

CITY OF RED WING  
RED WING, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2015

PREPARED BY:

FINANCE DEPARTMENT

MARSHALL HALLOCK, CPA  
Finance Director

Member GFOA of U.S. and Canada  
Published June 17, 2016

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RED WING, MINNESOTA  
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**INTRODUCTORY SECTION**

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
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June 17, 2016

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, 2015.

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, 2015 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 unmodified opinion that the City's financial statements, for the year ended December 31, 2015, 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 16,505, 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 30<sup>th</sup> 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 20<sup>th</sup>. 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 13,156 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 2015 improved over the 2008 - 2012 fiscal years and were mixed compared to the activity levels experienced in fiscal years 2013 - 2014. In 2015, the City issued 18 permits for new residential construction with a valuation of \$3,426,276 compared to 17 in 2014 with a valuation of \$4,514,616. The 18 residential permits issued in 2015 are above the five-year average of 11.8 residential permits and above the five-year average valuation of \$2,475,665.

In 2015, the City issued 3 civic, institutional, commercial and industrial permits with a valuation of \$3,349,910 compared to 8 in 2014 with a valuation of \$11,728,189. The 3 civic, institutional and commercial and industrial permits issued in 2015 are below the five-year average of 5.6 civic, institutional, commercial and industrial permits. The valuation of the 3 civic, institutional and commercial permit issued in 2015 is below the five-year average valuation of \$4,410,545.

A total of 21 residential, civic, institutional commercial and industrial permits were issued in 2015 with a combined valuation of \$6,776,186. The 21 residential, civic, institutional commercial and industrial permits issued in 2015 are up from the five-year average of 17.4 residential, civic, institutional commercial and industrial permits. The valuation of the 21 residential, civic, institutional commercial and industrial permits issued in 2015 is below the five-year average valuation of \$6,886,210.

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 \$23.4 million of street related transportation improvements are being planned over the next 5 years with approximately \$6.6 million for 2016. 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 2016 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.

Improvements continued in 2015 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 upgrades will assist in ensuring the effluent discharges remain in compliance with waste water discharge limits and provide critical redundancies. The improvements will reduce operating costs, increase reliability of the facility and improve effluent discharges.

Work and planning continued in 2015 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 2015 on a proposed public safety facility which will facilitate meeting emergency response time goals within the western sections of the City.

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

Planning and design work continued on the Spring Creek Road and Trunk Highway 61 intersection project. The project will improve the intersection and address safety deficiencies by providing a signaled intersection, removing non-signalized accesses, realigning the intersection, improving sight triangles and providing other general safety enhancements.

Final design work was completed on the Sturgeon Lake Road Rail Grade Separation project. The project is intended to address rail safety and access concerns.

Design work on the Truck Highway 63 Bridge (Eisenhower Bridge) which serves as the local access point between Minnesota and Wisconsin continued. This project, including its design, are led by the State of Minnesota. The City remains an active partner and participant in the project. The project will require a local financial contribution. Construction work on the bridge replacement is scheduled to commence in 2017.

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.

Construction work and improvements intended to renew and preserve the T.B. Sheldon Theatre and enhance theatergoers experience commenced and continued. The 2015 improvements included stage sound and lighting system replacements and the completion of tuck-pointing the exterior of the building. The project continues and will result in the improvement and replacement of building systems and facilities, restoration and preservation of facility, and meeting of 21<sup>st</sup> century theatergoers expectations.

There were other projects commenced or completed in 2015 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, 2014. This was the seventh 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

