except for inventories of supplies which are reported at cost.

Inventories of governmental funds 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.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. In 2014, the land held for resale was transferred to the City's Capital Improvement Assessment fund pursuant to a master administrative agreement dated February 24, 2014.

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, 2014

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, 2014.

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, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred 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 three sources: property taxes, special assessments and intergovernmental. 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 - Consists 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, 2014

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 a decrease in appropriations to the General fund of \$665,424, an increase of \$47,244 to the Airport special revenue fund and an increase of \$272,455 to the Library 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, 2014

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Deficit fund equity

The following funds had fund equity deficits at December 31, 2014:

Fund	Amount
Special revenue	
Health Initiatives	\$ 964
Capital projects	
Robert Street Extension Project	761
Parkland Acquisition	12,275
2013 Street Reconstruction Project	10,593
2015 Street Reconstruction Project	707
West Avenue Reconstruction	657,089
Cannon Bottom Road	769
Memorial Park Improvements	173,872
River Renaissance Levee Road to Jackson Street	384,707
Spring Creek/TH 61 Access Project	9,813
Sturgeon Lake Road Overpass	40,442
Highway 63 River Crossing Bridge	2,948
Highway 61 Reconstruction	27,630
Street and Alley Improvements	17,139
Proprietary funds	
Marina	243,075

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

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, 2014

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 \$2,529,455, including \$757,295 reported in agency funds. The bank balance was \$3,059,935. The bank balance was covered by federal depository insurance of \$509,969 and the remaining balance 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, 2014

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, 2014 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	2,306,477
Wells Fargo Advisors Money Market	Not rated	less than 6 months	8,499,880
Edward Jones Money Market	Not rated	less than 6 months	<u>5,662,064</u>
Total pooled investments			<u>16,468,726</u>
Non-pooled investments			
St. Paul Foundation	Not rated	less than 6 months	3,738,103
Federal Agency Notes	AAA	more than 3 years	31,580,153
Broker CD's	Not rated	more than 3 years	<u>488,425</u>
Total non-pooled investments			<u>35,806,681</u>
Total investments			<u>\$ 52,275,407</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, 2014

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 90 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, 2014, 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 \$2,475.

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	\$ 628,756	\$ 1,143,404	\$ 757,295	\$ 2,529,455
Investments	49,052,765	-	3,222,642	52,275,407
Cash on hand	<u>2,475</u>	<u>-</u>	<u>-</u>	<u>2,475</u>
 Total	 <u>\$ 49,683,996</u>	 <u>\$ 1,143,404</u>	 <u>\$ 3,979,937</u>	 <u>\$ 54,807,337</u>
Cash and investments	\$ 49,168,535	\$ 1,143,404	\$ 757,295	\$ 51,069,234
Assets held in endowment	<u>515,461</u>	<u>-</u>	<u>3,222,642</u>	<u>3,738,103</u>
 Total	 <u>\$ 49,683,996</u>	 <u>\$ 1,143,404</u>	 <u>\$ 3,979,937</u>	 <u>\$ 54,807,337</u>

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Assets held in endowment

Assets held in endowment at December 31, 2014 were \$3,738,103. 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, 2014 are \$515,461 and \$3,222,642, 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 \$73,646 and \$1,549,713 are reported as assets in the primary government and component unit, respectively:

Fund	Amount
Primary Government	
Special revenue	
CDBG Revolving	\$ 46,667
Internal service	
Risk Management	26,979
Total governmental activities	\$ 73,646
Component Unit	
Industrial Loan	\$ 1,145,585
Micro Loan	22,286
Intermediary Relending	381,842
Total component unit	\$ 1,549,713

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital assets

Primary government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,873,120	\$ -	\$ -	\$ 5,873,120
Construction in progress	14,124,338	6,153,766	-	20,278,104
Total capital assets not being depreciated	19,997,458	6,153,766	-	26,151,224
Capital assets being depreciated				
Buildings	26,197,987	760,501	(6,246)	26,952,242
Improvements other than buildings	14,381,094	114,945	(72,170)	14,423,869
Machinery and equipment	1,711,086	30,149	(122,312)	1,618,923
Office equipment	1,101,404	16,214	(33,664)	1,083,954
Vehicles	8,566,273	1,521,085	(516,139)	9,571,219
Infrastructure	38,385,225	-	-	38,385,225
Total capital assets being depreciated	90,343,069	2,442,894	(750,531)	92,035,432
Less accumulated depreciation for				
Buildings	(20,045,529)	(538,010)	6,246	(20,577,293)
Improvements other than buildings	(11,073,802)	(234,543)	72,170	(11,236,175)
Machinery and equipment	(932,500)	(78,805)	-	(1,011,305)
Office equipment	(891,133)	(66,584)	33,664	(924,053)
Vehicles	(5,419,939)	(762,672)	501,130	(5,681,481)
Infrastructure	(24,211,286)	(1,606,361)	-	(25,817,647)
Total accumulated depreciation	(62,574,189)	(3,286,975)	613,210	(65,247,954)
Total capital assets being depreciated, net	27,768,880	(844,081)	(137,321)	26,787,478
Governmental activities capital assets, net	<u>\$ 47,766,338</u>	<u>\$ 5,309,685</u>	<u>\$ (137,321)</u>	<u>\$ 52,938,702</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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>4,214,599</u>	<u>2,248,553</u>	<u>(4,868)</u>	<u>6,458,284</u>
Total capital assets not being depreciated	<u>4,429,579</u>	<u>2,248,553</u>	<u>(4,868)</u>	<u>6,673,264</u>
Capital assets being depreciated				
Buildings	34,197,627	-	(573,509)	33,624,118
Improvements other than buildings	17,368,127	536,191	(5,327,768)	12,576,550
Machinery and equipment	2,916,227	24,958	(416,092)	2,525,093
Office equipment	13,166	-	(13,166)	-
Vehicles	5,515,092	1,653,397	(965,700)	6,202,789
Infrastructure	<u>27,302,376</u>	<u>-</u>	<u>-</u>	<u>27,302,376</u>
Total capital assets being depreciated	<u>87,312,615</u>	<u>2,214,546</u>	<u>(7,296,235)</u>	<u>82,230,926</u>
Less accumulated depreciation for				
Buildings	(7,974,684)	(642,762)	454,150	(8,163,296)
Improvements other than buildings	(9,214,097)	(376,656)	2,919,895	(6,670,858)
Machinery and equipment	(2,271,055)	(81,628)	393,866	(1,958,817)
Office equipment	(13,166)	-	13,166	-
Vehicles	(3,078,630)	(533,127)	378,265	(3,233,492)
Infrastructure	<u>(10,092,329)</u>	<u>(528,218)</u>	<u>-</u>	<u>(10,620,547)</u>
Total accumulated depreciation	<u>(32,643,961)</u>	<u>(2,162,391)</u>	<u>4,159,342</u>	<u>(30,647,010)</u>
Total capital assets being depreciated, net	<u>54,668,654</u>	<u>52,155</u>	<u>(3,136,893)</u>	<u>51,583,916</u>
Business-type activities capital assets, net	<u>\$ 59,098,233</u>	<u>\$ 2,300,708</u>	<u>\$ (3,141,761)</u>	<u>\$ 58,257,180</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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	\$ 128,668
Public safety	256,689
Public works	2,032,613
Culture and recreation	618,858
Economic development	37,011
Miscellaneous	
Airport	124,195
Cemeteries	45,939
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>43,002</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 3,286,975</u></u>

Business-type activities

Refuse collection and recycling	\$ 148,319
Water utility	654,943
Sewer utility	821,394
Solid waste campus	273,268
Marina	147,575
Ambulance	84,680
Storm Water utility	<u>32,212</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 2,162,391</u></u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component unit

Capital asset activity for the year ended December 31, 2014 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	843,504	139,719	-	983,223
Total capital assets being depreciated	937,590	139,719	-	1,077,309
Less accumulated depreciation for				
Buildings	(94,086)	-	-	(94,086)
Improvements other than buildings	(582,871)	(6,663)	-	(589,534)
Total accumulated depreciation	(676,957)	(6,663)	-	(683,620)
Total capital assets being depreciated, net	260,633	133,056	-	393,689
Governmental activities capital assets, net	<u>\$ 525,675</u>	<u>\$ 133,056</u>	<u>\$ -</u>	<u>\$ 658,731</u>

Depreciation expense charged to the component unit was as follows:

Component Unit	
Port Authority	<u>\$ 6,663</u>

Construction commitments

The City has active construction projects as of December 31, 2014. 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	\$ 371,007	\$ 9,300
W, S, SS Pine-Hill-Franklin	1,179,599	23,986
West Avenue	2,280,951	371,086
2014 Levee Road Reconstruction	234,955	12,366
Old Hwy 19 Bridges	1,000,507	21,256
Ind Pre-Treatment WW Plant Upgrade	2,017,400	139,574
Municipal Phase II Sludge Dewatering	1,120,802	150,198
Total	<u>\$ 8,205,221</u>	<u>\$ 727,766</u>

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Interfund receivables, payables, and transfers

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

Due from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PERA Perpetual	\$ 423,628
	Debt Service	124
	West Avenue Reconstruction	289,039
	Nonmajor governmental	<u>569,075</u>
Total		<u>\$ 1,281,866</u>
Business-type activities - internal service	Governmental activities - internal service	<u>\$ 158,654</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 \$423,628 is for the operating subsidy. The remaining balances totaling \$858,238 are for temporary advances to cover cash deficits. The amount due from the governmental activities to the business-type activities of \$158,654 is due to the elimination of internal service fund profits and losses.

Advances to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Capital Improvement Assessment	Marina	1.80 - 3.30 %	03/24/14	11/01/21	<u>\$ 717,114</u>

The above advance was made for the following purpose:

- Capital Improvement Assessment fund to the Marina fund for debt service payments.

A summary of total future interfund loan repayments follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 90,000	\$ 16,838	\$ 106,838
2016	90,000	15,038	105,038
2017	95,000	12,836	107,836
2018	90,000	10,388	100,388
2019	95,000	7,725	102,725
2020 - 2021	<u>257,114</u>	<u>8,235</u>	<u>265,349</u>
Total	<u>\$ 717,114</u>	<u>\$ 71,059</u>	<u>\$ 788,173</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Loans to/from component unit/primary government

Receivable Entity	Payable Entity	Amount
Primary government	Component unit	
Capital Improvement Assessment	Port Authority	\$ 525,319
Adjustment to reflect the consolidation of internal service fund activities to Port Authority - component unit		<u>(39,350)</u>
Totals - statement of net position		<u><u>\$ 485,969</u></u>

The above loan was made for the following purpose:

- Capital Improvement Assessment fund to the Port Authority fund for the repairs to the bulkhead and provide operating capital for the Port Authority.

Interfund transfers

The following transfers were made for the year ended December 31, 2014:

Fund	Transfers In			
	General	West Avenue Reconstruction	Nonmajor Governmental	Sewer Utility
Transfers out				
General	\$ -	\$ 61,740	\$ 1,855,018	\$ 20,051
Capital Improvement Assessment	-	530,361	1,121,494	-
PERA Perpetual	146,670	-	-	-
Water Utility enterprise	96,383	436,320	285,403	-
Sewer Utility enterprise	96,383	260,690	246,392	-
Solid Waste Campus enterprise	25,250	-	-	-
Storm Water enterprise	-	-	69,724	-
Total	<u>\$ 364,686</u>	<u>\$ 1,289,111</u>	<u>\$ 3,578,031</u>	<u>\$ 20,051</u>

Fund	Transfers In			
	Solid Waste Campus	Engineering Internal Service	Water Utility	Total
Transfer out				
General	\$ 1,000,000	\$ 455,728	\$ 10,000	\$ 3,402,537
Capital Improvement Assessment	-	-	-	1,651,855
PERA Perpetual	-	-	-	146,670
Water Utility enterprise	-	-	-	818,106
Sewer Utility enterprise	-	-	-	603,465
Solid Waste Campus enterprise	-	-	-	25,250
Storm Water enterprise	-	-	-	69,724
Total	<u>\$ 1,000,000</u>	<u>\$ 455,728</u>	<u>\$ 10,000</u>	<u>\$ 6,717,607</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 2014:

- From the General fund to the following funds for operating subsidies: Library special revenue fund (\$913,413), Engineering internal service fund (\$270,747) and Airport special revenue fund (\$111,157).
- From the PERA Perpetual fund to the General fund for operating subsidy (\$146,670).

In the year ended December 31, 2014, the City made the following one-time transfers:

- From the General fund to the Library special revenue fund for one-time capital improvements (\$143,396).
- From the General fund to the Sturgeon Lake Road Overpass for one-time capital improvements (\$30,000).
- From the General fund to the TH 63 River Crossing Bridge for one-time capital improvements (\$15,000).
- From the General fund to the Solid Waste Campus enterprise fund for one-time capital improvements (\$1,000,000).
- From the General fund to the Street and Alley Improvements for one-time capital improvements (\$83,710).
- From the General fund to the Public Safety Center for one-time capital improvements (\$31,893).
- From the General fund to the Sheldon Renewal fund for one-time capital improvements (\$124,272).
- From the General fund to the West Avenue Reconstruction for one-time capital improvements (\$61,740).
- From the General fund to the Safe Route to School Intersect for one-time capital improvements (\$8,164).
- From the General fund to the Levee Road (Jackson to Broad) Project for one-time capital improvements (\$221,013).
- From the General fund to the Highway 61 Safety/Lighting Project for one-time capital improvements (\$173,000).
- From the General fund to the Water Utility fund for one-time capital improvements (\$10,000).
- From the General fund to the Sewer Utility fund for one-time capital improvements (\$20,051).
- From the Capital Improvement Assessment fund to the 2013 Street Reconstruction Project for one-time capital improvements (\$175,725).
- From the Capital Improvement Assessment fund to the 2014 Street Reconstruction Project for one-time capital improvements (\$64,151).
- From the Capital Improvement Assessment fund to the West Avenue Reconstruction for one-time capital improvements (\$530,361).
- From the Capital Improvement Assessment fund to the Levee Road (Jackson to Broad) Project for one-time capital improvements (\$158,400).
- From the Capital Improvement Assessment fund to the Highway 61 Safety/Lighting Project for one-time capital improvements (\$700,000).
- From the Capital Improvement Assessment fund to the Street and Alley Improvement fund for one-time capital improvements (\$23,218).
- From the Water Utility fund to the 2013 Street Reconstruction Project for one-time capital improvement (\$285,403).
- From the Water Utility fund to the West Avenue Reconstruction for one-time capital improvement (\$436,320).
- From the Sewer Utility fund to the 2013 Street Reconstruction Project for one-time capital improvement (\$246,392).
- From the Sewer Utility fund to the West Avenue Reconstruction for one-time capital improvement (\$260,690).
- From the Storm Water fund to the 2013 Street Reconstruction Project fund for one-time capital improvement (\$53,724).
- From the Storm Water fund to the Street and Alley Improvements fund for one-time capital improvement (\$16,000).
- From the Water Utility fund to the General fund for one-time capital improvement (\$96,383).
- From the Sewer Utility fund to the General fund for one-time capital improvement (\$96,383).
- From the Solid Waste Campus fund to the General fund for one-time capital improvement (\$25,250).
- From the General fund to the Engineering Internal Service fund for one-time capital improvements (\$184,981).

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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. Bonds of 2011A	\$ 1,835,000	0.50 - 2.60 %	11/15/11	02/01/22	\$ 1,500,000
G.O. Bonds of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	2,075,000
G.O. Bonds of 2013A	2,930,000	2.00	04/24/13	02/01/24	2,930,000
G.O. Equipment Certificates of 2014A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	<u>1,115,000</u>
Total G.O. Bonds					<u>\$ 7,620,000</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
2015	\$ 845,000	\$ 136,982	\$ 981,982
2016	870,000	118,105	988,105
2017	885,000	105,330	990,330
2018	915,000	91,068	1,006,068
2019	760,000	76,418	836,418
2020 - 2024	<u>3,345,000</u>	<u>152,309</u>	<u>3,497,309</u>
Total	<u>\$ 7,620,000</u>	<u>\$ 680,212</u>	<u>\$ 8,300,212</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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	\$ 149,053
G.O. Sewer Revenue Note of 1997	700,000	3.41	12/02/97	02/20/18	158,644
G.O. Sewer Revenue Note of 1998	2,500,000	3.34	05/22/98	08/20/18	546,648
G.O. Sewer Revenue Note of 2002	2,100,000	3.74	10/11/02	08/20/22	741,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	8,235,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	3,069,000
G.O. Disposal System Revenue Bonds of 2008	4,070,000	3.25 - 4.60	09/15/08	02/01/29	<u>3,380,000</u>
Total G.O. Revenue Bonds					<u>\$ 16,279,345</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
2015	\$ 1,590,660	\$ 498,917	\$ 2,089,577
2016	1,637,270	451,390	2,088,660
2017	1,681,256	402,178	2,083,434
2018	1,548,159	352,289	1,900,448
2019	1,505,000	307,895	1,812,895
2020 - 2024	6,947,000	848,456	7,795,456
2025 - 2029	1,370,000	161,429	1,531,429
Total	<u>\$16,279,345</u>	<u>\$ 3,022,554</u>	<u>\$19,301,899</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water Utility	Sewer Utility	Solid Waste Campus	Marina
Revenues	\$ 3,209,233	\$ 3,685,334	\$ 2,403,114	\$ 465,919
Principal and interest	1,048,528	731,668	307,421	57,114
Percentage of revenues	32.7%	19.9%	12.8%	12.3%

Note: Marina principal and interest amount excludes bond defeasance prepayment of \$745,000.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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	(539,191)
Total	\$ 195,887

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, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 6,980,000	\$ 1,115,000	\$ (475,000)	\$ 7,620,000	\$ 845,000
Unamortized bond premiums	106,754	19,612	(12,923)	113,443	-
Total bonds payable	7,086,754	1,134,612	(487,923)	7,733,443	845,000
OPEB obligation	382,253	167,983	(80,133)	470,103	-
Compensated absences payable	1,442,886	715,660	(688,444)	1,470,102	687,903
Governmental activity long-term liabilities	\$ 8,911,893	\$ 2,018,255	\$ (1,256,500)	\$ 9,673,648	\$ 1,532,903
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 18,565,686	\$ -	\$ (2,286,341)	\$ 16,279,345	\$ 1,590,660
Unamortized bond premiums	14,569	-	(926)	13,643	-
Total bonds payable	18,580,255	-	(2,287,267)	16,292,988	1,590,660
OPEB obligation	326,176	143,339	(56,624)	412,891	-
Compensated absences payable	718,195	316,143	(320,705)	713,633	320,164
Business-type activity long-term liabilities	\$ 19,624,626	\$ 459,482	\$ (2,664,596)	\$ 17,419,512	\$ 1,910,824

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component Unit	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
OPEB obligation	\$ 16,638	\$ 7,197	\$ (3,161)	\$ 20,674	\$ -
Compensated absences payable	<u>23,562</u>	<u>17,682</u>	<u>(8,059)</u>	<u>33,185</u>	<u>8,059</u>
Component unit long-term liabilities	<u>\$ 40,200</u>	<u>\$ 24,879</u>	<u>\$ (11,220)</u>	<u>\$ 53,859</u>	<u>\$ 8,059</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, 2014, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal of \$31,768,750. The balance on these bonds at December 31, 2014 was \$21,393,518.

G. Tax increment districts

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

Authorizing Law	Tax Increment <u>District No. 7-1</u> 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>143,438</u>
Captured - Retained	<u>\$ 104,918</u>
Total General Obligation Tax Increment	
Bonds and Notes issued	\$ -
Amounts redeemed	<u>-</u>
Outstanding at December 31, 2014	<u>\$ -</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

H. Components of fund balance

At December 31, 2014, 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	West Avenue Reconstruction	Other Governmental Funds	Total
Nonspendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,227	\$ 1,227
Loans to other governments	193,687	-	-	-	-	-	193,687
Library endowment	-	-	-	-	-	515,461	515,461
Loans receivable	-	-	-	-	-	-	-
Land held for resale	-	-	-	2,818,705	-	-	2,818,705
Permanent principal endowments	-	-	-	-	-	1,656,307	1,656,307
	<u>\$ 193,687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,818,705</u>	<u>\$ -</u>	<u>\$ 2,172,995</u>	<u>\$ 5,185,387</u>
Restricted							
Debt service	\$ -	\$ -	\$ 734,870	\$ -	\$ -	\$ -	\$ 734,870
DNR grant	11,454	-	-	-	-	-	11,454
Sister cities activities	-	-	-	-	-	6,261	6,261
Library activities	-	-	-	-	-	21,379	21,379
Capital projects (unspent bond proceeds)	943,362	-	-	-	-	-	943,362
Police and fire activities	51,054	9,023,298	-	-	-	-	9,074,352
Future loans	-	-	-	-	-	370,314	370,314
Tax increment activities	-	-	-	-	-	14,962	14,962
Cemetery perpetual	-	-	-	-	-	694,142	694,142
	<u>\$ 1,005,870</u>	<u>\$ 9,023,298</u>	<u>\$ 734,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,107,058</u>	<u>\$ 11,871,096</u>
Committed							
Capital improvements	<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 767,845</u>	<u>\$ 4,367,845</u>
Assigned							
Future operations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,335	\$ 387,335
Capital improvements	-	-	-	4,002,560	-	-	4,002,560
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,002,560</u>	<u>\$ -</u>	<u>\$ 387,335</u>	<u>\$ 4,389,895</u>
Unassigned							
	<u>\$ 12,674,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (657,089)</u>	<u>\$ (682,620)</u>	<u>\$ 11,334,364</u>

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 five 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.

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, 2014

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. GERP 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 2014. PEPFF members were required to contribute 10.20 percent of their annual covered salary in 2014. In 2014, the City of Red Wing was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members, 7.25 percent for Coordinated Plan members, and 15.30 percent for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013 and 2012 were \$522,510, \$499,524 and \$493,680, respectively. The City's contributions to the PEPFF for the years ending December 31, 2014, 2013 and 2012 were \$578,776, \$525,837 and \$498,223, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

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, 2014, 2013 and 2012 were \$1,158, \$1,168 and \$1,160, 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, 2014

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 2014 was \$102,082. 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	\$ 102,082
Contributions Made	
State Aid	102,082
Actuarial Valuation Date	12/31/14
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, 2014

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	
12/31/14	\$ 102,082	100.0 %	\$	-
12/31/13	105,124	100.0	-	-
12/31/12	71,133	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	
12/31/14	\$ 1,294,633	\$ 808,316	\$ 486,317	160.2 %	\$	3,000
12/31/13	1,195,546	686,199	509,347	174.2	-	2,500
12/31/12	1,051,575	657,523	394,052	159.9	-	2,500

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 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 2014, the City contributed \$139,918 to the plan.

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - 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	\$ 324,011	\$ 7,491	\$ 331,502
Interest on net OPEB obligation	31,891	737	32,628
Adjustment to annual required contribution	(44,580)	(1,031)	(45,611)
Annual OPEB cost (expense)	311,322	7,197	318,519
Contributions made	(136,757)	(3,161)	(139,918)
Increase in net OPEB obligation	174,565	4,036	178,601
Net OPEB obligation - beginning of year	708,429	16,638	725,067
NET OPEB obligation - end of year	<u>\$ 882,994</u>	<u>\$ 20,674</u>	<u>\$ 903,668</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 2014 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
12/31/14	\$ 318,519	43.9 %	\$ 903,668
12/31/13	234,988	61.2	725,067
12/31/12	237,284	51.4	633,923

D. Funded status and funding progress.

As of January 1, 2014, the City's actuarial accrued liability for benefits was \$2,791,135, all of which was unfunded. The City's covered payroll (annual payroll of active employees covered by the plan) was \$10,325,093, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 27.0 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, 2014

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - 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, 2014 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 7.5 percent initially, reduced incrementally to an ultimate rate of 5 percent after 10 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 7.5 percent initially, reduced to an ultimate rate of 5.0 percent after 10 years, was used.

Health insurance premiums - 2014 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 2.5 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, 2014 was 30 years.

CITY OF RED WING, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2014

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 2014. 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 \$5,443,796 at December 31, 2014 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, 2014 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
2014	\$ -	\$ 1,806,621	\$ 1,806,621	\$ -
2013	240,225	1,892,179	2,132,404	-
2012	211,929	1,763,245	1,734,949	240,225

CITY OF RED WING, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 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.

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 \$1,557,451,200. The City currently has \$7,620,000 of general obligation debt subject to this limit leaving a debt margin of \$39,725,087. 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 44 percent of the City's 2014 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 1,100 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, 2014

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, \$400,290 is reported as a restricted asset in the net position of the Solid Waste Campus fund as of December 31, 2014. This amount represents the cumulative restricted assets reported to date based on the use of 84.4 percent of the estimated capacity of the landfill. The City will recognize the remaining closure and post-closure care requirement of approximately \$236,218 as the remaining estimated capacity is filled. This is a decrease of \$18,062 under the prior year amount of \$254,280. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. 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 2014 engineer's report.

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, 2014, \$400,290 is reported as restricted assets on the Solid Waste Campus fund's balance sheet. The City expects that future inflation costs will be paid from interest earnings and annual contributions from the Solid Waste Campus 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.

Note 8: DISCONTINUED OPERATIONS

The City previously operated a waste-to-energy incinerator at its Solid Waste Campus. The incinerator related activity incinerated processed mixed solid municipal waste converting such to energy. While the activity had achieved environmental goals and objectives, the economics concerning continued waste-to-energy incineration presented challenges. The economic challenges led the City to evaluate alternative options that could increase economic efficiency while continuing to meet stated environmental goals. On March 24, 2014, the City Council approved discontinuing the incineration activity and authorized extending the existing Fuel Delivery Agreement between the City and Xcel Energy. The action permitted the transfer of processed mixed solid municipal waste collected at the City's Solid Waste Campus to Xcel Energy's Red Wing Generating Station where it is incinerated and converted to energy. Discontinuing the City's incinerator operation resulted in a loss on discontinued operations of \$2,564,361 in the City's Solid Waste Campus enterprise fund due to equipment obsolescence.

Note 9: SUBSEQUENT EVENT

On April 13, 2015, the City approved the issuance of G.O. Bonds, Series 2015A for various 2015 improvement projects in the amount of \$7,735,000.

Note 10: PRIOR PERIOD ADJUSTMENT

During 2014, a prior period adjustment was needed to record unavailable revenue offset for intergovernmental receivables at December 31, 2013. As a result of a prior period adjustment to beginning balances, the following schedule reconciles the previously reported fund balances in the December 31, 2013 financial statements.

Fund	December 31, 2014		
	Fund Balance December 31, 2013 as Previously Reported	Prior Period Adjustment	Fund Balance January 1, 2014 as Restated
Major			
Capital Improvement Assessment	\$ 8,159,285	\$ (1,743,064)	\$ 6,416,221

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CITY OF RED WING, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2014

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)
01/01/14	\$ -	\$ 2,791,135	\$ 2,791,135	- %	\$10,325,093	27.0 %
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, 2014

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CITY OF RED WING, MINNESOTA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2014

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 741,454	\$ 898,233	\$ 2,343,238	\$ 3,982,925
Assets held in endowment	515,461	-	-	515,461
Receivables				
Accrued interest	-	-	7,212	7,212
Accounts	91,669	-	-	91,669
Loans	46,667	-	-	46,667
Intergovernmental	99,043	292,040	-	391,083
Prepaid items	1,227	-	-	1,227
	<u>1,495,521</u>	<u>1,190,273</u>	<u>2,350,450</u>	<u>5,036,244</u>
TOTAL ASSETS	<u>\$ 1,495,521</u>	<u>\$ 1,190,273</u>	<u>\$ 2,350,450</u>	<u>\$ 5,036,244</u>
LIABILITIES				
Accounts payable	\$ 26,543	\$ 628,880	\$ -	\$ 655,423
Contracts payable	-	12,366	-	12,366
Due to other funds	106,237	462,838	-	569,075
Salaries payable	46,767	-	-	46,767
	<u>179,547</u>	<u>1,104,084</u>	<u>-</u>	<u>1,283,631</u>
TOTAL LIABILITIES	<u>179,547</u>	<u>1,104,084</u>	<u>-</u>	<u>1,283,631</u>
FUND BALANCES				
Nonspendable	516,688	-	1,656,307	2,172,995
Restricted	412,915	-	694,143	1,107,058
Committed	-	767,845	-	767,845
Assigned	387,335	-	-	387,335
Unassigned	(964)	(681,656)	-	(682,620)
	<u>1,315,974</u>	<u>86,189</u>	<u>2,350,450</u>	<u>3,752,613</u>
TOTAL FUND BALANCES	<u>1,315,974</u>	<u>86,189</u>	<u>2,350,450</u>	<u>3,752,613</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,495,521</u>	<u>\$ 1,190,273</u>	<u>\$ 2,350,450</u>	<u>\$ 5,036,244</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, 2014

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 130,824	\$ -	\$ -	\$ 130,824
Licenses and permits	208,190	-	-	208,190
Intergovernmental	310,221	818,696	-	1,128,917
Charges for services	78,965	-	-	78,965
Fines and forfeits	10,119	-	-	10,119
Investment income	45,326	-	107,938	153,264
Miscellaneous	226,444	203,420	52,110	481,974
	<u>1,010,089</u>	<u>1,022,116</u>	<u>160,048</u>	<u>2,192,253</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public safety	252,272	-	-	252,272
Public works	114,609	-	-	114,609
Culture and recreation	1,173,608	-	-	1,173,608
Economic development	296,433	-	-	296,433
Airport	221,686	-	-	221,686
Capital outlay				
Public safety	-	31,893	-	31,893
Public works	-	2,687,991	-	2,687,991
Culture and recreation	142,519	378,393	-	520,912
Airport	-	8,420	-	8,420
	<u>2,201,127</u>	<u>3,106,697</u>	<u>-</u>	<u>5,307,824</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)	(1,191,038)	(2,084,581)	160,048	(3,115,571)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,167,966	2,410,065	-	3,578,031
NET CHANGE IN FUND BALANCES	(23,072)	325,484	160,048	462,460
FUND BALANCES, JANUARY 1	1,339,046	(239,295)	2,190,402	3,290,153
FUND BALANCES, DECEMBER 31	<u>\$ 1,315,974</u>	<u>\$ 86,189</u>	<u>\$ 2,350,450</u>	<u>\$ 3,752,613</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 # 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, 2014

	203	209	211	221
	Health Initiatives	Airport	Library	U.S. EPA Hazardous Substances
ASSETS				
Cash and investments	\$ -	\$ 14,986	\$ 261,580	\$ -
Assets held in endowment	-	-	515,461	-
Receivables				
Accounts	24,002	8,844	54,136	-
Loans	-	-	-	-
Intergovernmental	10,936	15,357	-	4,284
Prepaid items	-	1,227	-	-
	<u>34,938</u>	<u>40,414</u>	<u>831,177</u>	<u>4,284</u>
TOTAL ASSETS	\$ 34,938	\$ 40,414	\$ 831,177	\$ 4,284
LIABILITIES				
Accounts payable	\$ 1,034	\$ 1,867	\$ 21,971	\$ -
Due to other funds	33,487	-	-	4,284
Salaries payable	1,381	2,036	33,341	-
	<u>35,902</u>	<u>3,903</u>	<u>55,312</u>	<u>4,284</u>
TOTAL LIABILITIES	35,902	3,903	55,312	4,284
FUND BALANCES				
Nonspendable	-	1,227	515,461	-
Restricted	-	-	-	-
Assigned	-	35,284	260,404	-
Unassigned	(964)	-	-	-
	<u>(964)</u>	<u>36,511</u>	<u>775,865</u>	<u>-</u>
TOTAL FUND BALANCES	(964)	36,511	775,865	-
	<u>\$ 34,938</u>	<u>\$ 40,414</u>	<u>\$ 831,177</u>	<u>\$ 4,284</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,938	\$ 40,414	\$ 831,177	\$ 4,284

222	243	245	248	279	291	299	Total
U.S. EPA Petroleum	DTED Loan	CDBG Revolving	Sister Cities	Tax Increment District # 7	Inspection	Library Memorial	Nonmajor Special Revenue
\$ -	\$ 141,613	\$ 182,033	\$ 6,261	\$ 14,962	\$ 98,640	\$ 21,379	\$ 741,454
-	-	-	-	-	-	-	515,461
-	-	-	-	-	4,687	-	91,669
-	-	46,667	-	-	-	-	46,667
68,466	-	-	-	-	-	-	99,043
-	-	-	-	-	-	-	1,227
<u>\$ 68,466</u>	<u>\$ 141,613</u>	<u>\$ 228,700</u>	<u>\$ 6,261</u>	<u>\$ 14,962</u>	<u>\$ 103,327</u>	<u>\$ 21,379</u>	<u>\$ 1,495,521</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,671	\$ -	\$ 26,543
68,466	-	-	-	-	-	-	106,237
-	-	-	-	-	10,009	-	46,767
<u>68,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,680</u>	<u>-</u>	<u>179,547</u>
-	-	-	-	-	-	-	516,688
-	141,613	228,700	6,261	14,962	-	21,379	412,915
-	-	-	-	-	91,647	-	387,335
-	-	-	-	-	-	-	(964)
-	141,613	228,700	6,261	14,962	91,647	21,379	1,315,974
<u>\$ 68,466</u>	<u>\$ 141,613</u>	<u>\$ 228,700</u>	<u>\$ 6,261</u>	<u>\$ 14,962</u>	<u>\$ 103,327</u>	<u>\$ 21,379</u>	<u>\$ 1,495,521</u>

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, 2014

	203	209	211	221
	Health Initiatives	Airport	Library	U.S. EPA Hazardous Substances
REVENUES				
Taxes				
Tax increments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
Federal	-	-	-	24,304
State	14,896	53,374	14,450	-
County	4,584	-	108,275	-
Charges for services				
General government	-	-	7,106	-
Public safety	-	-	-	-
Culture and recreation	-	-	3,051	-
Fines and forfeits	-	-	10,119	-
Investment income	-	-	32,692	-
Miscellaneous				
Rents	-	30,000	-	-
Lease payments received	-	45,059	-	-
Contributions and donations	87,582	-	6,145	-
Other	18,400	32,566	4,477	-
TOTAL REVENUES	<u>125,462</u>	<u>160,999</u>	<u>186,315</u>	<u>24,304</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	-	-	-	24,304
Culture and recreation	123,204	-	1,047,540	-
Economic development	-	-	-	-
Airport	-	221,686	-	-
Capital outlay				
Culture and recreation	-	-	142,519	-
TOTAL EXPENDITURES	<u>123,204</u>	<u>221,686</u>	<u>1,190,059</u>	<u>24,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,258	(60,687)	(1,003,744)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	111,157	1,056,809	-
NET CHANGE IN FUND BALANCES	2,258	50,470	53,065	-
FUND BALANCES, JANUARY 1	<u>(3,222)</u>	<u>(13,959)</u>	<u>722,800</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ (964)</u>	<u>\$ 36,511</u>	<u>\$ 775,865</u>	<u>\$ -</u>