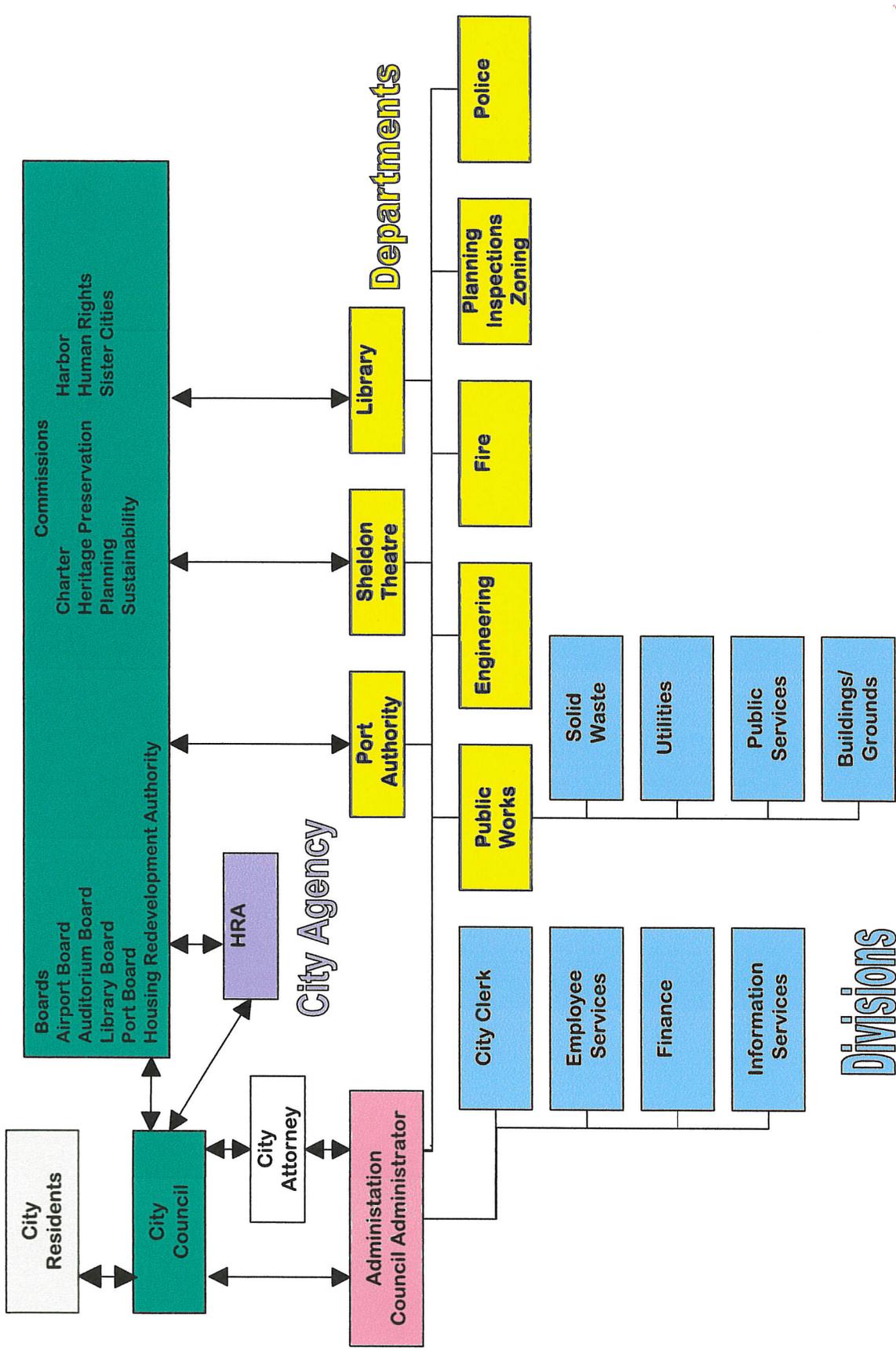


(Left back row) Red Wing City Council Member Dan Munson, Council Member Jason Sebion, Council Member Dustin Schulenberg, Council Member Ralph Rauterkus. (Left front row) Council Member Peggy Rehder, Council Member Lisa Bayley, Mayor Dan Bender and Council Member Dean Hove.

### ADMINISTRATIVE PERSONNEL

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

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**Divisions**

**Departments**



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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, 2014**

Executive Director/CEO

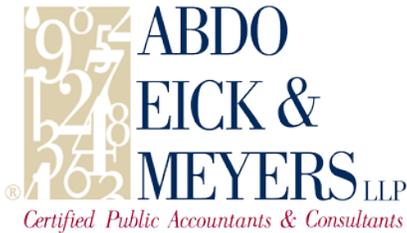
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**FINANCIAL SECTION**  
**CITY OF RED WING**  
**RED WING, MINNESOTA**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2015**

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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, 2015, 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. 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, 2015, 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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## ***Change in Accounting Standards***

As described in Note 9 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

## **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 Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Employer's Funding Progress for Other Post-Employment Benefit Plan starting on page 121 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 17, 2016, 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 17, 2016

People  
+ Process®  
Going  
Beyond the  
Numbers

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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, 2015. 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 beginning unrestricted net position was decreased by \$11,423,202 to recognize the effects of GASB Statement No. 68 implementation.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$142,963,027 (net position). Of this amount, \$35,321,414 (*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 \$13,162,567, compared to an increase of \$4,718,800 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 \$44,936,704, an increase of \$7,788,117 in comparison with the prior year. A significant portion of the net increase is attributable to the timing of planned capital improvement projects and acquisitions within governmental funds. Approximately 32.4 percent of this total amount, \$14,563,212, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$30,373,492) is not available for new spending because it is either 1) nonspendable (\$2,321,857), 2) restricted (\$12,179,654), 3) committed (\$9,388,854), or 4) assigned (\$6,483,127) 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 \$36,909,510 compared to \$44,697,627 generated in revenues and other financing sources for governmental programs.
- The General fund reported an increase in fund balance this year of \$2,242,287. Revenues were greater than the final budget by \$11,874 and expenditures were less than the final budget by \$3,216,336. Substantially all this increase is attributable to the timing of planned capital improvement projects and acquisitions.
- At the end of the current year, unassigned fund balance of the General fund was \$14,992,326, or 99.2 percent of total General fund expenditures.
- The City's total bonded debt increased by \$5,299,340, or 22.2 percent during the current fiscal year. This was a result of the City issuing \$7,735,000 in additional debt and retiring principal of \$2,435,660 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**

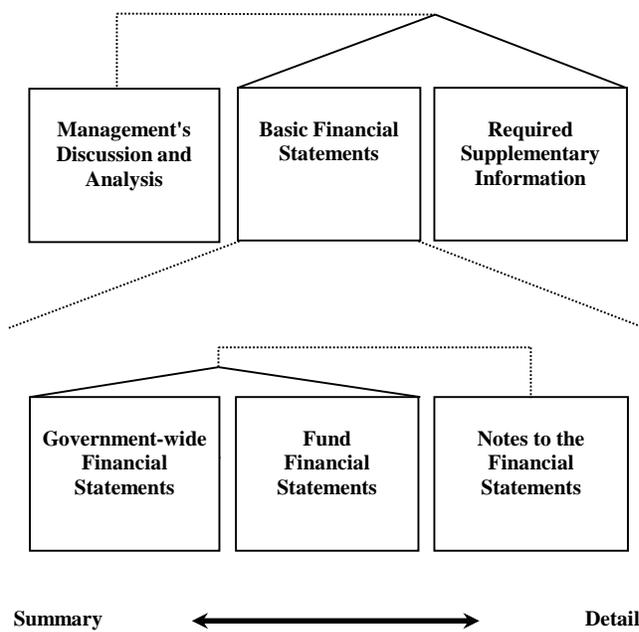


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
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 deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether 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 50 individual governmental funds, five of which are Debt Service funds which are combined for reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the PERA Perpetual fund, the Debt Service funds (which are considered one fund for financial reporting), the Capital Improvement Assessment fund, the West Avenue Reconstruction fund and the Highway 61 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 72 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 75 of this report.

**Required supplementary information.** The required supplementary information can be found on page 121 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 127 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 206 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 deferred outflows of resources and liabilities and deferred inflows of resources. 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$142,963,027 at the close of the most recent fiscal year. A large portion of the City's net position (65.7 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		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Current and other assets	\$ 57,421,076	\$ 49,808,089	\$ 7,612,987	\$ 10,594,414	\$ 10,459,081	\$ 135,333
Capital assets	63,536,469	52,938,702	10,597,767	58,966,805	58,257,180	709,625
Total assets	120,957,545	102,746,791	18,210,754	69,561,219	68,716,261	844,958
Deferred outflows of resources	1,301,626	-	1,301,626	791,454	-	791,454
Long-term liabilities						
outstanding	22,242,595	9,673,648	12,568,947	21,240,534	17,419,512	3,821,022
Other liabilities	2,592,784	2,241,643	351,141	836,728	1,188,381	(351,653)
Total liabilities	24,835,379	11,915,291	12,920,088	22,077,262	18,607,893	3,469,369
Deferred inflows of resources	1,548,552	-	1,548,552	1,187,624	-	1,187,624
Net position						
Net investment in						
capital assets	49,648,560	46,262,064	3,386,496	44,265,403	41,964,192	2,301,211
Restricted	13,309,298	12,812,857	496,441	418,352	400,290	18,062
Unrestricted	32,917,382	31,756,579	1,160,803	2,404,032	7,743,886	(5,339,854)
Total net position	\$ 95,875,240	\$ 90,831,500	\$ 5,043,740	\$ 47,087,787	\$ 50,108,368	\$ (3,020,581)

Additionally, a portion of the City's net position (9.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (24.7 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 decrease in the unrestricted net position was due to the restatement due to GASB Statement No. 67 and 68, which is described further in Note 9.

**Governmental activities.** Governmental activities increased the City's net position by \$10,712,313, accounting for 81.4 percent of the total increase in the City's net position. Key elements of this increase are as follows:

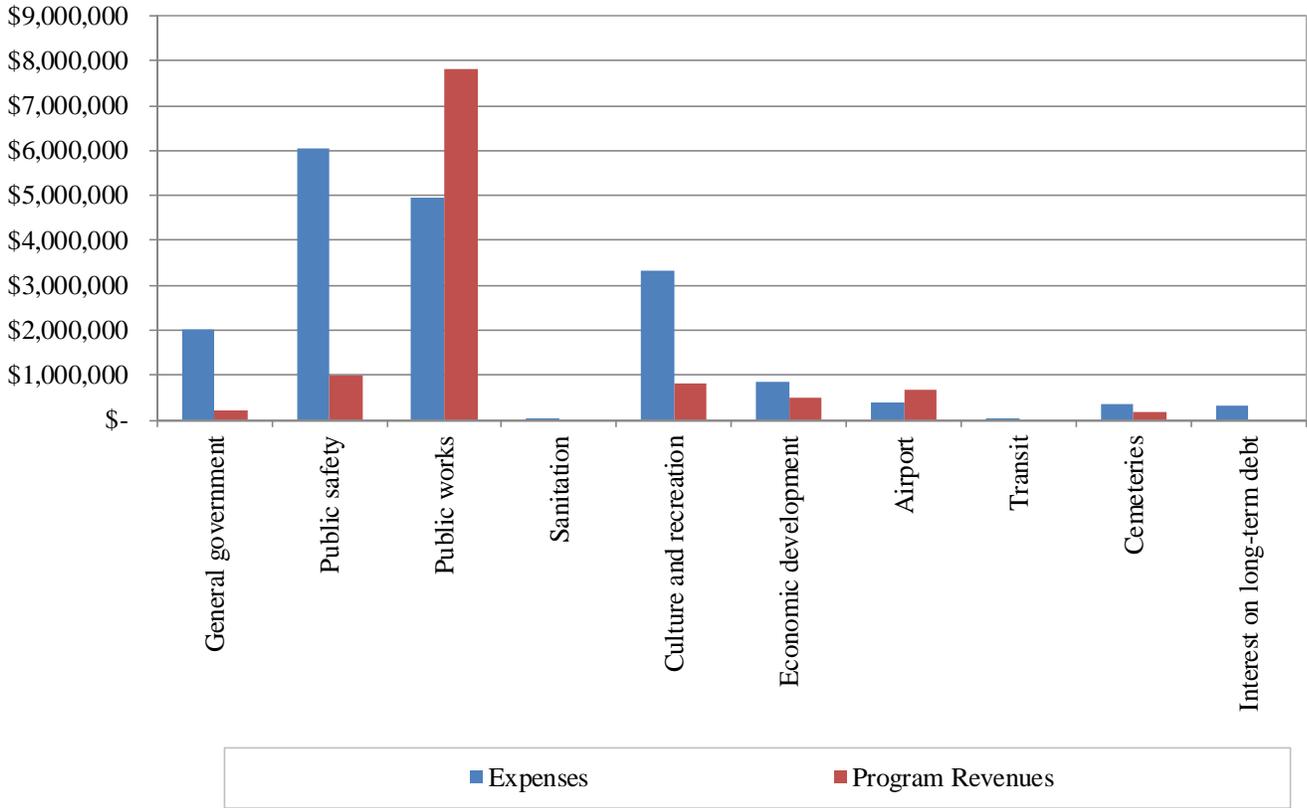
### City of Red Wing's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,288,024	\$ 1,365,757	\$ (77,733)	\$ 17,838,402	\$ 17,250,903	\$ 587,499
Operating grants and contributions	1,673,395	1,301,351	372,044	28,093	54,787	(26,694)
Capital grants and contributions	8,252,250	2,438,463	5,813,787	68,977	-	68,977
General revenues						
Property taxes	17,154,701	14,591,935	2,562,766	-	-	-
Other taxes	396,917	387,869	9,048	-	-	-
Grants and contributions not restricted to specific programs	1,517,171	1,856,830	(339,659)	-	-	-
Unrestricted investment earnings	545,694	2,209,808	(1,664,114)	339,807	1,115,146	(775,339)
Other	68,355	48,432	19,923	-	-	-
Gain on sale of capital assets	105,141	31,854	73,287	104,459	112,220	(7,761)
Total revenues	<u>31,001,648</u>	<u>24,232,299</u>	<u>6,769,349</u>	<u>18,379,738</u>	<u>18,533,056</u>	<u>(153,318)</u>
Expenses						
General government	2,014,182	1,928,550	85,632	-	-	-
Public safety	6,037,426	6,033,337	4,089	-	-	-
Public works	4,967,050	5,291,324	(324,274)	-	-	-
Sanitation	38,978	48,969	(9,991)	-	-	-
Culture and recreation	3,308,523	3,791,583	(483,060)	-	-	-
Economic development	861,913	562,704	299,209	-	-	-
Airport	375,939	358,401	17,538	-	-	-
Transit	48,200	22,904	25,296	-	-	-
Cemeteries	371,341	368,248	3,093	-	-	-
Interest and fiscal charges	324,976	153,007	171,969	-	-	-
Ambulance	-	-	-	3,912,731	3,921,127	(8,396)
Refuse collection and recycling	-	-	-	2,452,011	2,050,561	401,450
Water	-	-	-	3,176,793	3,127,351	49,442
Sewer	-	-	-	4,341,896	4,216,823	125,073
Storm water	-	-	-	719,183	622,651	96,532
Solid waste campus	-	-	-	2,647,529	2,272,893	374,636
Marina	-	-	-	620,148	711,761	(91,613)
Total expenses	<u>18,348,528</u>	<u>18,559,027</u>	<u>(210,499)</u>	<u>17,870,291</u>	<u>16,923,167</u>	<u>947,124</u>
Increase (decrease) in net position before transfers	12,653,120	5,673,272	6,979,848	509,447	1,609,889	(1,100,442)
Transfers	(1,940,807)	486,494	(2,427,301)	1,940,807	(486,494)	2,427,301
Loss on discontinued operations	-	-	-	-	(2,564,361)	2,564,361
Change in net position	10,712,313	6,159,766	4,552,547	2,450,254	(1,440,966)	3,891,220
Net position - January 1 as restated (note 9)	<u>90,831,500</u>	<u>84,671,734</u>	<u>6,159,766</u>	<u>50,108,368</u>	<u>51,549,334</u>	<u>(1,440,966)</u>
Net position - December 31	<u>\$ 95,875,240</u>	<u>\$ 90,831,500</u>	<u>\$ 5,043,740</u>	<u>\$ 47,087,787</u>	<u>\$ 50,108,368</u>	<u>\$ (3,020,581)</u>