222	243	245	248	279	291	299	Total
U.S. EPA Petroleum	DTED Loan	CDBG Revolving	Sister Cities	Tax Increment District # 7	Inspection	Library Memorial	Nonmajor Special Revenue
\$ -	\$ -	\$ -	\$ -	\$ 130,824	\$ -	\$ -	\$ 130,824
-	-	-	-	-	208,190	-	208,190
90,338	-	-	-	-	-	-	114,642
-	-	-	-	-	-	-	82,720
-	-	-	-	-	-	-	112,859
-	-	-	-	-	-	-	7,106
-	-	-	-	-	68,808	-	68,808
-	-	-	-	-	-	-	3,051
-	-	-	-	-	-	-	10,119
-	12,634	-	-	-	-	-	45,326
-	-	-	-	-	-	-	30,000
-	-	-	-	-	-	-	45,059
-	-	-	1,125	-	-	840	95,692
-	-	-	-	-	250	-	55,693
90,338	12,634	-	1,125	130,824	277,248	840	1,010,089
-	-	-	-	-	252,272	-	252,272
90,305	-	-	-	-	-	-	114,609
-	-	-	2,864	-	-	-	1,173,608
-	-	171,300	-	125,133	-	-	296,433
-	-	-	-	-	-	-	221,686
-	-	-	-	-	-	-	142,519
90,305	-	171,300	2,864	125,133	252,272	-	2,201,127
33	12,634	(171,300)	(1,739)	5,691	24,976	840	(1,191,038)
-	-	-	-	-	-	-	1,167,966
33	12,634	(171,300)	(1,739)	5,691	24,976	840	(23,072)
(33)	128,979	400,000	8,000	9,271	66,671	20,539	1,339,046
\$ -	\$ 141,613	\$ 228,700	\$ 6,261	\$ 14,962	\$ 91,647	\$ 21,379	\$ 1,315,974

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, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 10,000
State	86,085	122,385	53,374	(69,011)	40,389
Miscellaneous revenues					
Rents	24,000	24,000	30,000	6,000	24,000
Lease payments received	56,000	56,000	45,059	(10,941)	34,472
Other	13,100	13,100	32,566	19,466	29,754
TOTAL REVENUES	179,185	215,485	160,999	(54,486)	138,615
EXPENDITURES					
Current					
Airport					
Personal services	37,273	37,273	41,091	(3,818)	30,329
Supplies	35,870	35,870	26,075	9,795	36,124
Other services and charges	191,711	191,711	154,520	37,191	178,253
Capital outlay	65,500	112,744	-	112,744	11,436
TOTAL EXPENDITURES	330,354	377,598	221,686	155,912	256,142
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(151,169)	(162,113)	(60,687)	101,426	(117,527)
OTHER FINANCING SOURCES (USES)					
Transfers in	130,807	152,007	111,157	(40,850)	114,657
NET CHANGE IN FUND BALANCES	(20,362)	(10,106)	50,470	60,576	(2,870)
FUND BALANCES, JANUARY 1	(13,959)	(13,959)	(13,959)	-	(11,089)
FUND BALANCES, DECEMBER 31	<u>\$ (34,321)</u>	<u>\$ (24,065)</u>	<u>\$ 36,511</u>	<u>\$ 60,576</u>	<u>\$ (13,959)</u>

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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014			2013	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State	\$ -	\$ 11,960	\$ 14,450	\$ 2,490	\$ 23,410
County	93,283	93,283	108,275	14,992	95,987
Charges for services					
General government	6,000	6,000	7,106	1,106	6,585
Culture and recreation	3,500	3,500	3,051	(449)	3,257
Fines and forfeits	12,000	12,000	10,119	(1,881)	10,317
Investment income	29,000	29,000	32,692	3,692	78,887
Miscellaneous revenues					
Contributions and donations	7,350	7,350	6,145	(1,205)	8,398
Other	6,000	6,000	4,477	(1,523)	9,238
TOTAL REVENUES	157,133	169,093	186,315	17,222	236,079
EXPENDITURES					
Current					
Culture and recreation					
Library					
Personal services	709,471	709,471	673,686	35,785	588,553
Supplies	27,968	27,968	28,225	(257)	51,245
Other services and charges	330,351	343,198	345,629	(2,431)	345,203
Capital outlay	-	259,608	142,519	117,089	-
TOTAL EXPENDITURES	1,067,790	1,340,245	1,190,059	150,186	985,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(910,657)	(1,171,152)	(1,003,744)	167,408	(748,922)
OTHER FINANCING SOURCES (USES)					
Transfers in	913,413	1,173,898	1,056,809	(117,089)	875,371
NET CHANGE IN FUND BALANCES	2,756	2,746	53,065	50,319	126,449
FUND BALANCES, JANUARY 1	722,800	722,800	722,800	-	596,351
FUND BALANCES, DECEMBER 31	\$ 725,556	\$ 725,546	\$ 775,865	\$ 50,319	\$ 722,800

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, 2014
 With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Investment income	\$ 4,352	\$ 4,352	\$ 12,634	\$ 8,282	\$ 4,616
NET CHANGE IN FUND BALANCES	4,352	4,352	12,634	8,282	4,616
FUND BALANCES, JANUARY 1	128,979	128,979	128,979	-	124,363
FUND BALANCES, DECEMBER 31	<u>\$ 133,331</u>	<u>\$ 133,331</u>	<u>\$ 141,613</u>	<u>\$ 8,282</u>	<u>\$ 128,979</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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous revenues					
Contributions and donations	\$ 8,000	\$ 8,000	\$ 1,125	\$ (6,875)	\$ 3,865
Other	-	-	-	-	548
TOTAL REVENUES	8,000	8,000	1,125	(6,875)	4,413
EXPENDITURES					
Current					
Culture and recreation					
Other services and charges	8,000	8,000	2,864	5,136	6,698
NET CHANGE IN FUND BALANCES	-	-	(1,739)	(1,739)	(2,285)
FUND BALANCES, JANUARY 1	8,000	8,000	8,000	-	10,285
FUND BALANCES, DECEMBER 31	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 6,261</u>	<u>\$ (1,739)</u>	<u>\$ 8,000</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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Tax increments	\$ 169,615	\$ 169,615	\$ 130,824	\$ (38,791)	\$ 129,926
EXPENDITURES					
Current					
Economic development					
Other services and charges	169,615	169,615	125,133	44,482	122,774
NET CHANGE IN FUND BALANCES	-	-	5,691	5,691	7,152
FUND BALANCES, JANUARY 1	9,271	9,271	9,271	-	2,119
FUND BALANCES, DECEMBER 31	<u>\$ 9,271</u>	<u>\$ 9,271</u>	<u>\$ 14,962</u>	<u>\$ 5,691</u>	<u>\$ 9,271</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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Licenses and permits	\$ 122,487	\$ 122,487	\$ 208,190	\$ 85,703	\$ 132,975
Charges for services - public safety	32,100	32,100	68,808	36,708	31,459
Miscellaneous					
Other	-	-	250	250	12
TOTAL REVENUES	<u>154,587</u>	<u>154,587</u>	<u>277,248</u>	<u>122,661</u>	<u>164,446</u>
EXPENDITURES					
Current					
Public safety					
Inspection					
Personal services	229,081	229,081	211,550	17,531	198,719
Supplies	7,900	7,900	2,448	5,452	2,376
Other services and charges	44,522	44,522	38,274	6,248	45,285
Capital outlay	35,000	35,000	-	35,000	-
TOTAL EXPENDITURES	<u>316,503</u>	<u>316,503</u>	<u>252,272</u>	<u>64,231</u>	<u>246,380</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(161,916)	(161,916)	24,976	186,892	(81,934)
OTHER FINANCING SOURCES (USES)					
Transfers in	114,718	114,718	-	(114,718)	124,986
NET CHANGE IN FUND BALANCES	(47,198)	(47,198)	24,976	72,174	43,052
FUND BALANCES, JANUARY 1	66,671	66,671	66,671	-	23,619
FUND BALANCES, DECEMBER 31	<u>\$ 19,473</u>	<u>\$ 19,473</u>	<u>\$ 91,647</u>	<u>\$ 72,174</u>	<u>\$ 66,671</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.

Public Safety Center - This fund is used to account for funds received and capital expenditures incurred in the construction of a Public Safety Center.

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

Robert Street Extension Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Robert Street.

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.

Sheldon Renewal Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of the Sheldon Theatre.

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

2012 Street Reconstruction 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 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 Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of West Avenue.

2015 Street Reconstruction Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of Levee Road.

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.

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.

Safe Routes To School Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of school intersections.

River Renaissance Levee Road to Jackson Street - This fund is used to account for funds received and capital expenditures incurred in the River Renaissance 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 address access and rail safety issues.

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.

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 Reconstruction - This fund is used to account for funds received and the capital expenditures incurred in the 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, 2014

	401	410	412	414	415	426
	Public Safety Center	Airport Federal Projects	Robert Street Extension Project	East 5th Street Bridge Project	Sheldon Renewal Project	Parkland Acquisition
ASSETS						
Cash and investments	\$ 500	\$ 26,033	\$ -	\$ 370,680	\$ 324,272	\$ -
Receivables						
Intergovernmental	-	7,999	-	-	1,250	-
TOTAL ASSETS	<u>\$ 500</u>	<u>\$ 34,032</u>	<u>\$ -</u>	<u>\$ 370,680</u>	<u>\$ 325,522</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ 500	\$ 8,420	\$ -	\$ 10,229	\$ 85,282	\$ -
Contracts payable	-	-	-	-	-	-
Due to other funds	-	-	761	-	-	12,275
TOTAL LIABILITIES	<u>500</u>	<u>8,420</u>	<u>761</u>	<u>10,229</u>	<u>85,282</u>	<u>12,275</u>
FUND BALANCES						
Committed	-	25,612	-	360,451	240,240	-
Unassigned	-	-	(761)	-	-	(12,275)
TOTAL FUND BALANCES	<u>-</u>	<u>25,612</u>	<u>(761)</u>	<u>360,451</u>	<u>240,240</u>	<u>(12,275)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 500</u>	<u>\$ 34,032</u>	<u>\$ -</u>	<u>\$ 370,680</u>	<u>\$ 325,522</u>	<u>\$ -</u>

431	432	433	434	451	457	458	459	465
2012 Street Reconstruction Project	2013 Street Reconstruction Project	2014 Street Reconstruction Project	2015 Street Reconstruction Project	Spring Creek/ Highway 61 Intersection	Cannon Bottom Road	Memorial Park Project	Safe Routes to School Project	River Renaissance Levee Road to Jackson Street
\$ 50,067	\$ 25,147	\$ -	\$ -	\$ 2,645	\$ -	\$ -	\$ -	\$ 10,059
-	-	-	-	-	-	193,841	-	-
<u>\$ 50,067</u>	<u>\$ 25,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ 193,841</u>	<u>\$ -</u>	<u>\$ 10,059</u>
\$ -	\$ 35,740	\$ -	\$ -	\$ -	\$ -	\$ 39,894	\$ -	\$ 382,400
-	-	-	-	-	-	-	-	12,366
-	-	-	707	-	769	327,819	-	-
-	35,740	-	707	-	769	367,713	-	394,766
50,067	-	-	-	2,645	-	-	-	-
-	(10,593)	-	(707)	-	(769)	(173,872)	-	(384,707)
<u>50,067</u>	<u>(10,593)</u>	<u>-</u>	<u>(707)</u>	<u>2,645</u>	<u>(769)</u>	<u>(173,872)</u>	<u>-</u>	<u>(384,707)</u>
<u>\$ 50,067</u>	<u>\$ 25,147</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,645</u>	<u>\$ -</u>	<u>\$ 193,841</u>	<u>\$ -</u>	<u>\$ 10,059</u>

CITY OF RED WING, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2014

	466	467	468	470
	Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	Highway 63 River Crossing Bridge
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ 79,573	\$ -
Receivables				
Intergovernmental	-	88,950	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 88,950</u>	<u>\$ 79,573</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 61,275	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	9,813	68,117	-	2,948
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>9,813</u>	<u>129,392</u>	<u>-</u>	<u>2,948</u>
FUND BALANCES				
Committed	-	-	79,573	-
Unassigned	(9,813)	(40,442)	-	(2,948)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>(9,813)</u>	<u>(40,442)</u>	<u>79,573</u>	<u>(2,948)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 88,950</u>	<u>\$ 79,573</u>	<u>\$ -</u>

<u>473</u>	<u>476</u>	<u>477</u>	<u>498</u>	<u>499</u>	Total Nomajor Capital Projects
<u>Moundview Drive</u>	<u>Highway 61 Reconstruction</u>	<u>Street Reclamation/ Reconditioning</u>	<u>Sidewalk Construction Project</u>	<u>Street and Alley Improvements</u>	
\$ 279	\$ -	\$ 794	\$ 8,184	\$ -	\$ 898,233
-	-	-	-	-	292,040
<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 8,184</u>	<u>\$ -</u>	<u>\$ 1,190,273</u>
\$ -	\$ 5,140	\$ -	\$ -	\$ -	\$ 628,880
-	-	-	-	-	12,366
-	22,490	-	-	17,139	462,838
-	27,630	-	-	17,139	1,104,084
279	-	794	8,184	-	767,845
-	(27,630)	-	-	(17,139)	(681,656)
<u>279</u>	<u>(27,630)</u>	<u>794</u>	<u>8,184</u>	<u>(17,139)</u>	<u>86,189</u>
<u>\$ 279</u>	<u>\$ -</u>	<u>\$ 794</u>	<u>\$ 8,184</u>	<u>\$ -</u>	<u>\$ 1,190,273</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, 2014

	401	410	412	414	415	426
	Public Safety Center	Airport Federal Projects	Robert Street Extension Project	East 5th Street Bridge Project	Sheldon Renewal Project	Parkland Acquisition
REVENUES						
Intergovernmental						
Federal	\$ -	\$ 17,686	\$ -	\$ -	\$ -	\$ -
State	-	7,970	-	-	-	-
Miscellaneous						
Contributions and donations	-	-	-	-	60,000	-
Other	-	-	-	120	141,250	2,050
TOTAL REVENUES	-	25,656	-	120	201,250	2,050
EXPENDITURES						
Capital outlay						
Public safety	31,893	-	-	-	-	-
Public works	-	-	761	271,501	-	-
Culture and recreation	-	-	-	-	85,282	-
Airport	-	8,420	-	-	-	-
TOTAL EXPENDITURES	31,893	8,420	761	271,501	85,282	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,893)	17,236	(761)	(271,381)	115,968	2,050
OTHER FINANCING SOURCES (USES)						
Transfers in	31,893	-	-	-	124,272	-
NET CHANGE IN FUND BALANCES	-	17,236	(761)	(271,381)	240,240	2,050
FUND BALANCES, JANUARY 1	-	8,376	-	631,832	-	(14,325)
FUND BALANCES, DECEMBER 31	\$ -	\$ 25,612	\$ (761)	\$ 360,451	\$ 240,240	\$ (12,275)

431	432	433	434	451	457	458	459	465
2012 Street Reconstruction Project	2013 Street Reconstruction Project	2014 Street Reconstruction Project	2015 Street Reconstruction Project	Spring Creek/ Highway 61 Intersection	Cannon Bottom Road	Memorial Park Project	Safe Routes to School Project	River Renaissance Levee Road to Jackson Street
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	247,473	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	247,473	-	-
-	-	-	-	-	-	-	-	-
-	30,800	62,982	707	-	-	-	8,164	817,378
-	-	-	-	-	-	293,111	-	-
-	-	-	-	-	-	-	-	-
-	30,800	62,982	707	-	-	293,111	8,164	817,378
-	(30,800)	(62,982)	(707)	-	-	(45,638)	(8,164)	(817,378)
-	761,244	64,151	-	-	-	-	8,164	379,413
-	730,444	1,169	(707)	-	-	(45,638)	-	(437,965)
50,067	(741,037)	(1,169)	-	2,645	(769)	(128,234)	-	53,258
<u>\$ 50,067</u>	<u>\$ (10,593)</u>	<u>\$ -</u>	<u>\$ (707)</u>	<u>\$ 2,645</u>	<u>\$ (769)</u>	<u>\$ (173,872)</u>	<u>\$ -</u>	<u>\$ (384,707)</u>

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, 2014

	466	467	468	470
	Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	Highway 63 River Crossing Bridge
REVENUES				
Intergovernmental				
Federal	\$ -	\$ 488,545	\$ -	\$ -
State	-	-	57,022	-
Miscellaneous				
Contributions and donations	-	-	-	-
Other	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>488,545</u>	<u>57,022</u>	<u>-</u>
EXPENDITURES				
Capital outlay				
Public safety	-	-	-	-
Public works	2,376	542,975	52,039	19,505
Culture and recreation	-	-	-	-
Airport	-	-	-	-
TOTAL EXPENDITURES	<u>2,376</u>	<u>542,975</u>	<u>52,039</u>	<u>19,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,376)	(54,430)	4,983	(19,505)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	30,000	-	15,000
NET CHANGE IN FUND BALANCES	(2,376)	(24,430)	4,983	(4,505)
FUND BALANCES, JANUARY 1	<u>(7,437)</u>	<u>(16,012)</u>	<u>74,590</u>	<u>1,557</u>
FUND BALANCES, DECEMBER 31	<u>\$ (9,813)</u>	<u>\$ (40,442)</u>	<u>\$ 79,573</u>	<u>\$ (2,948)</u>

473	476	477	498	499	Total Nomajor Capital Projects
<u>Moundview Drive</u>	<u>Highway 61 Reconstruction</u>	<u>Street Reclamation/ Reconditioning</u>	<u>Sidewalk Construction Project</u>	<u>Street and Alley Improvements</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 506,231
-	-	-	-	-	312,465
-	-	-	-	-	60,000
-	-	-	-	-	143,420
-	-	-	-	-	1,022,116
-	-	-	-	-	31,893
-	761,147	-	244	117,412	2,687,991
-	-	-	-	-	378,393
-	-	-	-	-	8,420
-	761,147	-	244	117,412	3,106,697
-	(761,147)	-	(244)	(117,412)	(2,084,581)
-	873,000	-	-	122,928	2,410,065
-	111,853	-	(244)	5,516	325,484
279	(139,483)	794	8,428	(22,655)	(239,295)
<u>\$ 279</u>	<u>\$ (27,630)</u>	<u>\$ 794</u>	<u>\$ 8,184</u>	<u>\$ (17,139)</u>	<u>\$ 86,189</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 Flower - 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, 2014