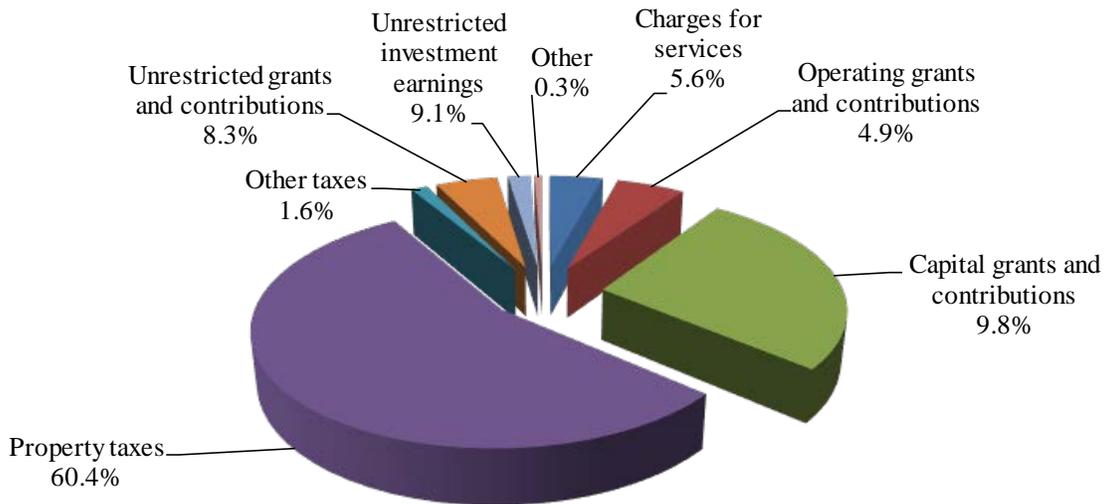
- The 2015 general levy was \$15,880,513 and the special taxing district levy was \$334,177. The 2014 general levy was \$13,986,823 and the special taxing district levy was \$307,409.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