With Comparative Totals for December 31, 2013

	851	852	853	854
	Oakwood	Oakwood	Burnside	Burnside
	Care	Flower	Care	Flower
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 1,171,737	\$ 771,592	\$ 274,951	\$ 124,958
Receivables				
Accrued interest	7,212	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,178,949</u>	<u>\$ 771,592</u>	<u>\$ 274,951</u>	<u>\$ 124,958</u>
FUND BALANCES				
Nonspendable	\$ 869,014	\$ 494,068	\$ 205,415	\$ 87,810
Restricted	309,935	277,524	69,536	37,148
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>\$ 1,178,949</u>	<u>\$ 771,592</u>	<u>\$ 274,951</u>	<u>\$ 124,958</u>

Totals

<u>2014</u>	<u>2013</u>
\$ 2,343,238	\$ 2,181,094
<u>7,212</u>	<u>9,308</u>
<u>\$ 2,350,450</u>	<u>\$ 2,190,402</u>
\$ 1,656,307	\$ 1,604,242
<u>694,143</u>	<u>586,160</u>
<u>\$ 2,350,450</u>	<u>\$ 2,190,402</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower
REVENUES				
Investment income (loss)	\$ 53,086	\$ 30,633	\$ 15,426	\$ 8,793
Miscellaneous				
Burial plot sales	33,505	-	9,370	-
Perpetual contract sales	-	8,495	-	740
TOTAL REVENUES	86,591	39,128	24,796	9,533
FUND BALANCES, JANUARY 1	<u>1,092,358</u>	<u>732,464</u>	<u>250,155</u>	<u>115,425</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 1,178,949</u></u>	<u><u>\$ 771,592</u></u>	<u><u>\$ 274,951</u></u>	<u><u>\$ 124,958</u></u>

Totals

<u>2014</u>	<u>2013</u>
\$ 107,938	\$ (66,229)
42,875	27,635
<u>9,235</u>	<u>14,730</u>
160,048	(23,864)
<u>2,190,402</u>	<u>2,214,266</u>
<u>\$ 2,350,450</u>	<u>\$ 2,190,402</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, 2014 AND 2013

	2014	2013
ASSETS		
Cash and investments	\$ 16,467,342	\$ 13,304,667
Receivables		
Accrued interest	26,901	37,549
Delinquent taxes	197,592	236,153
Accounts (net of allowance)	109,947	88,329
Intergovernmental	164,181	156,427
Loans to other governments	193,687	40,000
Due from other funds	1,281,866	2,791,753
Loans to component unit	-	212,568
	\$ 18,441,516	\$ 16,867,446
TOTAL ASSETS		
LIABILITIES		
Accounts payable	\$ 369,018	\$ 492,504
Escrow accounts payable	27,275	27,275
Due to other funds	-	15,902
Due to other governments	1,125	1,352
Salaries payable	232,329	208,151
Deposits payable	89,419	35,602
Unearned revenue	51,128	37,615
	770,294	818,401
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	197,592	236,153
FUND BALANCES		
Nonspendable	193,687	252,568
Restricted	1,005,870	1,101,363
Committed	3,600,000	3,400,000
Unassigned	12,674,073	11,058,961
	17,473,630	15,812,892
TOTAL FUND BALANCES		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	\$ 18,441,516	\$ 16,867,446

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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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		Actual Amounts	Variance with Final Budget	2013
	Budgeted Amounts				Actual
	Original	Final			Amounts
REVENUES					
Taxes					
Property taxes	\$ 14,137,323	\$ 14,137,323	\$ 14,012,506	\$ (124,817)	\$ 13,757,517
Excess tax increments	-	-	5,670	5,670	4
Franchise taxes	172,000	172,000	228,567	56,567	216,365
Other taxes	29,900	29,900	38,402	8,502	33,119
Total taxes	14,339,223	14,339,223	14,285,145	(54,078)	14,007,005
Special assessments	-	-	5,719	5,719	-
Licenses and permits					
Business	52,680	52,680	58,812	6,132	57,653
Nonbusiness	3,800	3,800	4,739	939	2,979
Total licenses and permits	56,480	56,480	63,551	7,071	60,632
Intergovernmental					
Federal					
Other Federal aid	173,942	181,880	192,901	11,021	48,064
State					
Local government aid	1,616,850	1,616,850	1,621,894	5,044	619,586
Property tax credits	2,736	2,736	2,736	-	2,523
Police aid	187,286	187,286	225,987	38,701	208,017
Other State aids	1,437,659	613,333	511,595	(101,738)	961,054
Total state	3,244,531	2,420,205	2,362,212	(57,993)	1,791,180
County					
Other County aids	44,000	44,000	83,593	39,593	46,209
Total intergovernmental	3,462,473	2,646,085	2,638,706	(7,379)	1,885,453
Charges for services					
General government	28,250	28,250	34,311	6,061	36,796
Public safety	156,604	156,604	128,629	(27,975)	137,667
Public works	44,389	44,389	79,935	35,546	74,191
Culture and recreation	121,000	121,000	103,172	(17,828)	133,388
Transit	103,200	103,200	108,875	5,675	151,849
Total charges for services	453,443	453,443	454,922	1,479	533,891
Fines and forfeits	79,100	79,100	73,872	(5,228)	77,698
Investment income (loss)	165,000	165,000	543,932	378,932	(340,275)
Miscellaneous					
Interest on notes and loans	9,723	9,723	300	(9,423)	11,517
Rents	167,111	167,111	154,401	(12,710)	54,930
Contributions and donations	516,913	61,000	49,465	(11,535)	41,877
Refunds and reimbursements	-	1,481	6,540	5,059	807
Other	13,300	13,300	24,413	11,113	241,749
Total miscellaneous	707,047	252,615	235,119	(17,496)	350,880
TOTAL REVENUES	19,262,766	17,991,946	18,300,966	309,020	16,575,284

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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
General government					
City Council					
Personal services	\$ 60,728	\$ 60,728	\$ 57,244	\$ 3,484	\$ 57,424
Supplies	13,585	13,585	3,344	10,241	5,721
Other services and charges	45,591	45,591	20,654	24,937	36,511
Total City Council	119,904	119,904	81,242	38,662	99,656
Mayor					
Personal services	8,676	8,676	8,159	517	6,913
Supplies	1,050	1,050	-	1,050	99
Other services and charges	6,855	6,855	2,313	4,542	2,344
Total Mayor	16,581	16,581	10,472	6,109	9,356
Council administration					
Supplies	-	-	-	-	1,501
Other services and charges	169,824	169,824	166,719	3,105	165,660
Total council administration	169,824	169,824	166,719	3,105	167,161
Boards and commissions					
Supplies	550	550	1,058	(508)	473
Other services and charges	32,880	36,136	22,081	14,055	42,573
Total boards and commissions	33,430	36,686	23,139	13,547	43,046
City clerk					
Personal services	103,681	103,681	104,457	(776)	102,169
Supplies	-	-	-	-	1,767
Other services and charges	44,281	44,281	42,324	1,957	26,677
Total city clerk	147,962	147,962	146,781	1,181	130,613
Elections and voter registration					
Personal services	22,676	22,676	20,877	1,799	6,249
Supplies	2,600	2,600	2,099	501	3,412
Other services and charges	16,890	16,890	12,795	4,095	9,008
Total elections and voter registration	42,166	42,166	35,771	6,395	18,669
Finance					
Personal services	174,152	174,152	165,256	8,896	172,383
Supplies	-	-	-	-	4,183
Other services and charges	61,240	61,240	52,624	8,616	47,666
Total finance	235,392	235,392	217,880	17,512	224,232
Audit					
Other services and charges	41,855	41,855	37,744	4,111	36,018
Attorney					
Other services and charges	226,800	226,800	229,207	(2,407)	208,926
Communications					
Personal services	37,351	37,351	17,511	19,840	13,433
Supplies	-	-	-	-	8,599
Other services and charges	46,320	59,620	55,107	4,513	38,931
Total communications	83,671	96,971	72,618	24,353	60,963

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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
General government - continued					
Employee services					
Personal services	\$ 191,474	\$ 191,474	\$ 187,456	\$ 4,018	\$ 193,639
Supplies	-	-	-	-	26,232
Other services and charges	146,886	146,886	132,144	14,742	103,525
Total employee services	338,360	338,360	319,600	18,760	323,396
Community development					
Personal services	185,536	185,536	171,800	13,736	160,751
Supplies	7,700	7,700	5,629	2,071	4,119
Other services and charges	34,931	37,931	39,068	(1,137)	34,068
Total community development	228,167	231,167	216,497	14,670	198,938
Government buildings					
Personal services	4,129	4,129	1,118	3,011	1,557
Supplies	20,900	20,900	18,405	2,495	22,987
Other services and charges	155,572	155,572	138,630	16,942	129,875
Total general government buildings	180,601	180,601	158,153	22,448	154,419
Total general government	1,864,713	1,884,269	1,715,823	168,446	1,675,393
Public safety					
Police					
Personal services	3,113,310	3,113,310	3,070,597	42,713	3,009,286
Supplies	155,250	155,750	141,424	14,326	151,789
Other services and charges	464,292	470,530	458,924	11,606	394,712
Total police	3,732,852	3,739,590	3,670,945	68,645	3,555,787
Fire					
Personal services	1,313,959	1,313,959	1,302,990	10,969	1,219,897
Supplies	84,350	89,328	84,408	4,920	92,305
Other services and charges	329,342	396,120	402,042	(5,922)	371,175
Total fire	1,727,651	1,799,407	1,789,440	9,967	1,683,377
Civil defense					
Personal services	26,603	26,603	24,626	1,977	24,147
Supplies	4,900	4,900	15,036	(10,136)	8,585
Other services and charges	20,939	20,939	3,129	17,810	12,532
Total civil defense	52,442	52,442	42,791	9,651	45,264
Total public safety	5,512,945	5,591,439	5,503,176	88,263	5,284,428
Public works					
Administration					
Personal services	220,544	220,544	196,668	23,876	134,915
Supplies	44,900	44,900	28,993	15,907	34,076
Other services and charges	211,324	224,324	260,852	(36,528)	234,845
Total administration	476,768	489,768	486,513	3,255	403,836
Street maintenance					
Personal services	26,437	26,437	26,366	71	18,088
Supplies	420,580	420,580	395,245	25,335	427,843
Other services and charges	602,830	602,830	752,814	(149,984)	670,494
Total street maintenance	1,049,847	1,049,847	1,174,425	(124,578)	1,116,425

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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		Actual Amounts	Variance with Final Budget	2013
	Budgeted Amounts				Actual
	Original	Final			Amounts
EXPENDITURES - CONTINUED					
Public works - continued					
Snow and ice removal					
Supplies	\$ 189,250	\$ 189,250	\$ 201,518	\$ (12,268)	\$ 198,302
Other services and charges	269,607	269,607	345,192	(75,585)	362,612
Total snow and ice removal	458,857	458,857	546,710	(87,853)	560,914
Street lighting					
Supplies	80,250	80,250	77,952	2,298	89,443
Other services and charges	303,845	303,845	246,087	57,758	280,972
Total street lighting	384,095	384,095	324,039	60,056	370,415
Parking ramps					
Personal services	6,351	6,351	6,733	(382)	4,811
Supplies	7,750	7,750	5,528	2,222	11,626
Other services and charges	109,974	109,974	151,281	(41,307)	98,224
Total parking ramps	124,075	124,075	163,542	(39,467)	114,661
Total public works	2,493,642	2,506,642	2,695,229	(188,587)	2,566,251
Sanitation					
Composting					
Personal services	29,086	29,086	38,295	(9,209)	17,896
Supplies	7,165	7,165	4,947	2,218	1,491
Other services and charges	13,499	13,499	6,438	7,061	76,077
Total sanitation	49,750	49,750	49,680	70	95,464
Culture and recreation					
Parks and boulevards					
Personal services	87,311	93,311	84,853	8,458	78,441
Supplies	239,965	239,965	232,121	7,844	220,847
Other services and charges	719,469	728,469	798,109	(69,640)	922,097
Total parks and boulevards	1,046,745	1,061,745	1,115,083	(53,338)	1,221,385
Recreational activities and facilities					
Personal services	8,022	8,022	11,547	(3,525)	6,986
Supplies	85,520	83,270	68,635	14,635	154,714
Other services and charges	721,761	613,155	818,462	(205,307)	1,080,154
Total recreational activities and facilities	815,303	704,447	898,644	(194,197)	1,241,854
Total culture and recreation	1,862,048	1,766,192	2,013,727	(247,535)	2,463,239

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, 2014
With Comparative Actual Amounts for the Year Ended December 31, 2013

	2014		Actual Amounts	Variance with Final Budget	2013
	Budgeted Amounts				Actual
	Original	Final			Amounts
EXPENDITURES - CONTINUED					
Economic development					
Personal services	\$ 4,129	\$ 4,129	\$ 120	\$ 4,009	\$ 120
Supplies	4,525	4,525	3,344	1,181	8,464
Other services and charges	214,842	244,842	225,796	19,046	419,483
Total community development	223,496	253,496	229,260	24,236	428,067
Cemeteries					
Personal services	112,402	112,402	112,094	308	104,655
Supplies	72,735	72,735	78,255	(5,520)	68,264
Other services and charges	118,547	118,547	133,511	(14,964)	120,439
Total cemeteries	303,684	303,684	323,860	(20,176)	293,358
Transit					
Other services and charges	15,200	15,200	22,904	(7,704)	16,181
Contingencies and other					
Other services and charges	624,126	328,872	85,994	242,878	154,763
Total current	12,949,604	12,699,544	12,639,653	59,891	12,977,144
Capital outlay					
General government	-	353,759	-	353,759	134,170
Public safety	395,997	704,471	568,154	136,317	219,284
Public works	1,525,344	2,092,037	1,074,212	1,017,825	691,255
Culture and recreation	2,537,053	825,332	400,198	425,134	665,778
Economic development	-	63,832	42,418	21,414	507,881
Cemeteries	50,000	53,599	-	53,599	71,400
Total capital outlay	4,508,394	4,093,030	2,084,982	2,008,048	2,289,768
Debt service					
Principal retirement	-	-	-	-	91,336
Interest and fiscal charges	-	-	-	-	4,740
Bond issuance costs	-	-	-	-	7,271
Total debt service	-	-	-	-	103,347
TOTAL EXPENDITURES	17,457,998	16,792,574	14,724,635	2,067,939	15,370,259
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,804,768	1,199,372	3,576,331	2,376,959	1,205,025
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	6,060	19,777	13,717	78,268
Bonds issued	1,055,730	1,074,720	1,082,869	8,149	1,565,419
Premiums on bonds issued	-	-	19,612	19,612	62,778
Transfers in	496,650	501,650	364,686	(136,964)	466,741
Transfers out	(3,775,237)	(4,858,214)	(3,402,537)	1,455,677	(2,968,220)
TOTAL OTHER FINANCING SOURCES (USES)	(2,222,857)	(3,275,784)	(1,915,593)	1,360,191	(795,014)
NET CHANGE IN FUND BALANCES	(418,089)	(2,076,412)	1,660,738	3,737,150	410,011
FUND BALANCES, JANUARY 1	15,812,892	15,812,892	15,812,892	-	15,402,881
FUND BALANCES, DECEMBER 31	\$ 15,394,803	\$ 13,736,480	\$ 17,473,630	\$ 3,737,150	\$ 15,812,892

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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. 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. 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. 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.

\$1,115,000 G.O. Equipment Certificates 2014A - This fund is used to account for payment of principal, interest and related costs for equipment.

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CITY OF RED WING, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

With Comparative Totals for December 31, 2013

	301	302	304	305
	\$1,835,000	\$2,375,000	\$2,930,000	\$1,115,000
	G.O.	G.O.	G.O.	G.O. Equipment
	<u>Bonds 2011A</u>	<u>Bonds 2012A</u>	<u>Bonds 2013A</u>	<u>Certificates 2014A</u>
ASSETS				
Cash and investments	\$ 162,011	\$ 268,687	\$ 301,913	\$ -
Receivables				
Delinquent taxes	4,476	-	-	-
Intergovernmental	452	578	1,353	-
	<u>166,939</u>	<u>269,265</u>	<u>303,266</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 166,939</u></u>	<u><u>\$ 269,265</u></u>	<u><u>\$ 303,266</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ 124
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	4,476	-	-	-
FUND BALANCES				
Restricted for debt service	<u>162,463</u>	<u>269,265</u>	<u>303,266</u>	<u>(124)</u>
	<u>166,939</u>	<u>269,265</u>	<u>303,266</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 166,939</u></u>	<u><u>\$ 269,265</u></u>	<u><u>\$ 303,266</u></u>	<u><u>\$ -</u></u>

Totals

<u>2014</u>	<u>2013</u>
\$ 732,611	\$ 727,191
4,476	3,085
<u>2,383</u>	<u>2,303</u>
<u>\$ 739,470</u>	<u>\$ 732,579</u>
\$ 124	\$ -
4,476	3,085
<u>734,870</u>	<u>729,494</u>
<u>\$ 739,470</u>	<u>\$ 732,579</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	301 \$1,835,000 G.O. Bonds 2011A	302 \$2,375,000 G.O. Bonds 2012A	304 \$2,930,000 G.O. Bonds 2013A	305 \$1,115,000 G.O. Equipment Certificates 2014A
REVENUES				
Taxes				
Property taxes	\$ 111,402	\$ 166,624	\$ 333,165	\$ -
Investment income	-	-	-	1,378
Rents	259	331	775	-
	<u>111,661</u>	<u>166,955</u>	<u>333,940</u>	<u>1,378</u>
TOTAL REVENUES				
EXPENDITURES				
Debt service				
Principal retirement	175,000	300,000	-	-
Interest and fiscal charges	27,746	27,132	75,853	-
Professional services	450	450	425	33,633
	<u>203,196</u>	<u>327,582</u>	<u>76,278</u>	<u>33,633</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(91,535)	(160,627)	257,662	(32,255)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	32,131
	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,131</u>
NET CHANGE IN FUND BALANCES	(91,535)	(160,627)	257,662	(124)
FUND BALANCES, JANUARY 1	<u>253,998</u>	<u>429,892</u>	<u>45,604</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 162,463</u>	<u>\$ 269,265</u>	<u>\$ 303,266</u>	<u>\$ (124)</u>

<u>Totals</u>	
<u>2014</u>	<u>2013</u>
\$ 611,191	\$ 453,979
1,378	1,465
<u>1,365</u>	<u>729,458</u>
<u>613,934</u>	<u>1,184,902</u>
475,000	1,138,442
130,731	64,465
<u>34,958</u>	<u>7,700</u>
<u>640,689</u>	<u>1,210,607</u>
(26,755)	(25,705)
<u>32,131</u>	<u>45,089</u>
5,376	19,384
<u>729,494</u>	<u>710,110</u>
<u>\$ 734,870</u>	<u>\$ 729,494</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, 2014
With Comparative Totals for December 31, 2013

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 296,310	\$ 758,361	\$ 5,182,069	\$ 540,056
Receivables				
Accrued interest	-	211	2,992	-
Accounts	16,411	1,005	230,410	24,898
Loans	-	-	26,979	-
Inventories	-	54,062	12,169	-
Prepaid items	-	-	217	-
TOTAL CURRENT ASSETS	312,721	813,639	5,454,836	564,954
CAPITAL ASSETS				
Buildings	-	7,825	-	-
Machinery and equipment	-	36,221	-	-
Office equipment	-	-	-	42,708
Vehicles	-	343,365	-	-
Less accumulated depreciation	-	(334,102)	-	(42,708)
NET CAPITAL ASSETS	-	53,309	-	-
TOTAL ASSETS	312,721	866,948	5,454,836	564,954
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	19,852	48,848	11,040	13,692
Salaries payable	66,186	111,028	-	14,791
Compensated absences payable	112,608	119,433	-	19,361
TOTAL CURRENT LIABILITIES	198,646	279,309	11,040	47,844
NONCURRENT LIABILITIES				
Compensated absences payable	114,075	178,377	-	32,002
TOTAL LIABILITIES	312,721	457,686	11,040	79,846
NET POSITION				
Investment in capital assets	-	53,309	-	-
Unrestricted	-	355,953	5,443,796	485,108
TOTAL NET POSITION	\$ -	\$ 409,262	\$ 5,443,796	\$ 485,108

715 Postemployment Benefits	728 Engineering	Totals	
		2014	2013
\$ 770,579	\$ 805,757	\$ 8,353,132	\$ 7,495,981
-	-	3,203	9,231
-	-	272,724	546,509
-	-	26,979	23,845
-	-	66,231	52,224
-	-	217	48,525
<u>770,579</u>	<u>805,757</u>	<u>8,722,486</u>	<u>8,176,315</u>
-	-	7,825	7,825
-	-	36,221	36,221
-	138,311	181,019	183,592
-	75,321	418,686	459,381
-	(177,826)	(554,636)	(571,116)
-	35,806	89,115	115,903
<u>770,579</u>	<u>841,563</u>	<u>8,811,601</u>	<u>8,292,218</u>
-	7,276	100,708	125,571
-	33,609	225,614	199,917
<u>372,741</u>	<u>63,760</u>	<u>687,903</u>	<u>676,829</u>
372,741	104,645	1,014,225	1,002,317
<u>397,838</u>	<u>59,907</u>	<u>782,199</u>	<u>766,057</u>
<u>770,579</u>	<u>164,552</u>	<u>1,796,424</u>	<u>1,768,374</u>
-	35,806	89,115	115,903
-	641,205	6,926,062	6,407,941
<u>\$ -</u>	<u>\$ 677,011</u>	<u>\$ 7,015,177</u>	<u>\$ 6,523,844</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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
OPERATING REVENUES				
Charges for services	\$ 1,688,208	\$ 3,486,781	\$ 3,336,165	\$ 620,002
Miscellaneous	470	18,489	347,054	1,680
TOTAL OPERATING REVENUES	1,688,678	3,505,270	3,683,219	621,682
OPERATING EXPENSES				
Personal services	1,051,494	1,560,172	955	240,179
Employee benefits	331,432	641,685	2,669,761	78,851
Supplies	52,353	491,908	-	114,550
Cost of merchandise sold	-	579,823	-	-
Professional services	187,031	152,254	104,002	58,785
Rent and leased equipment	240	300	-	26,276
Repairs and maintenance	10,222	32,871	-	51,541
Administration and fiscal charges	41,672	9,518	-	16,517
Insurance premiums	4,100	4,482	365,449	1,243
Insurance claims	-	-	57,251	-
Depreciation	-	25,427	-	-
Miscellaneous	10,134	245	268,029	914
TOTAL OPERATING EXPENSES	1,688,678	3,498,685	3,465,447	588,856
OPERATING INCOME (LOSS)	-	6,585	217,772	32,826
NONOPERATING REVENUES				
Investment income (loss)	-	2,530	293,587	-
INCOME (LOSS) BEFORE TRANSFERS	-	9,115	511,359	32,826
TRANSFERS IN	-	-	-	-
TRANSFERS OUT	-	-	-	-
CHANGE IN NET POSITION	-	9,115	511,359	32,826
NET POSITION, JANUARY 1	-	400,147	4,932,437	452,282
NET POSITION, DECEMBER 31	\$ -	\$ 409,262	\$ 5,443,796	\$ 485,108

715 Postemployment Benefits	728 Engineering	Totals	
		2014	2013
\$ -	\$ 752,188	\$ 9,883,344	\$ 9,773,328
-	3,142	370,835	888,211
-	755,330	10,254,179	10,661,539
-	521,237	3,374,037	3,155,542
-	189,780	3,911,509	4,224,555
-	31,573	690,384	599,286
-	-	579,823	608,201
-	488,907	990,979	789,948
-	745	27,561	40,054
-	2,697	97,331	84,415
-	52,622	120,329	111,276
-	2,663	377,937	350,494
-	-	57,251	40,855
-	17,575	43,002	47,876
-	231	279,553	264,367
-	1,308,030	10,549,696	10,316,869
-	(552,700)	(295,517)	344,670
-	35,005	331,122	(222,203)
-	(517,695)	35,605	122,467
-	455,728	455,728	694,664
-	-	-	(25,000)
-	(61,967)	491,333	792,131
-	738,978	6,523,844	5,731,713
<u>\$ -</u>	<u>\$ 677,011</u>	<u>\$ 7,015,177</u>	<u>\$ 6,523,844</u>

CITY OF RED WING, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
With Comparative Totals for the Year Ended December 31, 2013

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 1,675,523	\$ 3,542,574	\$ 3,587,440	\$ 595,104
Payments to vendors and suppliers	(293,336)	(1,271,330)	(327,121)	(279,824)
Payments to and on behalf of employees	(1,365,621)	(2,173,397)	(3,086,655)	(321,217)
Other receipts	470	18,489	347,054	1,680
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	17,036	116,336	520,718	(4,257)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loan payments received	-	-	23,650	-
Loans made	-	-	(26,784)	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	(3,134)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for acquisition and construction of capital assets	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest receipts (paid)	-	2,575	297,092	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,036	118,911	814,676	(4,257)
CASH AND CASH EQUIVALENTS, JANUARY 1	279,274	639,450	4,367,393	544,313
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 296,310	\$ 758,361	\$ 5,182,069	\$ 540,056
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ -	\$ 6,585	\$ 217,772	\$ 32,826
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	25,427	-	-
(Increase) decrease in assets				
Accounts receivable	(12,685)	55,793	251,275	(24,898)
Inventories	-	(10,609)	(3,398)	-
Prepaid items	-	-	48,308	-
Increase (decrease) in liabilities				
Accounts payable	12,416	10,680	6,761	(11,241)
Salaries payable	9,699	13,235	-	(660)
Unearned revenue	-	-	-	-
Compensated absences payable	7,606	15,225	-	(284)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 17,036	\$ 116,336	\$ 520,718	\$ (4,257)

715 Postemployment Benefits	728 Engineering	Totals	
		2014	2013
\$ 7,146	\$ 756,488	\$ 10,164,275	\$ 9,301,349
-	(622,917)	(2,794,528)	(2,678,025)
-	(710,071)	(7,656,961)	(7,984,110)
-	3,142	370,835	888,211
<u>7,146</u>	<u>(573,358)</u>	<u>83,621</u>	<u>(472,575)</u>
-	-	23,650	23,126
-	-	(26,784)	(19,036)
-	455,728	455,728	694,664
-	-	-	(25,000)
<u>-</u>	<u>455,728</u>	<u>452,594</u>	<u>673,754</u>
<u>-</u>	<u>(16,214)</u>	<u>(16,214)</u>	<u>(23,341)</u>
<u>228</u>	<u>37,255</u>	<u>337,150</u>	<u>(219,275)</u>
7,374	(96,589)	857,151	(41,437)
<u>763,205</u>	<u>902,346</u>	<u>7,495,981</u>	<u>7,537,418</u>
<u>\$ 770,579</u>	<u>\$ 805,757</u>	<u>\$ 8,353,132</u>	<u>\$ 7,495,981</u>
\$ -	\$ (552,700)	\$ (295,517)	\$ 344,670
-	17,575	43,002	47,876
-	4,300	273,785	(532,156)
-	-	(14,007)	(6,147)
-	-	48,308	(48,257)
-	(43,479)	(24,863)	(357,957)
-	3,423	25,697	20,256
-	-	-	(31)
<u>7,146</u>	<u>(2,477)</u>	<u>27,216</u>	<u>59,171</u>
<u>\$ 7,146</u>	<u>\$ (573,358)</u>	<u>\$ 83,621</u>	<u>\$ (472,575)</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, 2014

	Balance January 1	Additions	Deductions	Balance December 31
<u>FRIENDS OF THE FOX (801)</u>				
ASSETS				
Cash and investments	\$ 2,089	\$ 9,604	\$ 4,062	\$ 7,631
LIABILITIES				
Accounts payable	\$ 2,089	\$ 9,604	\$ 4,062	\$ 7,631
<u>FLEX ACCOUNT (804)</u>				
ASSETS				
Cash and investments	\$ 45,390	\$ 172,103	\$ 171,585	\$ 45,908
Accounts receivable	2,694	-	-	2,694
TOTAL ASSETS	<u>\$ 48,084</u>	<u>\$ 172,103</u>	<u>\$ 171,585</u>	<u>\$ 48,602</u>
LIABILITIES				
Due to other governments	\$ 40,000	\$ -	\$ -	\$ 40,000
Salaries payable	8,084	172,103	171,585	8,602
TOTAL LIABILITIES	<u>\$ 48,084</u>	<u>\$ 172,103</u>	<u>\$ 171,585</u>	<u>\$ 48,602</u>
<u>LODGING TAX (806)</u>				
ASSETS				
Cash and investments	\$ 17	\$ 204,457	\$ 204,457	\$ 17
Unbilled accounts receivable	11,146	9,868	11,145	9,869
TOTAL ASSETS	<u>\$ 11,163</u>	<u>\$ 214,325</u>	<u>\$ 215,602</u>	<u>\$ 9,886</u>
LIABILITIES				
Accounts payable	\$ 11,163	\$ 214,325	\$ 215,602	\$ 9,886
<u>CANNON VALLEY BIKE TRAIL (808)</u>				
ASSETS				
Cash and investments	\$ 497,334	\$ 264,398	\$ 339,690	\$ 422,042
Petty cash and change funds	400	-	-	400
Intergovernmental	-	48,869	-	48,869
Other assets	5,764	-	5,764	-
Unbilled accounts receivable	3,285	1,416	3,285	1,416
TOTAL ASSETS	<u>\$ 506,783</u>	<u>\$ 314,683</u>	<u>\$ 348,739</u>	<u>\$ 472,727</u>
LIABILITIES				
Accounts payable	\$ 41,554	\$ 314,683	\$ 309,044	\$ 47,193
Due to other governments	465,229	-	39,695	425,534
TOTAL LIABILITIES	<u>\$ 506,783</u>	<u>\$ 314,683</u>	<u>\$ 348,739</u>	<u>\$ 472,727</u>

CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
<u>SHELDON AUDITORIUM (810)</u>				
ASSETS				
Cash and investments	\$ 81,936	\$ 993,387	\$ 1,037,542	\$ 37,781
Assets held in endowment	3,015,079	350,651	143,088	3,222,642
Petty cash and change funds	1,925	-	1,425	500
Accounts receivable	6,676	55,510	22,081	40,105
Other assets	7,800	-	-	7,800
	<u>\$ 3,113,416</u>	<u>\$ 1,399,548</u>	<u>\$ 1,204,136</u>	<u>\$ 3,308,828</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 9,449	\$ 616,848	\$ 579,520	\$ 46,777
Due to other governments	3,034,275	457,490	358,194	3,133,571
Salaries payable	12,947	20,243	12,947	20,243
Compensated absences payable	31,682	15,496	-	47,178
Other liabilities	25,063	289,471	253,475	61,059
	<u>\$ 3,113,416</u>	<u>\$ 1,399,548</u>	<u>\$ 1,204,136</u>	<u>\$ 3,308,828</u>
TOTAL LIABILITIES				
<u>RED WING 2020 (825)</u>				
ASSETS				
Cash and investments	\$ 1,061	\$ -	\$ -	\$ 1,061
	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>
LIABILITIES				
Accounts payable	\$ 1,061	\$ -	\$ -	\$ 1,061
	<u>\$ 1,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,061</u>
<u>COALITION OF UTILITY CITIES (840)</u>				
ASSETS				
Cash and investments	\$ 212,852	\$ 97,918	\$ 69,944	\$ 240,826
Accounts receivable	22,109	94,999	94,254	22,854
	<u>\$ 234,961</u>	<u>\$ 192,917</u>	<u>\$ 164,198</u>	<u>\$ 263,680</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 234,961	\$ 192,917	\$ 164,198	\$ 263,680
	<u>\$ 234,961</u>	<u>\$ 192,917</u>	<u>\$ 164,198</u>	<u>\$ 263,680</u>

CITY OF RED WING, MINNESOTA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2014

	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	\$ 841,808	\$ 1,741,867	\$ 1,827,280	\$ 756,395
Assets held in endowment	3,015,079	350,651	143,088	3,222,642
Petty cash and change funds	2,325	-	1,425	900
Accounts receivable	31,479	150,509	116,335	65,653
Intergovernmental receivable	-	48,869	-	48,869
Unbilled accounts receivable	14,431	11,284	14,430	11,285
Other assets	13,564	-	5,764	7,800
TOTAL ASSETS	<u>\$ 3,918,686</u>	<u>\$ 2,303,180</u>	<u>\$ 2,108,322</u>	<u>\$ 4,113,544</u>
LIABILITIES				
Accounts payable	\$ 301,406	\$ 1,348,377	\$ 1,272,426	\$ 377,357
Due to other governments	3,539,504	457,490	397,889	3,599,105
Salaries payable	21,031	192,346	184,532	28,845
Compensated absences payable	31,682	15,496	-	47,178
Other liabilities	25,063	289,471	253,475	61,059
TOTAL LIABILITIES	<u>\$ 3,918,686</u>	<u>\$ 2,303,180</u>	<u>\$ 2,108,322</u>	<u>\$ 4,113,544</u>

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**DISCRETELY PRESENTED COMPONENT UNIT
PORT AUTHORITY**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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CITY OF RED WING, MINNESOTA
DISCRETELY PRESENTED COMPONENT UNIT - PORT AUTHORITY
COMBINING BALANCE SHEET
DECEMBER 31, 2014

With Comparative Totals for December 31, 2013

	Special Revenue				Totals	
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	2014	2013
ASSETS						
Cash and cash equivalents	\$ 424,417	\$ 177,079	\$ 65,435	\$ 476,473	\$ 1,143,404	\$ 607,128
Receivables						
Accrued interest	-	-	-	-	-	1,049
Delinquent taxes	4,449	-	-	-	4,449	5,407
Accounts	1,922	375	5,442	3,322	11,061	14,445
Loans	-	1,145,585	22,286	381,842	1,549,713	1,538,363
Intergovernmental	1,307	-	-	-	1,307	137,519
Due from primary government	-	-	-	-	-	104,905
Advance to other funds	-	-	-	-	-	33,187
Land held for resale	-	-	-	-	-	2,818,705
TOTAL ASSETS	\$ 432,095	\$ 1,323,039	\$ 93,163	\$ 861,637	\$ 2,709,934	\$ 5,260,708
LIABILITIES						
Accounts payable	\$ 4,185	\$ -	\$ -	\$ -	\$ 4,185	\$ 3,924
Contracts payable	-	-	-	-	-	7,028
Due to primary government	-	-	-	-	-	1,054,903
Due to other governments	-	-	-	442,431	442,431	478,815
Advances from other funds	-	-	-	-	-	33,187
Loans from primary government	525,319	-	-	-	525,319	1,422,121
Salaries payable	12,705	-	-	-	12,705	10,626
TOTAL LIABILITIES	542,209	-	-	442,431	984,640	3,010,604
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	4,449	-	-	-	4,449	5,407
FUND BALANCES						
Nonspendable	-	-	-	-	-	2,818,705
Restricted	-	-	-	419,206	419,206	415,603
Committed	-	1,323,039	93,163	-	1,416,202	1,375,718
Unassigned	(114,563)	-	-	-	(114,563)	(2,365,329)
TOTAL FUND BALANCES	(114,563)	1,323,039	93,163	419,206	1,720,845	2,244,697
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 432,095	\$ 1,323,039	\$ 93,163	\$ 861,637	\$ 2,709,934	\$ 5,260,708

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

Fund balances - governmental funds from above	\$ 1,720,845	\$ 2,244,697
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	658,731	525,675
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	(33,185)	(23,562)
Other postemployment benefits obligation	(20,674)	(16,638)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes receivable	4,449	5,407
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.	39,350	35,441
Total net position - governmental activities	\$ 2,369,516	\$ 2,771,020