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

### Expenses and Program Revenues - Governmental Activities



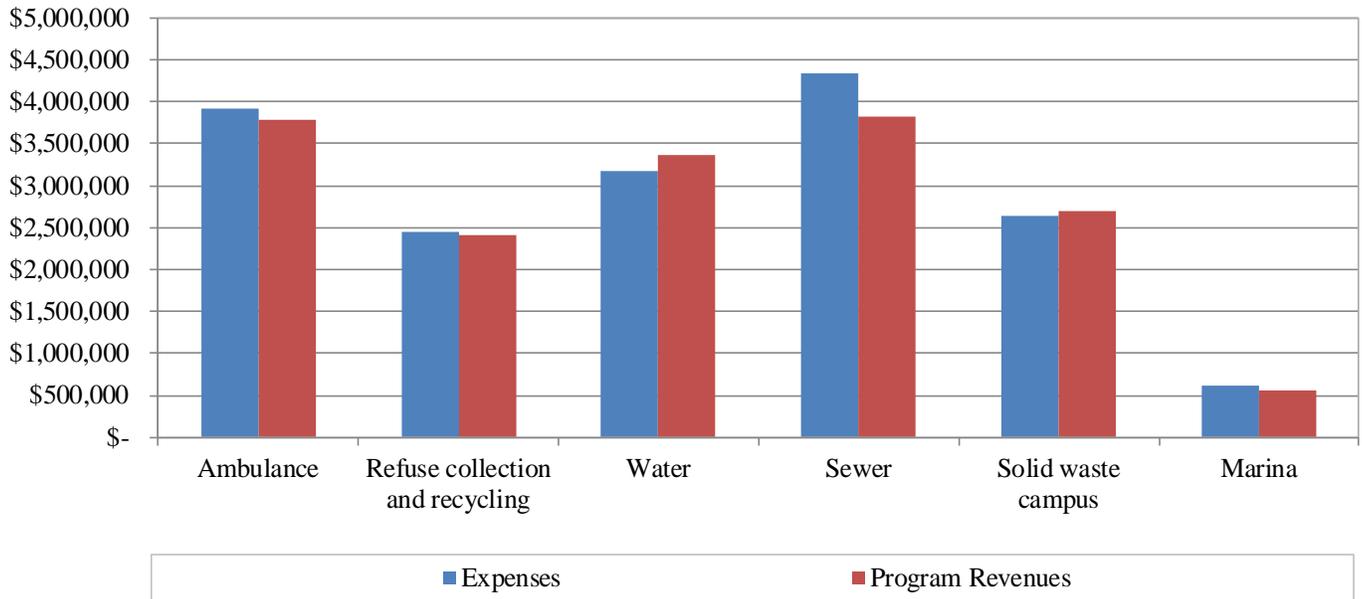
### Revenues by Source - Governmental Activities



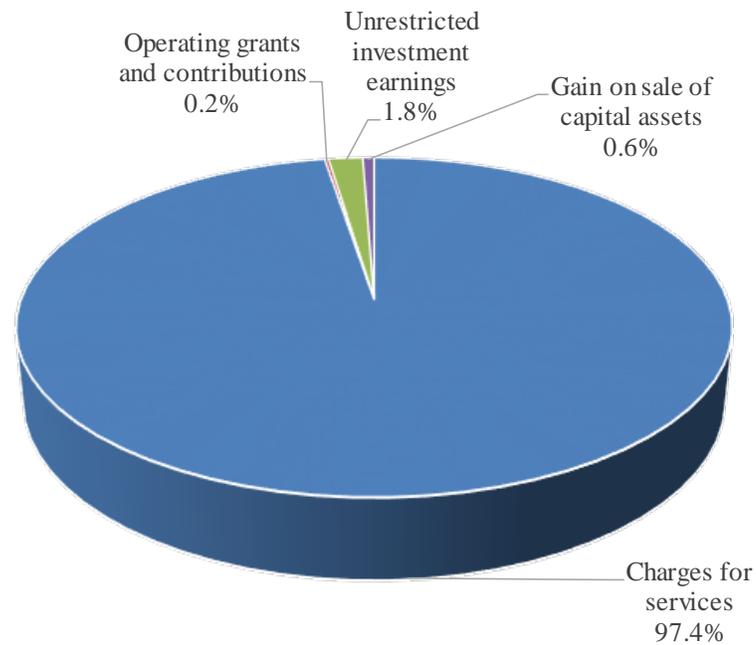
**Business-type activities.** Business-type activities increased the City’s net position by \$2,450,254, accounting for a 18.6 percent decrease in the total growth in the City’s net position. Key elements of this decrease are as follows:

- Charges for services for business-type activities increased by \$587,499 or 3.4 percent. Volume increases and rate changes contributed to the majority of this increase.
- Net transfers and capital contributions from governmental activities totaled \$1,940,807.

**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 \$44,936,704, an increase of \$7,788,117 in comparison with the prior year. A significant portion of the net increase is attributable to the timing of planned capital improvement projects and acquisitions within governmental funds. Approximately 32.4 percent of this total amount, \$14,563,212, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$30,373,492) is not available for new spending because it is either 1) nonspendable (\$2,321,857), 2) restricted (\$12,179,654), 3) committed (\$9,388,854), or 4) assigned (\$6,483,127) 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 \$14,992,326, while total fund balance reached \$19,715,917. 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 99.2 percent of total General fund expenditures, while total fund balance represents 130.4 percent of that same amount.

The fund balance of the City's General fund increased by \$2,242,287 during the current fiscal year. Key factors in this increase are as follows:

- The increase in fund balance is \$3,385,738 more than the budgeted decrease in fund balance of \$1,143,451. This variance results from expenditures being less than budget by \$3,216,336 primarily due to delays in planned capital acquisitions and improvement projects.

The *PERA Perpetual fund* has a total fund balance of \$9,100,541, 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 \$77,243. 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 \$975,764, 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 \$240,894. The increase is largely a result of property taxes sufficiently covering debt service requirements.

The *Capital Improvement Assessment fund* has a total fund balance of \$5,875,350. The net decrease in fund balance during the current year in the Capital Improvement Assessment fund was \$945,915. The increase is largely a result of \$410,200 of special assessment revenue and \$78,125 of investment income less public works expenditures of \$87,432 and transfers out of \$1,472,985.

The *West Avenue Reconstruction fund* has a total fund balance of \$248,161. The net increase in fund balance during the current year in the West Avenue Reconstruction was \$905,250. The increase is a result of \$734,716 of intergovernmental revenue and total transfers in from the Capital Improvement Assessment fund of \$316,915 less capital project expenditures of \$146,381.

The *Highway 61 Reconstruction fund* has a total fund balance of \$3,793,796. The net increase in fund balance during the current year in the West Avenue Reconstruction was \$3,821,426. The increase is a result of \$5,264,490 of intergovernmental revenue and total transfers in from the Capital Improvement Assessment fund of \$329,074 less capital project expenditures of \$6,773,766. Also contributing to the increase was bond proceeds of \$5,070,011 less bond issuance costs of \$68,383.