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, 2014
With Comparative Totals for the Year Ended December 31, 2013

	236 Port Authority General	Special Revenue			Totals	
		231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	2014	2013
REVENUES						
Taxes						
Property taxes	\$ 308,365	\$ -	\$ -	\$ -	\$ 308,365	\$ 308,239
Other taxes	731	-	-	-	731	738
Intergovernmental						
State	44,006	-	-	-	44,006	266,158
Charges for services						
General government	13,250	-	-	-	13,250	13,250
Investment income (loss)	-	15,427	-	49	15,476	(10,392)
Miscellaneous revenues						
Lease payments received	82,536	-	-	-	82,536	204,568
Interest on notes and loans	-	24,115	1,242	19,050	44,407	26,889
Refunds and reimbursements	-	-	-	-	-	220
Other	3,463	-	-	-	3,463	4,287
Contribution from primary government	-	-	-	-	-	179,435
TOTAL REVENUES	452,351	39,542	1,242	19,099	512,234	993,392
EXPENDITURES						
Current						
Economic development						
Personal services	246,449	-	-	-	246,449	232,995
Supplies	3,920	-	-	-	3,920	3,046
Other services and charges	630,202	-	-	10,751	640,953	321,063
Capital outlay						
Economic development	139,719	-	-	-	139,719	260,633
Debt service						
Interest and fiscal charges	-	300	-	4,745	5,045	40,394
TOTAL EXPENDITURES	1,020,290	300	-	15,496	1,036,086	858,131
NET CHANGE IN FUND BALANCES	(567,939)	39,242	1,242	3,603	(523,852)	135,261
FUND BALANCES, JANUARY 1	453,376	1,283,797	91,921	415,603	2,244,697	2,109,436
FUND BALANCES, DECEMBER 31	\$ (114,563)	\$ 1,323,039	\$ 93,163	\$ 419,206	\$ 1,720,845	\$ 2,244,697
Amounts reported for governmental activities in the statement of activities are different because						
Net change in fund balances - governmental funds from above					\$ (523,852)	\$ 135,261
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					139,719	260,633
Depreciation expense					(6,663)	-
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					(958)	(733)
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					(9,623)	3,981
Other postemployment benefits cost					(4,036)	(2,041)
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.						
					3,909	10,178
Change in net position - governmental activities					\$ (401,504)	\$ 407,279

CITY OF RED WING, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Totals		Percent Increase (Decrease)
	2014	2013	
REVENUES			
Taxes	\$ 15,027,160	\$ 14,590,910	2.99 %
Special assessments	1,300,387	2,141,695	(39.28)
Licenses and permits	271,741	193,607	40.36
Intergovernmental	5,451,664	5,317,522	2.52
Charges for services	535,387	576,692	(7.16)
Fines and forfeits	83,991	88,015	(4.57)
Investment earnings (loss)	1,872,194	(1,204,614)	(255.42)
Miscellaneous	737,284	1,325,747	(44.39)
	<u>\$ 25,279,808</u>	<u>\$ 23,029,574</u>	
TOTAL REVENUES	<u>\$ 25,279,808</u>	<u>\$ 23,029,574</u>	9.77 %
Per Capita	\$ 1,533	\$ 1,397	9.72 %
EXPENDITURES			
Current			
General government	\$ 1,715,823	\$ 1,675,393	2.41 %
Public safety	5,755,448	5,530,808	4.06
Public works	2,947,103	3,829,994	(23.05)
Sanitation	49,680	95,464	(47.96)
Culture and recreation	3,187,335	3,487,693	(8.61)
Economic development	525,693	550,841	(4.57)
Airport	221,686	244,706	(9.41)
Transit	22,904	20,193	13.43
Cemeteries	323,860	293,358	10.40
Unallocated	85,994	154,763	(44.44)
Capital outlay			
General government	-	134,170	N/A
Public safety	600,047	219,284	173.64
Public works	6,809,271	6,115,308	11.35
Culture and recreation	921,110	665,778	38.35
Economic development	42,418	507,881	(91.65)
Airport	8,420	190,454	(95.58)
Transit	-	24,927	N/A
Cemeteries	-	71,400	N/A
Debt service			
Principal	475,000	1,229,778	(61.38)
Interest and fiscal charges	165,689	76,905	115.45
Bond issuance costs	-	13,399	N/A
	<u>\$ 23,857,481</u>	<u>\$ 25,132,497</u>	
TOTAL EXPENDITURES	<u>\$ 23,857,481</u>	<u>\$ 25,132,497</u>	(5.07) %
Per Capita	\$ 1,447	\$ 1,525	(5.12) %
Total Long-term Indebtedness	\$ 7,620,000	\$ 6,980,000	9.17 %
Per Capita	462	424	9.12
General Fund Balance - December 31	\$ 17,473,630	\$ 15,812,892	10.50 %
Per Capita	1,060	960	10.45

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				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	\$ 23,945,471	\$ 29,338,479	\$ 30,316,216	\$ 35,498,581	\$ 33,868,669
Restricted	15,319,497	14,233,395	14,529,715	13,635,221	14,322,109
Unrestricted	27,686,177	26,976,616	29,042,767	27,773,140	29,360,417
Total governmental activities net position	\$ 66,951,145	\$ 70,548,490	\$ 73,888,698	\$ 76,906,942	\$ 77,551,195
Business-type activities					
Net investment in capital assets	\$ 17,882,430	\$ 19,855,939	\$ 25,115,974	\$ 24,924,003	\$ 30,344,747
Restricted	245,288	263,918	277,918	291,918	309,980
Unrestricted	17,911,716	16,817,578	17,700,932	18,705,283	16,725,336
Total business-type activities net position	\$ 36,039,434	\$ 36,937,435	\$ 43,094,824	\$ 43,921,204	\$ 47,380,063
Primary government					
Net investment in capital assets	\$ 41,827,901	\$ 49,194,418	\$ 55,432,190	\$ 60,422,584	\$ 64,213,416
Restricted	15,564,785	14,497,313	14,807,633	13,927,139	14,632,089
Unrestricted	45,597,893	43,794,194	46,743,699	46,478,423	46,085,753
Total primary government net position	\$ 102,990,579	\$ 107,485,925	\$ 116,983,522	\$ 120,828,146	\$ 124,931,258

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

Table 1

Fiscal Year				
2010	2011	2012	2013	2014
\$ 35,233,880	\$ 35,820,191	\$ 38,453,702	\$ 41,825,328	\$ 46,262,064
13,566,492	15,311,936	13,650,753	11,964,453	12,812,857
31,603,457	30,782,252	31,159,022	30,881,953	31,756,579
<u>\$ 80,403,829</u>	<u>\$ 81,914,379</u>	<u>\$ 83,263,477</u>	<u>\$ 84,671,734</u>	<u>\$ 90,831,500</u>
\$ 31,280,810	\$ 32,865,281	\$ 35,251,711	\$ 40,517,978	\$ 41,964,192
328,042	346,104	364,166	382,228	400,290
15,808,643	14,168,386	15,314,254	10,649,128	7,743,886
<u>\$ 47,417,495</u>	<u>\$ 47,379,771</u>	<u>\$ 50,930,131</u>	<u>\$ 51,549,334</u>	<u>\$ 50,108,368</u>
\$ 66,514,690	\$ 68,685,472	\$ 73,705,413	\$ 82,343,306	\$ 88,226,256
13,894,534	15,658,040	14,014,919	12,346,681	13,213,147
47,412,100	44,950,638	46,473,276	41,531,081	39,500,465
<u>\$ 127,821,324</u>	<u>\$ 129,294,150</u>	<u>\$ 134,193,608</u>	<u>\$ 136,221,068</u>	<u>\$ 140,939,868</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				
	2005	2006	2007	2008	2009
Expenses					
Governmental activities					
General government	\$ 2,714,085	\$ 3,368,303	\$ 3,227,516	\$ 3,413,474	\$ 3,312,304
Public safety	4,218,243	4,839,369	5,087,522	5,815,304	5,741,518
Public works	5,366,686	4,267,419	5,017,458	5,108,540	4,648,198
Storm water	58,641	110,620	232,518	395,647	335,811
Sanitation	61,521	64,597	38,409	36,262	35,771
Culture and recreation	2,506,566	2,624,795	2,764,318	3,498,954	3,069,546
Economic development	648,666	1,096,297	1,022,289	149,406	607,341
Airport	1,087,516	1,137,212	1,128,910	1,136,163	1,136,300
Transit	51,619	79,820	17,516	42,298	22,603
Cemeteries	381,364	332,493	332,831	424,331	277,854
Interest and fiscal charges	562,269	492,908	415,303	349,139	252,562
Total governmental activities expenses	17,657,176	18,413,833	19,284,590	20,369,518	19,439,808
Business-type activities					
Ambulance	1,823,179	2,149,463	2,518,224	2,937,169	3,387,037
Refuse collection and recycling	1,397,393	1,477,582	1,599,803	1,747,022	1,771,792
Water	1,879,768	2,342,297	2,424,135	2,829,671	2,927,250
Sewer	2,519,879	2,750,496	3,540,832	3,432,714	3,571,622
Storm water	-	-	-	-	-
Solid waste campus	1,957,313	2,508,366	2,955,362	2,801,961	2,940,549
Marina	750,342	753,225	786,144	720,786	698,809
Total business-type activities expenses	10,327,874	11,981,429	13,824,500	14,469,323	15,297,059
Total primary government expenses	\$ 27,985,050	\$ 30,395,262	\$ 33,109,090	\$ 34,838,841	\$ 34,736,867
Program revenue					
Governmental activities					
Charges for services					
General government	\$ 648,785	\$ 626,333	\$ 650,000	\$ 678,416	\$ 887,819
Public safety	669,270	686,646	610,429	523,506	419,073
Public works	564,397	603,775	606,123	711,436	643,036
Storm water	-	5,552	1,000	9,000	232,162
Culture and recreation	408,012	344,010	341,334	335,253	279,601
Economic development	273,941	262,757	334,970	1,493	591
Airport	46,454	47,167	56,945	65,000	61,597
Transit	2,380	-	-	-	-
Cemeteries	128,220	128,810	132,158	155,470	157,752
Operating grants and contributions	965,566	1,266,614	939,088	833,049	761,027
Capital grants and contributions	1,368,814	2,434,744	1,425,629	5,646,830	2,744,503
Total governmental activities program revenues	5,075,839	6,406,408	5,097,676	8,959,453	6,187,161
Business-type activities					
Charges for services					
Ambulance	1,854,166	2,335,391	2,653,895	2,875,701	3,360,260
Refuse collection and recycling	1,452,938	1,497,839	1,615,518	1,756,555	1,810,061
Water	2,504,459	2,798,241	3,107,505	2,992,059	3,123,809
Sewer	3,233,508	2,908,589	3,014,951	3,004,367	3,254,330
Storm water	-	-	-	-	-
Solid waste campus	1,728,595	1,996,358	2,267,535	2,200,732	2,251,264
Marina	824,426	866,417	800,378	693,278	681,836
Operating grants and contributions	4,762	9,416	4,401	5,695	4,424
Capital grants and contributions	1,006	42,316	145,083	976,046	1,048,457
Total business-type activities program revenues	11,603,860	12,454,567	13,609,266	14,504,433	15,534,441
Total primary government program revenues	\$ 16,679,699	\$ 18,860,975	\$ 18,706,942	\$ 23,463,886	\$ 21,721,602
Net (expense) revenue					
Governmental activities	\$ (12,581,337)	\$ (12,007,425)	\$ (14,186,914)	\$ (11,410,065)	\$ (13,252,647)
Business-type activities	1,275,986	473,138	(215,234)	35,110	237,382
Total primary government net expense	\$ 11,305,351	\$ 11,534,287	\$ 14,402,148	\$ 11,374,955	\$ 13,015,265

Table 2

		Fiscal Year				
	2010	2011	2012	2013	2014	
\$	2,802,055	\$ 2,120,072	\$ 1,904,155	\$ 1,950,660	\$ 1,928,550	
	5,437,702	5,364,753	5,405,760	5,556,816	6,033,337	
	5,029,668	5,358,673	5,269,097	5,556,878	5,291,324	
	294,734	-	-	-	-	
	41,256	48,509	36,645	94,652	48,969	
	3,184,009	3,422,720	3,235,924	4,000,733	3,791,583	
	406,373	429,599	1,238,660	553,909	562,704	
	654,954	663,642	645,686	872,190	358,401	
	-	13,869	10,269	45,120	22,904	
	247,108	273,316	291,059	326,916	368,248	
	182,266	168,349	141,251	105,782	153,007	
	<u>18,280,125</u>	<u>17,863,502</u>	<u>18,178,506</u>	<u>19,063,656</u>	<u>18,559,027</u>	
	3,362,868	3,600,515	3,508,100	3,946,409	3,921,127	
	1,776,307	1,810,551	1,934,248	2,086,819	2,050,561	
	2,838,949	2,913,991	3,013,293	2,901,369	3,127,351	
	3,728,411	4,124,679	3,680,551	3,972,286	4,216,823	
	-	-	674,328	660,862	622,651	
	3,042,167	3,268,700	3,078,048	2,678,199	2,272,893	
	737,230	728,269	671,424	617,166	711,761	
	<u>15,485,932</u>	<u>16,446,705</u>	<u>16,559,992</u>	<u>16,863,110</u>	<u>16,923,167</u>	
\$	<u>33,766,057</u>	<u>34,310,207</u>	<u>34,738,498</u>	<u>35,926,766</u>	<u>35,482,194</u>	
\$	917,260	\$ 137,823	\$ 188,538	\$ 262,776	\$ 222,553	
	426,580	395,215	412,246	372,731	487,672	
	629,296	52,905	92,462	74,871	222,671	
	440,723	-	-	-	-	
	301,108	336,254	557,739	918,502	152,626	
	-	-	1,166	4,616	12,634	
	59,022	81,033	82,923	88,226	107,625	
	-	-	-	16,496	-	
	154,837	169,300	172,325	191,814	159,976	
	1,123,423	1,426,275	2,096,164	2,712,569	1,198,873	
	1,252,750	890,256	2,890,146	2,282,063	2,376,861	
	<u>5,304,999</u>	<u>3,489,061</u>	<u>6,493,709</u>	<u>6,924,664</u>	<u>4,941,491</u>	
	3,349,826	3,701,105	3,661,669	4,036,230	3,778,997	
	1,864,877	2,014,532	2,117,154	2,297,080	2,245,610	
	3,022,454	3,175,525	3,341,564	3,271,779	3,305,736	
	3,240,440	3,471,031	3,389,196	3,606,266	3,808,506	
	-	557,890	723,152	880,982	1,110,841	
	2,413,378	2,649,929	2,735,126	2,652,499	2,435,248	
	665,688	643,048	584,739	553,234	565,965	
	7,212	32,650	6,100	4,710	54,787	
	179,102	6,899	49,028	-	-	
	<u>14,742,977</u>	<u>16,252,609</u>	<u>16,607,728</u>	<u>17,302,780</u>	<u>17,305,690</u>	
\$	<u>20,047,976</u>	<u>19,741,670</u>	<u>23,101,437</u>	<u>24,227,444</u>	<u>22,247,181</u>	
\$	(12,975,126)	\$ (14,374,441)	\$ (11,684,797)	\$ (12,138,992)	\$ (13,617,536)	
	(742,955)	(194,096)	47,736	439,670	382,523	
\$	<u>13,718,081</u>	<u>14,568,537</u>	<u>11,637,061</u>	<u>11,699,322</u>	<u>13,235,013</u>	

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General revenues and other changes in net position					
Governmental activities					
Taxes					
Property taxes, levied for general purposes	\$ 10,333,714	\$ 10,932,066	\$ 11,448,451	\$ 12,061,187	\$ 12,395,721
Property taxes, levied for specific purposes	183,517	198,612	313,855	-	-
Property taxes, levied for debt service	99,898	223	35	(16)	(31)
Tax increments	969,807	958,304	916,214	1,010,650	999,896
Franchise taxes	116,525	116,958	119,073	122,006	129,493
Other taxes	25,466	24,952	24,897	47,094	28,443
Grants and contributions not restricted to specific programs	1,404,538	1,867,985	1,772,944	1,376,798	2,360,939
Unrestricted investment earnings (loss)	1,088,207	1,650,180	2,166,969	1,274,520	712,472
Other revenues	14,027	47,179	112,377	71,530	41,673
Gain on sale of capital assets	7,091	2	671,676	350	-
Transfers	2,427,123	213,854	384,172	(76,595)	(2,690,027)
Total governmental activities	16,669,913	16,010,315	17,930,663	15,887,524	13,978,579
Business-type activities					
Unrestricted investment earnings (loss)	383,700	627,519	1,249,381	794,052	449,771
Gain on sale of capital assets	-	5,653	-	-	-
Transfers	(2,427,123)	(213,854)	(384,172)	76,595	2,690,027
Loss on discontinued operations	-	-	-	-	-
Total business-type activities	(2,043,423)	419,318	865,209	870,647	3,139,798
Total primary government	\$ 14,626,490	\$ 16,429,633	\$ 18,795,872	\$ 16,758,171	\$ 17,118,377
Changes in net position					
Governmental activities	\$ 4,088,576	\$ 4,002,890	\$ 3,743,749	\$ 4,477,459	\$ 725,932
Business-type activities	(767,437)	892,456	649,975	905,757	3,377,180
Total primary government	\$ 3,321,139	\$ 4,895,346	\$ 4,393,724	\$ 5,383,216	\$ 4,103,112

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

Table 2

Fiscal Year				
2010	2011	2012	2013	2014
\$ 12,437,596	\$ 12,103,697	\$ 13,003,517	\$ 13,737,436	\$ 13,979,615
-	-	-	-	-
(2)	15	(49)	426,545	612,320
232,901	172,726	182,081	129,926	119,509
140,157	148,140	357,416	216,365	228,567
30,403	31,924	30,405	58,538	39,793
2,020,134	1,561,023	1,611,696	1,136,834	2,020,910
682,528	1,281,445	678,948	(1,402,035)	2,209,808
36,711	89,945	57,700	130,824	48,432
9,175	10,300	149,127	89,842	31,854
273,298	(301,902)	(3,036,946)	(977,026)	486,494
<u>15,862,901</u>	<u>15,097,313</u>	<u>13,033,895</u>	<u>13,547,249</u>	<u>19,777,302</u>
456,910	739,540	350,178	(919,620)	1,115,146
561,634	24,928	115,500	122,127	112,220
(273,298)	301,902	3,036,946	977,026	(486,494)
-	-	-	-	(2,564,361)
<u>745,246</u>	<u>1,066,370</u>	<u>3,502,624</u>	<u>179,533</u>	<u>(1,823,489)</u>
<u>\$ 16,608,147</u>	<u>\$ 16,163,683</u>	<u>\$ 16,536,519</u>	<u>\$ 13,726,782</u>	<u>\$ 17,953,813</u>
\$ 2,887,775	\$ 722,872	\$ 1,349,098	\$ 1,408,257	\$ 6,159,766
2,291	872,274	3,550,360	619,203	(1,440,966)
<u>\$ 2,890,066</u>	<u>\$ 1,595,146</u>	<u>\$ 4,899,458</u>	<u>\$ 2,027,460</u>	<u>\$ 4,718,800</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				
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
2014	13,979,615	-	612,320	119,509	228,567	39,793	14,979,804

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				
	2005	2006	2007	2008	2009
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2005 - 2010)	1,141,232	1,147,345	947,368	765,756	89,405
Committed	-	-	-	-	-
Unassigned (Unreserved 2005 - 2010)	<u>11,371,705</u>	<u>10,927,943</u>	<u>10,964,276</u>	<u>10,849,553</u>	<u>14,711,308</u>
Total General fund	<u>\$ 12,512,937</u>	<u>\$ 12,075,288</u>	<u>\$ 11,911,644</u>	<u>\$ 11,615,309</u>	<u>\$ 14,800,713</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2005 - 2010)	16,963,216	18,984,494	21,772,182	16,521,630	15,892,114
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Unreserved 2005 - 2010)	<u>5,619,720</u>	<u>3,799,656</u>	<u>3,022,324</u>	<u>6,821,564</u>	<u>5,769,957</u>
Total all other governmental funds	<u>\$ 22,582,936</u>	<u>\$ 22,784,150</u>	<u>\$ 24,794,506</u>	<u>\$ 23,343,194</u>	<u>\$ 21,662,071</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				
2010	2011	2012	2013	2014
\$ -	\$ 378,256	\$ 289,632	\$ 252,568	\$ 193,687
88,286	179,473	467,881	1,101,363	1,005,870
-	6,900,000	3,200,000	3,400,000	3,600,000
16,404,412	9,653,893	11,445,368	11,058,961	12,674,073
<u>\$ 16,492,698</u>	<u>\$ 17,111,622</u>	<u>\$ 15,402,881</u>	<u>\$ 15,812,892</u>	<u>\$ 17,473,630</u>
\$ -	\$ 1,855,521	\$ 2,016,704	\$ 2,113,081	\$ 4,991,700
14,620,699	12,677,653	11,187,608	10,238,897	10,865,226
-	50,000	475,212	831,826	767,845
-	8,029,651	7,189,612	8,441,271	4,389,895
6,161,448	(866,737)	(143,690)	(1,177,706)	(1,339,709)
<u>\$ 20,782,147</u>	<u>\$ 21,746,088</u>	<u>\$ 20,725,446</u>	<u>\$ 20,447,369</u>	<u>\$ 19,674,957</u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 11,698,684	\$ 12,248,889	\$ 12,811,025	\$ 13,177,966	\$ 13,558,893
Special assessments	1,095,362	863,138	830,208	970,841	903,363
Intergovernmental revenue	2,835,298	3,437,349	405,248	2,810,099	3,977,829
Licenses and permits	402,432	372,056	3,577,241	298,073	203,838
Charges for services	1,551,383	1,642,733	1,798,581	1,697,142	2,009,568
Fines and forfeits	144,630	132,649	131,500	131,719	224,585
Interest	1,077,526	1,605,363	2,089,247	1,129,967	675,171
Other revenues	691,173	771,607	716,435	700,775	1,734,194
Total revenues	<u>19,496,488</u>	<u>21,073,784</u>	<u>22,359,485</u>	<u>20,916,582</u>	<u>23,287,441</u>
Expenditures					
General government	2,415,687	3,149,335	3,017,669	3,061,231	2,995,979
Public safety	4,205,292	4,714,149	4,975,383	5,488,262	5,529,460
Public works	4,263,275	3,558,981	3,818,668	4,110,267	3,398,471
Storm water	58,641	110,619	232,516	395,616	333,747
Sanitation	75,754	64,600	38,613	35,971	35,681
Culture and recreation	2,559,811	2,597,497	2,835,223	3,191,580	2,933,926
Economic development	888,100	1,010,869	1,038,256	176,063	607,341
Airport	229,441	283,229	315,064	253,885	233,431
Transit	51,619	79,820	319,824	42,298	22,603
Cemeteries	381,699	337,554	17,568	397,311	253,865
Unallocated	137,222	111,326	96,260	118,942	123,767
Capital outlay	2,385,061	3,350,600	2,613,655	1,818,355	3,210,844
Debt service					
Principal	1,894,971	1,616,505	1,513,313	1,581,234	1,622,459
Interest and fiscal charges	692,222	533,444	472,143	369,706	281,586
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>20,238,795</u>	<u>21,518,528</u>	<u>21,304,155</u>	<u>21,040,721</u>	<u>21,583,160</u>
Revenues over (under) expenditures	<u>(742,307)</u>	<u>(444,744)</u>	<u>1,055,330</u>	<u>(124,139)</u>	<u>1,704,281</u>
Other financing sources (uses)					
Sale of capital assets	-	-	509,210	350	-
Transfers in	5,481,752	7,307,158	4,314,706	3,254,013	5,675,237
Debt issued	-	-	-	-	-
Premiums on debt issued	-	-	-	-	-
Transfers out	(5,415,244)	(7,098,849)	(4,032,534)	(3,330,608)	(5,875,237)
Total other financing sources (uses)	<u>66,508</u>	<u>208,309</u>	<u>791,382</u>	<u>(76,245)</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ (675,799)</u>	<u>\$ (236,435)</u>	<u>\$ 1,846,712</u>	<u>\$ (200,384)</u>	<u>\$ 1,504,281</u>
Debt service as a percentage of noncapital expenditures	14.71%	12.33%	11.09%	10.65%	10.97%
Debt service as a percentage of total expenditures	12.78%	9.99%	9.32%	9.27%	8.82%

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

Table 5

		Fiscal Year				
	2010	2011	2012	2013	2014	
\$	12,798,927	\$ 12,475,584	\$ 13,595,074	\$ 14,590,910	\$ 15,027,160	
	764,107	500,460	1,183,707	2,141,695	1,300,387	
	3,713,359	3,474,515	4,876,778	5,317,522	5,451,664	
	193,790	186,541	207,338	193,607	271,741	
	2,241,024	556,262	657,924	576,692	535,387	
	92,010	113,624	95,804	88,015	83,991	
	536,410	1,201,002	611,860	(1,175,216)	1,891,320	
	602,992	539,205	973,166	1,296,349	718,158	
	<u>20,942,619</u>	<u>19,047,193</u>	<u>22,201,651</u>	<u>23,029,574</u>	<u>25,279,808</u>	
	2,672,512	1,885,793	1,637,430	1,675,393	1,715,823	
	5,432,783	5,289,918	5,220,262	5,530,808	5,755,448	
	3,439,138	2,779,132	3,234,677	3,829,994	2,947,103	
	298,935	-	-	-	-	
	42,224	49,213	36,804	95,464	49,680	
	2,748,279	2,973,146	2,736,273	3,487,693	3,187,335	
	406,373	429,599	1,238,660	550,841	525,693	
	247,582	231,346	219,222	244,706	221,686	
	-	13,869	269	20,193	22,904	
	231,676	260,461	277,906	293,358	323,860	
	84,567	124,213	140,355	154,763	85,994	
	3,212,101	3,182,182	7,586,199	7,929,202	8,381,266	
	1,476,143	1,010,415	1,231,939	1,229,778	475,000	
	208,882	185,237	115,742	76,905	165,689	
	-	-	19,081	13,399	-	
	<u>20,501,195</u>	<u>18,414,524</u>	<u>23,694,819</u>	<u>25,132,497</u>	<u>23,857,481</u>	
	<u>441,424</u>	<u>632,669</u>	<u>(1,493,168)</u>	<u>(2,102,923)</u>	<u>1,422,327</u>	
	9,175	-	149,127	89,842	43,685	
	4,418,882	2,274,976	3,936,506	2,324,126	5,231,828	
	-	1,835,000	2,375,000	2,930,000	1,115,000	
	-	-	-	115,693	19,612	
	<u>(4,057,420)</u>	<u>(3,098,264)</u>	<u>(7,696,848)</u>	<u>(3,224,804)</u>	<u>(5,201,062)</u>	
	<u>370,637</u>	<u>1,011,712</u>	<u>(1,236,215)</u>	<u>2,234,857</u>	<u>1,209,063</u>	
\$	<u>812,061</u>	<u>\$ 1,644,381</u>	<u>\$ (2,729,383)</u>	<u>\$ 131,934</u>	<u>\$ 2,631,390</u>	
	9.75%	7.85%	8.36%	7.59%	4.16%	
	8.22%	6.49%	5.69%	5.20%	2.69%	

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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 Increments	Franchise Tax	Other Tax	Total
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
2014	14,629,367	130,824	228,567	38,402	15,027,160

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
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
2014	8,060,971	4,057,196	10,151,616	268,099	104,918

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
Tax Capacity
as a Percentage
of Fully
Market Value

Total Real Estate Tax Capacity	Personal Property Tax Capacity	Total Net Tax Capacity	Total Direct Tax Rate	Fully Taxable Market Value	Tax Capacity as a Percentage of Fully Market Value
\$ 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
22,432,964	391,636	22,824,600	64.225	1,557,451,200	1.47

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

<u>Fiscal Year</u>	<u>Operating Tax Capacity Rate</u>	<u>Direct Rate Debt Service Tax Capacity Rate</u>	<u>Total City Direct Tax Rate</u>
Tax capacity rates (per \$100 of adjusted tax capacity value).			
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
2014	61.649	2.576	64.225

Source: Goodhue County Auditor's Office.

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

Table 8

Overlapping Rates				Total and Direct
County Tax Rate	School District Tax Rate	Special Districts	Total Overlapping Rates	Overlapping Rates
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
42.926	15.480	2.511	60.917	125.142

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

Table 9

Taxpayer	Type of Business	2014			2005		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 10,432,153	1	44.1 %	\$ 7,466,813	1	39.9 %
Mayo Clinic Health System	Medical Services	250,995	2	1.1	186,148	3	1.0
Wal-Mart Stores Incorporated	Retail	194,428	3	0.8	239,250	2	1.3
Red Wing Shoe Company	Manufacturing	177,431	4	0.8	159,953	5	0.9
Menards, Inc.	Retail	171,847	5	0.7	-	-	-
Target Corporation	Retail	120,518	6	0.5	168,364	4	0.9
BIC Graphic USA	Manufacturing	116,692	7	0.5	87,428	8	0.5
M & E Realty Company	Real Estate	115,218	8	0.5	129,394	6	0.7
Principal Investments LLC	Real Estate	106,258	9	0.4	-	-	-
Red Wing Grain	Grain Processing	100,590	10	0.4	66,842	10	0.4
Red Wing Hotel Corporation	Hotel	-	-	-	97,599	7	0.5
Archer-Daniels Midland	Soybean Processor	-	-	-	85,157	9	0.5
Total		<u>\$ 11,786,130</u>		<u>49.8 %</u>	<u>\$ 8,686,948</u>		<u>46.6 %</u>
Total All Property		<u>\$ 22,824,600</u>			<u>\$ 18,717,256</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
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	115,132	10,913,282	100.0
2007	11,444,617	11,287,314	98.6	156,726	11,444,040	100.0
2008	12,047,521	11,854,495	98.4	191,081	12,045,576	100.0
2009	12,188,861	12,030,576	98.7	153,622	12,184,198	100.0
2010	12,179,625	11,978,988	98.4	178,853	12,157,841	99.8
2011	12,226,569	12,070,830	98.7	131,967	12,202,797	99.8
2012	13,015,000	12,779,149 ⁽¹⁾	98.2	205,543	12,984,692	99.8
2013	14,147,810	13,976,021	98.8	145,715	14,121,736	99.8
2014	14,572,110	14,479,215	99.4	-	14,479,215	99.4

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
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	-	-	-	-	-
2014	7,733,443	-	-	-	-	-

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

Table 11

<u>Business-type Activities</u>			
<u>General Obligation Revenue</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Bonded Debt Per Capita</u>
\$ 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
16,292,988	24,026,431	1.17	1,457

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	
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
2014	7,733,443	-	-	7,733,443

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 Fully Taxable Market Value	Per Capita
\$ 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
734,870	6,998,573	0.45	424

CITY OF RED WING, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2014

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>\$ 7,733,443</u>	100.00 %	<u>\$ 7,733,443</u>
Overlapping debt			
Goodhue County	14,120,000	40.20	5,676,240
Independent School District #256	<u>13,395,000</u>	81.70	<u>10,943,715</u>
Total overlapping debt	<u>27,515,000</u>		<u>16,619,955</u>
Total direct and overlapping debt	<u><u>\$ 35,248,443</u></u>		<u><u>\$ 24,353,398</u></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
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	33,911,706	-	33,911,706	-	-
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	16,488	48,770,880	6,357,260	42,413,620	13.03	386
2014	16,488	46,723,536	6,998,449	39,725,087	14.98	424

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 2014

Market value	\$ 1,557,451,200
Add back exempt real property	<u>-</u>
Total assessed value	<u>1,557,451,200</u>
Debt limit (3% of market value)	<u>46,723,536</u>
Debt applicable to limit	
General obligation bonds	7,733,443
Less amount set aside for repayment of general obligation debt	<u>734,994</u>
Total net debt applicable to limit	<u>6,998,449</u>
Legal debt margin	<u><u>\$ 39,725,087</u></u>

CITY OF RED WING, MINNESOTA
PLEGDED 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	
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
2014	3,209,233	2,216,611	992,622	794,000	254,528	1,048,528	0.95

Sewer Revenue Bonds							
Fiscal Year	Utility Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2014	3,685,334	3,254,753	430,581	587,341	144,327	731,668	0.59

Marina Revenue Bonds							
Fiscal Year	Marina Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2014	465,919	395,936	69,983	-	57,114	57,114	1.23

Disposal System Revenue Bonds							
Fiscal Year	Solid Waste Campus Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2014	2,403,114	1,862,749	540,365	160,000	147,421	307,421	1.76

(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⁾
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	16,488	2,052,880,000	44,182	5.0
2014	16,488	2,052,880,000	44,182	4.2

(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 2014 Personal Income information for Goodhue County will not be released until sometime in August of 2015, therefore the 2013 figures were used.

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

	2014		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,429	1	10.66 %
Red Wing Shoe Company	1,040	2	7.76
Mayo Clinic Health System (b)	780	3	5.82
Xcel Energy	755	4	5.63
Capital Safety (c)	475	5	3.54
Bic Graphic USA	435	6	3.25
Independent School District #256	425	7	3.17
Goodhue County	350	8	2.61
City of Red Wing	180	9	1.34
Hiawatha Home care	180	9	1.34
St. Brigid's at High Park	174	10	1.30
ProAct (d)	-	-	-
SB Foot Tanning	-	-	-
Josten's	-	-	-
Interstate Medical (b)	-	-	-
Total	6,223		46.42 %
Total City Employment	13,402		

Sources: State of Minnesota, Department of Employment and Economic Development, March 2015 phone survey and 2005 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.

(d) Data as of September 2011: most recent information available.