**Proprietary funds.** Unrestricted net position of the enterprise funds at the end of the year amounted to \$1,839,174. Total increase in net position for enterprise funds was \$2,761,164. 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 \$1,680,369 of 2014 and prior year's General fund funded capital improvement plan items into the 2015 budget, made an additional \$27,315 in net adjustments increasing capital expenditures, made \$35,049 in adjustments increasing general government expenditures, made \$132,789 in adjustments increasing public safety expenditures, made \$46,568 in adjustments increasing public works expenditures, made \$781 in adjustments increasing sanitation expenditures, made \$33,000 in adjustments increasing culture and recreation expenditures, made \$34,940 in adjustments increasing economic development related to marketing and communication enhancements, made \$1,390 in adjustments increasing cemetery expenditures, and made \$215,349 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 \$210,722.
- Total charges for services were over budget by \$100,499 including culture and recreation in which improved weather related to higher daily pool sales.
- Total public safety expenditures were under budget by \$168,126.
- Total public works expenditures were under budget by \$166,517.
- Total economic development expenditures were under budget by \$309,138.
- Total contingent expenditures were under budget by \$467,183.
- Capital outlay expenditures were under budget by \$1,978,859 due to the timing of capital projects.

## 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, 2015, amounts to \$122,503,274 (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 2015 and prior years with costs during the year of \$12,173,015. Of this amount, \$115,326 related to ongoing improvements to the City's waste water treatment facilities in the Sewer enterprise fund, \$186,207 related to ongoing improvements to the solid waste facilities in the Solid Waste Campus enterprise fund, \$181,770 related to ongoing improvements at Memorial Park, \$49,100 related to ongoing improvements at Barn Bluff Park, \$744,584 related to ongoing improvements to the T.B. Sheldon Auditorium, \$8,935 related to ongoing work related to the Public Safety Center and \$427,318 related to ongoing improvements at the airport. An additional \$6,842,149 related to the ongoing Highway 61 Reconstruction, \$2,015,158 related to the ongoing River Renaissance Phase I Levee Road to Jackson Street improvements, and \$1,602,468 related to ongoing bridge, roads, and park projects.
- Building additions and other improvements of \$2,337,654, of which \$269,339 related to system improvements in the Sewer enterprise fund, \$461,508 related to building and system improvements in the Water enterprise fund, \$47,271 related to system improvements in the Storm Water enterprise fund, \$57,603 related to airport building improvements, \$21,263 related to cemetery facility improvements, \$357,860 related to city hall improvements, \$85,007 related to fire station improvements, \$425,141 related to the public works facilities and building improvements, \$68,276 related to the library building improvements, \$146,146 related to the golf course clubhouse and other system improvements, \$272,383 related to park building and facilities improvements, \$55,567 related to parking ramp improvements, \$32,111 related to the Goodhue County Historical Society building, and \$38,179 related to T.B. Sheldon Auditorium improvements.

Additional information on the City's capital assets can be found in Note 3D starting on page 90 of this report.

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

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
Land	\$ 5,873,120	\$ 5,873,120	\$ -	\$ 214,980	\$ 214,980	\$ -
Construction in progress	25,714,668	20,278,104	5,436,564	6,759,816	6,458,284	301,532
Buildings	7,308,369	6,374,949	933,420	24,738,824	25,460,822	(721,998)
Improvements	3,279,446	3,187,694	91,752	6,449,577	5,905,692	543,885
Machinery and equipment	679,658	607,618	72,040	486,826	566,276	(79,450)
Office equipment	177,679	159,901	17,778	-	-	-
Vehicles	4,091,792	3,889,738	202,054	3,129,268	2,969,297	159,971
Infrastructure	16,411,737	12,567,578	3,844,159	17,187,514	16,681,829	505,685
<b>Total</b>	<b>\$ 63,536,469</b>	<b>\$ 52,938,702</b>	<b>\$ 10,597,767</b>	<b>\$ 58,966,805</b>	<b>\$ 58,257,180</b>	<b>\$ 709,625</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$29,198,685. Of this amount, \$14,688,685 comprises revenue related debt backed by the full faith and credit of the City and \$14,510,000 is general obligation debt.

**City of Red Wing's Outstanding Debt**

	Governmental Activities			Business-type Activities		
	2015	2014	Increase (Decrease)	2015	2014	Increase (Decrease)
General obligation bonds	\$ 14,510,000	\$ 7,620,000	\$ 6,890,000	\$ -	\$ -	\$ -
General obligation revenue bonds	-	-	-	14,688,685	16,279,345	(1,590,660)
<b>Total</b>	<b>\$ 14,510,000</b>	<b>\$ 7,620,000</b>	<b>\$ 6,890,000</b>	<b>\$ 14,688,685</b>	<b>\$ 16,279,345</b>	<b>\$ (1,590,660)</b>

The City's total bonded debt increased by \$5,299,340, (22.2 percent) during the current fiscal year. This was a result of the City issuing \$7,735,000 in additional debt and retired principal of \$2,435,660 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 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 \$51,684,747, 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 97 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The City's officials considered many factors when setting the fiscal-year 2016 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.
- The unemployment rate for the County is currently 3.6 percent, which is a decrease from a rate of 4.2 percent last year. This compares with unemployment rates of 3.7 percent for the State of Minnesota and 5.0 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 2016 was increased by 2.49 percent over 2015.
- 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 2016 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 4<sup>th</sup> 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, 2015

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CITY OF RED WING, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
<b>ASSETS</b>				
Cash and investments	\$ 49,303,457	\$ 7,852,970	\$ 57,156,427	\$ 1,325,545
Assets held in endowment	488,903	-	488,903	-
Receivables				
Accrued interest	123,870	26,581	150,451	-
Delinquent taxes	228,785	-	228,785	4,794
Accounts - net of allowance for doubtful accounts of \$186,755	163,196	2,564,674	2,727,870	6,158
Loans	272,298	-	272,298	1,369,975
Special assessments	1,669,775	-	1,669,775	-
Intergovernmental	1,218,068	-	1,218,068	1,172
Loans to other governments	113,345	-	113,345	-
Internal balances	119,268	(119,268)	-	-
Loans to component unit	434,696	-	434,696	-
Inventories	68,914	239,947	308,861	-
Prepaid items	1,547	29,510	31,057	-
Land held for resale	2,818,705	-	2,818,705	-
Pension asset	396,249	-	396,249	-
Capital assets				
Nondepreciable	31,587,788	6,974,796	38,562,584	265,042
Depreciable, net of accumulated depreciation	31,948,681	51,992,009	83,940,690	385,682
<b>TOTAL ASSETS</b>	<b>120,957,545</b>	<b>69,561,219</b>	<b>190,518,764</b>	<b>3,358,368</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension resources	1,301,626	791,454	2,093,080	32,734
<b>LIABILITIES</b>				
Accounts and contracts payable	1,986,413	514,032	2,500,445	11,284
Escrow accounts and deposits payable	118,396	-	118,396	-
Due to other governments	149,842	62,783	212,625	404,072
Loans from primary government	-	-	-	434,696
Accrued interest payable	144,122	172,677	316,799	-
Salaries payable	162,016	81,218	243,234	2,204
Unearned revenue	31,995	6,018	38,013	-
Noncurrent liabilities				
Due within one year	1,588,023	1,961,814	3,549,837	10,694
Due in more than one year	20,654,572	19,278,720	39,933,292	319,245
<b>TOTAL LIABILITIES</b>	<b>24,835,379</b>	<b>22,077,262</b>	<b>46,912,641</b>	<b>1,182,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension resources	1,548,552	1,187,624	2,736,176	53,747
<b>NET POSITION</b>				
Net investment in capital assets	49,648,560	44,265,403	93,913,963	650,724
Restricted				
Permanently restricted				
Library endowments	488,903	-	488,903	-
Cemetery perpetual	1,718,487	-	1,718,487	-
Temporarily restricted				
Debt service	841,379	-	841,379	-
Police and fire activities	9,152,795	-	9,152,795	-
DNR snowmobile grant	14,589	-	14,589	-
Future loans	344,633	-	344,633	-
Sister cities activities	4,298	-	4,298	-
Tax increment activities	20,583	-	20,583	-
Library activities	21,704	-	21,704	-
Cemetery operations	701,927	-	701,927	-
Ash landfill	-	418,352	418,352	-
Unrestricted	32,917,382	2,404,032	35,321,414	1,504,436
<b>TOTAL NET POSITION</b>	<b>\$ 95,875,240</b>	<b>\$ 47,087,787</b>	<b>\$ 142,963,027</b>	<b>\$ 2,155,160</b>

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,014,182	\$ 213,967	\$ -	\$ -
Public safety	6,037,426	445,281	557,862	3,270
Public works	4,967,050	116,943	292,845	7,413,201
Sanitation	38,978	-	-	-
Culture and recreation	3,308,523	205,901	273,755	345,946
Economic development	861,913	2,052	500,000	-
Airport	375,939	117,471	48,933	489,833
Transit	48,200	-	-	-
Cemeteries	371,341	186,409	-	-
Interest and fiscal charges	324,976	-	-	-
Total governmental activities	<u>18,348,528</u>	<u>1,288,024</u>	<u>1,673,395</u>	<u>8,252,250</u>
Business-type activities				
Ambulance	3,912,731	3,779,689	13,000	-
Refuse collection and recycling	2,452,011	2,401,294	-	13,564
Water	3,176,793	3,313,412	15,093	31,987
Sewer	4,341,896	3,819,287	-	13,134
Storm water	719,183	1,274,544	-	8,706
Solid waste campus	2,647,529	2,695,806	-	1,586
Marina	620,148	554,370	-	-
Total business-type activities	<u>17,870,291</u>	<u>17,838,402</u>	<u>28,093</u>	<u>68,977</u>
Totals primary government	<u>\$ 36,218,819</u>	<u>\$ 19,126,426</u>	<u>\$ 1,701,488</u>	<u>\$ 8,321,227</u>
Component unit				
Port authority	<u>\$ 391,936</u>	<u>\$ 126,968</u>	<u>\$ -</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

Total general revenues and transfers

Change in net position

Net position, January 1 as restated (Note 9)

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
\$ (1,800,215)		\$ (1,800,215)	
(5,031,013)		(5,031,013)	
2,855,939		2,855,939	
(38,978)		(38,978)	
(2,482,921)		(2,482,921)	
(359,861)		(359,861)	
280,298		280,298	
(48,200)		(48,200)	
(184,932)		(184,932)	
(324,976)		(324,976)	
<u>(7,134,859)</u>		<u>(7,134,859)</u>	
	\$ (120,042)	(120,042)	
	(37,153)	(37,153)	
	183,699	183,699	
	(509,475)	(509,475)	
	564,067	564,067	
	49,863	49,863	
	<u>(65,778)</u>	<u>(65,778)</u>	
	65,181	65,181	
<u>(7,134,859)</u>	<u>65,181</u>	<u>(7,069,678)</u>	
			<u>\$ (264,968)</u>
15,926,127	-	15,926,127	-
-	-	-	332,834
1,228,574	-	1,228,574	-
130,668	-	130,668	-
231,315	-	231,315	-
34,934	-	34,934	678
1,517,171	-	1,517,171	109
545,694	339,807	885,501	785
68,355	-	68,355	-
105,141	104,459	209,600	-
(1,940,807)	1,940,807	-	-
<u>17,847,172</u>	<u>2,385,073</u>	<u>20,232,245</u>	<u>334,406</u>
10,712,313	2,450,254	13,162,567	69,438
<u>85,162,927</u>	<u>44,637,533</u>	<u>129,800,460</u>	<u>2,085,722</u>
<u>\$ 95,875,240</u>	<u>\$ 47,087,787</u>	<u>\$ 142,963,027</u>	<u>\$ 2,155,160</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, 2015