Table 17

2005

<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
1,875	1	18.63 %
1,200	2	11.93
450	4	4.47
640	3	6.36
228	10	2.27
349	5	3.47
450	4	4.47
-	-	-
-	-	-
-	-	-
-	-	-
315	6	3.13
266	7	2.64
253	8	2.51
233	9	2.32
<u>6,259</u>		<u>62.20 %</u>
<u>10,062</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			
	2005	2006	2007	2008
Governmental Activities				
General government				
Council administrator	3	3	3	2
City clerk	2	2	3	2
Finance	4	4	4	4
Employee services	3	4	4	4
Community development	3	3	3	3
Communications	1	1	2	3
Information technology	2	2	3	3
Public safety				
Police	33	33	33	35
Fire	11	11	11	11
Inspection	5	6	6	6
Streets and highways				
Maintenance	15	14	13	11
Engineering	7	7	7	7
Culture and recreation				
Library	6	6	6	6
Parks	10	10	11	9
All other governmental employees				
Cemetery	2	2	2	2
Public services	-	-	-	-
Buildings and grounds	-	-	-	-
Central services	4	6	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	11
Sewer	12	12	12	13
Storm water	-	-	-	-
Solid waste campus	11	13	13	13
Marina	1	1	1	1
Ambulance	10	10	10	11
Total	173	178	181	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

2009	2010	2011	2012	2013	2014
2	2	-	-	-	-
2	2	-	-	-	-
4	4	-	-	-	-
4	4	-	-	-	-
3	3	3	1	-	-
2	2	-	-	-	-
3	3	-	-	-	-
31	31	31	31	31	32
12	12	12	12	12	13
4	4	1	2	2	2
11	15	15	10	11	10
7	7	7	7	7	7
6	6	6	5	6	6
9	9	9	7	7	6
1	-	-	-	-	1
-	-	-	2	2	2
-	-	-	5	5	5
6	6	6	6	5	7
3	2	2	2	2	2
3	3	3	3	3	4
-	-	17	16	17	
					10
13	10	9	9	9	11
11	12	11	11	11	12
14	14	14	14	13	9
1	1	1	1	1	1
13	12	12	12	12	13
1	1	1	1	1	1
12	12	12	12	13	17
<u>178</u>	<u>177</u>	<u>172</u>	<u>169</u>	<u>170</u>	<u>171</u>

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Elections*				
Number of registered voters		10,883		10,185
Number of votes cast		6,828		8,860
Police				
Number of calls for service	12,177	12,551	12,307	11,432
Fire				
Number of fire calls	777	993	945	991
Building permits				
Newly issued residential permits	113	57	28	17
Total valuation of residential permits	\$ 19,808,975	\$ 16,722,013	\$ 5,057,064	\$ 2,521,878
Newly issued civic and institutional permits	-	-	1	1
Total valuation of civic and institutional permits	\$ -	\$ -	\$ 25,000	\$ 900,333
Newly issued commercial permits	6	9	8	6
Total valuation of commercial permits	\$ 1,477,125	\$ 879,398	\$ 5,496,073	\$ 3,513,900
Newly issued industrial permits	1	-	-	-
Total valuation of industrial permits	\$ 1,427,000	\$ -	\$ -	\$ -
Refuse				
Refuse collected (tons/year)	6,195	6,124	6,319	6,168
Water				
Number of accounts	6,168	6,175	6,183	6,192
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					
2009	2010	2011	2012	2013	2014
	9,522		9,443		9,644
	6,568		8,748		5,426
11,859	14,479	15,472	15,980	15,497	14,976
929	949	920	877	837	732
5	8	9	8	7	17
\$ 1,063,647	\$ 1,601,745	\$ 1,539,000	\$ 1,333,434	\$ 1,565,000	\$ 4,514,616
1	-	-	1	4	-
\$ 100,000	\$ -	\$ -	\$ 20,000	\$ 966,000	\$ -
2	1	4	4	4	8
\$ 965,000	\$ 1,664,000	\$ 1,708,850	\$ 3,513,494	\$ 766,280	\$ 11,728,189
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,222	6,458	6,787	6,802	6,614	6,603
6,255	6,249	6,206	6,205	6,205	6,227
1,700,000	1,700,000	1,700,000	1,700,000	1,500,000	1,500,000
4,000,000	4,000,000	4,000,000	4,000,000	3,300,000	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			
	2005	2006	2007	2008
General government				
Municipal governmental buildings	9	9	9	9
Public safety				
Police				
Patrol units	18	18	18	19
Fire				
Fire units	7	7	7	7
Public works				
Street division				
Miles of street	114.94	116.10	116.98	117.28
Parks division				
Parks and playgrounds	34	34	34	34
Acres of parks and playgrounds	943.02	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	15	13	13	12
Number of pump stations	8	8	8	8
Number of water treatment facilities	2	2	2	2
Wastewater				
Number of wastewater treatment facilities	2	2	2	2
Lift stations	12	12	12	12
Ambulance				
Ambulance units	3	3	3	3

Sources: Various City departments.

Table 20

Fiscal Year						
2009	2010	2011	2012	2013	2014	
9	9	9	9	9	9	
18	18	17	18	18	18	
7	7	7	8	8	8	
117.28	117.28	117.59	117.59	117.59	117.59	
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	
3	3	3	3	3	3	
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	
4	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, 2014**

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

Schedule A

**SCHEDULE OF CASH AND INVESTMENTS
December 31, 2014**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
General Pooled Deposits and Investments			
Checking accounts			
Merchants Bank	Varies	-	\$ 5,624
Associated Bank	Varies	-	2,245,774
Wells Fargo	Varies	-	5,655
Money market checking	Varies	-	4,345
Total checking accounts			2,261,398
Petty cash			2,475
Certificates of deposit			
Wells Fargo	0.70%	3/31/2015	268,057
Total certificates of deposit			268,057
Negotiable certificates of deposit			
CD - GE CAPITAL BANK, SALT LAKE CITY, UT	2.00%	7/13/2018	244,368
CD - CIT BANK, SALT LAKE CITY, UT	2.10%	7/5/2019	244,057
Total negotiable certificates of deposit			488,425
U.S. government securities			
FFCB	4.90%	12/28/2020	2,175,850
FHLMC	Step Up 2.00% - 7.00%	5/18/2022	1,489,995
FHLMC	Step Up 2.00% - 7.00%	5/18/2022	1,191,996
FHLMC	Step Up 2.00% - 7.00%	5/18/2022	1,589,328
FHLMC	Step Up 2.00% - 5.50%	5/25/2022	1,483,275
FHLB	Step Up 1.50% - 7.50%	1/30/2023	1,968,500
FHLB	Step Up 1.50% - 7.50%	1/30/2023	521,653
FHLB	Step Up 1.50% - 7.50%	1/30/2023	526,574
FHLMC	Step Up 1.625% - 5.00%	4/4/2023	1,476,180
FHLB	Step Up 1.25% - 4.00%	4/18/2023	999,950
FHLMC	Step Up 1.625% - 9.00%	4/25/2023	546,403
FHLMC	Step Up 1.625% - 9.00%	4/25/2023	487,860
FHLB	Step Up 1.25% - 5.25%	5/8/2023	599,502
FHLB	Step Up 1.25% - 5.25%	5/8/2023	499,585
FHLMC	Step Up 1.75% - 8.00%	5/23/2023	983,810
FNMA	Step Up 1.50% - 6.50%	6/28/2027	1,000,490
FNMA	Step Up 1.50% - 6.50%	6/28/2027	1,000,490
FNMA	Step Up 2.00% - 6.50%	7/23/2027	397,744
FNMA	Step Up 2.00% - 6.50%	7/30/2027	963,210
FNMA	Step Up 2.00% - 6.50%	7/30/2027	963,210
FNMA	Step Up 1.00% - 6.00%	7/30/2027	996,380
FNMA	Step Up 1.75% - 5.05%	8/13/2027	982,570
FNMA	Step Up 1.75% - 5.05%	8/13/2027	491,285
FHLB	Step Up 2.00% - 4.00%	11/8/2027	959,160
FHLB	Step Up 1.25% - 6.00%	11/26/2027	1,477,425
FNMA	Step Up 1.25% - 6.00%	3/27/2028	1,484,850
FNMA	Step Up 1.50% - 5.50%	4/25/2028	986,610
FHLB	Step Up 1.25% - 6.00%	5/15/2028	975,390
FNMA	Step Up 2.00% - 6.00%	6/21/2032	499,805

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

Schedule A

**SCHEDULE OF CASH AND INVESTMENTS
December 31, 2014**

	Interest Rate (%)	Maturity Date	Carrying Amount
FNMA	Step Up 2.00% - 6.00%	6/21/2032	\$ 499,805
FNMA	Step Up 2.00% - 6.00%	6/21/2032	999,610
FNMA POOL	5.00%	5/1/2033	56,108
FNMA POOL	5.00%	5/15/2033	58,415
FNMA POOL	4.50%	6/1/2033	247,135
Total U.S. government securities			31,580,153
Other Investments			
St. Paul Foundation			3,738,103
Broker Money Market Accounts			16,468,726
			20,206,829
Total General Pooled Deposits and Investments			\$ 54,807,337

CITY OF RED WING
RED WING, MINNESOTA
SCHEDULE OF INTERGOVERNMENTAL REVENUE
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds						Total
	General Fund	Health Initiatives	Airport	Library	US EPA Hazardous Substances	US EPA Petroleum	
Shared Revenue							
State							
Highway users tax	\$ 306,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market value credit	2,736	-	-	-	-	-	-
Local government aid	1,619,587	-	-	-	-	-	-
State PERA aid	32,922	-	-	-	-	-	-
State police pension aid	197,381	-	-	-	-	-	-
State fire pension aid	102,082	-	-	-	-	-	-
Total Shared Revenue	2,261,467	-	-	-	-	-	-
Grants							
County and Local							
Miscellaneous	83,593	4,584	-	108,275	-	-	112,859
Total County and Local	83,593	4,584	-	108,275	-	-	112,859
State							
Minnesota Department of							
Public Safety	13,798	-	-	-	-	-	-
Police - Toward Zero Deaths	12,815	-	-	-	-	-	-
Transportation	-	-	35,454	-	-	-	35,454
Aeronautics	-	-	17,920	-	-	-	17,920
Miscellaneous	-	14,896	-	-	-	-	14,896
Library grant	-	-	-	9,950	-	-	9,950
Minnesota Historical & Cultural	65,443	-	-	4,500	-	-	4,500
Minnesota Peace Officers Board (POST)	8,689	-	-	-	-	-	-
Total State	100,745	14,896	53,374	14,450	-	-	82,720
Federal							
U.S. Department of							
Health and Human Services	1,000	-	-	-	-	-	-
EPA	-	-	-	-	24,304	90,338	114,642
Justice	4,759	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Homeland Security	187,142	-	-	-	-	-	-
Total Federal	192,901	-	-	-	24,304	90,338	114,642
Total Grants	377,239	19,480	53,374	122,725	24,304	90,338	310,221
Total Intergovernmental Revenue	\$ 2,638,706	\$ 19,480	\$ 53,374	\$ 122,725	\$ 24,304	\$ 90,338	\$ 310,221

Schedule B

Capital Projects Funds							Totals
Capital Improvement Assessment	Airport Federal Projects	West Ave Reconstruction Project	Memorial Park Project	Sturgeon Lake Road	Old Highway #19	Total	All Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,759
-	-	-	-	-	-	-	2,736
-	-	-	-	-	-	-	1,619,587
-	-	-	-	-	-	-	32,922
-	-	-	-	-	-	-	197,381
-	-	-	-	-	-	-	102,082
-	-	-	-	-	-	-	2,261,467
-	-	-	-	-	-	-	196,452
-	-	-	-	-	-	-	196,452
-	-	-	-	-	-	-	13,798
-	-	-	-	-	-	-	12,815
495,156	7,970	527,218	53,632	-	57,022	1,140,998	1,176,452
-	-	-	-	-	-	-	17,920
-	-	-	-	-	-	-	14,896
-	-	-	-	-	-	-	9,950
-	-	-	193,841	-	-	193,841	263,784
-	-	-	-	-	-	-	8,689
495,156	7,970	527,218	247,473	-	57,022	1,334,839	1,518,304
-	-	-	-	-	-	-	1,000
-	-	-	-	-	-	-	114,642
-	-	-	-	-	-	-	4,759
-	17,686	661,667	-	488,545	-	1,167,898	1,167,898
-	-	-	-	-	-	-	187,142
-	17,686	661,667	-	488,545	-	1,167,898	1,475,441
495,156	25,656	1,188,885	247,473	488,545	57,022	2,502,737	3,190,197
\$ 495,156	\$ 25,656	\$ 1,188,885	\$ 247,473	\$ 488,545	\$ 57,022	\$ 2,502,737	\$ 5,451,664

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

**DETAILED COMBINED SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<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>ISSUED</u>
<u>GENERAL OBLIGATION BONDS</u>						
\$1,835M G.O. Bonds of 2011A	1.928	11/15/11	02/01/22	100%	\$ 1,835,000	\$ 1,835,000
\$2,375M G.O. Bonds of 2012A	1.488	07/12/12	02/01/23	100%	2,375,000	2,375,000
\$2,930M G.O. Bonds of 2013A	1.324	04/24/13	02/01/24	100%	2,930,000	2,930,000
\$1,115M G.O. Equipment Certificates of 2014A	1.696	04/23/14	02/01/24	100%	<u>1,115,000</u>	<u>1,115,000</u>
TOTAL GENERAL OBLIGATION BONDS					<u>8,255,000</u>	<u>8,255,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS</u>						
\$750M SEWER REVENUE NOTE 1996	3.824	12/27/96	08/20/17	0%	750,000	750,000
\$700M SEWER REVENUE NOTE 1997	3.405	12/02/97	02/20/18	0%	700,000	700,000
\$2,500M SEWER REVENUE NOTE 1998	3.340	05/22/98	08/20/18	0%	2,500,000	2,500,000
\$2,100M SEWER REVENUE NOTE 2002	3.740	10/11/02	08/20/22	0%	2,100,000	1,494,594
\$15,417M G.O. WATER REVENUE BONDS 2004	2.819	06/24/04	08/20/23	0%	15,417,000	15,283,450
\$5,283,360 G.O. SEWER REVENUE BONDS 2004	2.340	09/23/04	08/20/24	0%	5,283,360	5,283,360
\$4,070,000 G.O. DISPOSAL SYSTEM BONDS 2008A	4.235	09/15/08	02/01/29	0%	<u>4,070,000</u>	<u>4,070,000</u>
TOTAL GENERAL OBLIGATION REVENUE BONDS					<u>30,820,360</u>	<u>30,081,404</u>
TOTAL CITY INDEBTEDNESS					<u>\$ 39,075,360</u>	<u>\$ 38,336,404</u>

Schedule C

<u>RETIRED</u>	<u>LONG-TERM OUTSTANDING</u>	<u>PRINCIPAL DUE IN 2015</u>	<u>INTEREST DUE IN 2015</u>
\$ 335,000	\$ 1,500,000	\$ 175,000	\$ 26,390
300,000	2,075,000	300,000	25,632
-	2,930,000	265,000	55,950
-	1,115,000	105,000	29,010
<u>635,000</u>	<u>7,620,000</u>	<u>845,000</u>	<u>136,982</u>
600,946	149,054	48,753	5,238
541,357	158,643	43,511	5,035
1,953,352	546,648	155,396	16,971
753,594	741,000	81,000	27,713
7,048,450	8,235,000	816,000	232,145
2,214,360	3,069,000	276,000	71,815
690,000	3,380,000	170,000	140,000
<u>13,802,059</u>	<u>16,279,345</u>	<u>1,590,660</u>	<u>498,917</u>
<u>\$ 14,437,059</u>	<u>\$ 23,899,345</u>	<u>\$ 2,435,660</u>	<u>\$ 635,899</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, 2014
(Unaudited)

Schedule D

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds:				
Tax increments received	\$ 6,092,300	\$ 1,787,933	\$ 130,824	\$ (4,173,543)
Interest on invested funds	-	172	-	172
Total Sources of Funds	<u>6,092,300</u>	<u>1,788,105</u>	<u>130,824</u>	<u>(4,173,371)</u>
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	667,809	124,283	1,667,908
Administration	295,000	81,819	850	212,331
Capitalized interest	120,000	-	-	120,000
Total Uses of Funds	<u>6,092,300</u>	<u>1,778,834</u>	<u>125,133</u>	<u>4,188,333</u>
District Balance (or Deficiency)	<u>-</u>	<u>9,271</u>	<u>5,691</u>	<u>14,962</u>
Funds Remaining (or Deficiency)	<u>\$ -</u>	<u>\$ 9,271</u>	<u>\$ 5,691</u>	<u>\$ 14,962</u>

**SINGLE AUDIT AND
OTHER REQUIRED REPORTS**

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

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

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to 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 5, 2015



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, 2014, 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 5, 2015.

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.

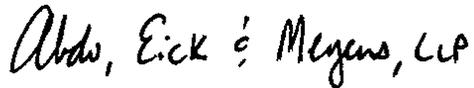
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

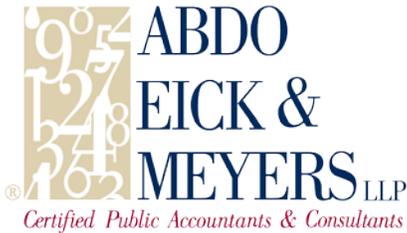
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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
Mankato, Minnesota
June 5, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133

Honorable Mayor and City Council
City of Red Wing, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Red Wing's, Red Wing, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP

Mankato, Minnesota

June 5, 2015

CITY OF RED WING, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Awarding Agency	Pass-through Entity	Program Name	Federal Domestic Assistance Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Department of Transportation Direct Programs Highway Planning and Construction	20.205	\$ 1,150,212	
U.S. Department of Transportation	Minnesota Department of Transportation	Recreational Trails Program	20.219	<u>48,869</u>	
				Total Highway Planning and Construction Cluster	\$ 1,199,081
U.S. Department of Defense	Minnesota Department of Military Affairs	National Guard Military Operations and Maintenance	12.401	923	
U.S. Department of Housing and Urban Development	Minnesota Department of Employment and Economic Development	Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawaii	14.228	59,936	
U.S. Department of the Interior	Minnesota Department of Natural Resources	Sportfishing and Boating Safety Act	15.622	9,768	
U.S. Department of Justice	Minnesota Department of Public Safety	Bulletproof Vest Partnership Program	16.607	4,759	
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	17,686	
U.S. Department of Transportation	Minnesota Department of Public Safety	Interagency Hazardous Materials Public Sector Training	20.703	3,200	
U.S. Environmental Protection Agency	Minnesota Department of Employment and Economic Development	Brownfields Assessment and Cleanup Cooperative Agreements	66.818	114,642	
U.S. Department of Education	Minnesota Department of Employment and Economic Development	Rehabilitation Services - Vocational Rehabilitation Grants	84.126	667	
U.S. Department of Health and Human Services	Minnesota Department of Employment and Economic Development	Block Grants for Prevention and Treatment of Substance Abuse	93.959	680	
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance	97.036	10,000	
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Assistance to Firefighters Grant	97.044	<u>216,316</u>	
				Total Other Programs	<u>438,577</u>
					<u>\$ 1,637,658</u>

CITY OF RED WING, MINNESOTA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the City of Red Wing, Minnesota (the City). The City's reporting entity is defined in Note 1A to the City's financial statements. All Federal awards received directly from federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

2. **Basis of accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting for its major programs, which is described in Note 1C to the City's financial statements.

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CITY OF RED WING, MINNESOTA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of Major Programs/Projects

	CFDA No.
Department of Transportation Direct Programs Highway Planning and Construction	20.205
Recreational Trails Program	20.219
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with OMB Circular A-133.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.