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CITY OF RED WING, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	General	PERA Perpetual	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 18,889,993	\$ 9,603,020	\$ 971,630
Assets held in endowment	-	-	-
Receivables			
Accrued interest	49,872	54,862	-
Delinquent taxes	219,048	-	9,737
Accounts (net of allowance)	113,282	-	-
Loans	-	-	-
Special assessments	-	-	-
Intergovernmental	138,866	-	4,134
Loans to other governments	113,345	-	-
Due from other funds	1,111,452	-	-
Advances to other funds	-	-	-
Loans to component unit	-	-	-
Prepaid items	42	-	-
Land held for resale	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 20,635,900</u>	<u>\$ 9,657,882</u>	<u>\$ 985,501</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 452,242	\$ -	\$ -
Escrow accounts payable	27,775	-	-
Contracts payable	16,720	-	-
Due to other funds	-	557,341	-
Due to other governments	5,512	-	-
Salaries payable	76,070	-	-
Deposits payable	90,621	-	-
Unearned revenue	31,995	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES	<u>700,935</u>	<u>557,341</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	219,048	-	9,737
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - intergovernmental	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>219,048</u>	<u>-</u>	<u>9,737</u>
<b>FUND BALANCES</b>			
Nonspendable	113,387	-	-
Restricted	1,010,204	9,100,541	975,764
Committed	3,600,000	-	-
Assigned	-	-	-
Unassigned	14,992,326	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUND BALANCES	<u>19,715,917</u>	<u>9,100,541</u>	<u>975,764</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,635,900</u>	<u>\$ 9,657,882</u>	<u>\$ 985,501</u>

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

Capital Improvement Assessment	West Avenue Reconstruction	Highway 61 Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 1,917,014	\$ 356,282	\$ 4,060,055	\$ 5,059,497	\$ 40,857,491
-	-	-	488,903	488,903
7,215	-	-	8,827	120,776
-	-	-	-	228,785
-	-	-	40,215	153,497
-	-	-	247,217	247,217
1,669,775	-	-	-	1,669,775
37,742	-	138,511	898,815	1,218,068
-	-	-	-	113,345
-	-	-	-	1,111,452
627,114	-	-	-	627,114
470,022	-	-	-	470,022
-	-	-	1,080	1,122
2,818,705	-	-	-	2,818,705
<u>\$ 7,547,587</u>	<u>\$ 356,282</u>	<u>\$ 4,198,566</u>	<u>\$ 6,744,554</u>	<u>\$ 50,126,272</u>
\$ -	\$ 108,121	\$ 94,568	\$ 735,090	\$ 1,390,021
-	-	-	-	27,775
-	-	310,202	125,306	452,228
-	-	-	497,099	1,054,440
-	-	-	144,330	149,842
-	-	-	15,554	91,624
-	-	-	-	90,621
-	-	-	-	31,995
-	108,121	404,770	1,517,379	3,288,546
-	-	-	-	228,785
1,669,775	-	-	-	1,669,775
2,462	-	-	-	2,462
1,672,237	-	-	-	1,901,022
-	-	-	2,208,470	2,321,857
-	-	-	1,093,145	12,179,654
-	248,161	3,793,796	1,746,897	9,388,854
5,875,350	-	-	607,777	6,483,127
-	-	-	(429,114)	14,563,212
5,875,350	248,161	3,793,796	5,227,175	44,936,704
<u>\$ 7,547,587</u>	<u>\$ 356,282</u>	<u>\$ 4,198,566</u>	<u>\$ 6,744,554</u>	<u>\$ 50,126,272</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, 2015

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

Total fund balances - governmental funds	\$ 44,936,704
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	63,453,595
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	(14,510,000)
Other postemployment benefits obligation	(548,953)
Pension liability	(5,265,787)
Unamortized bond premiums, net of amortization	(321,270)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	228,785
Special assessments receivable	1,669,775
Intergovernmental receivable	2,462
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	396,249
Governmental funds do not report a liability for accrued interest until due and payable.	(144,122)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	1,301,626
Deferred inflows of pension resources	(1,548,552)
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>6,224,728</u>
Total net position - governmental activities	<u><u>\$ 95,875,240</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, 2015

	General	PERA Perpetual	Debt Service
<b>REVENUES</b>			
Taxes	\$ 16,168,437	\$ -	\$ 1,223,358
Special assessments	35	-	-
Licenses and permits	71,528	-	-
Intergovernmental	2,317,882	-	-
Charges for services	527,822	-	-
Fines and forfeits	78,448	-	-
Investment income	178,727	210,956	-
Miscellaneous	279,096	-	2,438
<b>TOTAL REVENUES</b>	<b>19,621,975</b>	<b>210,956</b>	<b>1,225,796</b>
<b>EXPENDITURES</b>			
Current			
General government	1,834,768	-	-
Public safety	5,609,607	-	-
Public works	2,470,781	-	-
Sanitation	43,891	-	-
Culture and recreation	1,847,549	-	-
Economic development	169,379	-	-
Airport	-	-	-
Cemeteries	332,475	-	-
Transit	48,200	-	-
Contingencies and other	81,536	-	-
Capital outlay			
General government	380,309	-	-
Public safety	215,776	-	-
Public works	1,081,394	-	-
Culture and recreation	863,821	-	-
Airport	-	-	-
Cemeteries	98,909	-	-
Debt service			
Principal retirement	-	-	845,000
Interest and fiscal charges	-	-	140,702
Bond issuance costs	37,164	-	-
<b>TOTAL EXPENDITURES</b>	<b>15,115,559</b>	<b>-</b>	<b>985,702</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,506,416</b>	<b>210,956</b>	<b>240,094</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of capital assets	105,141	-	-
Transfers in	189,347	-	416
Bonds issued	2,051,252	-	-
Premiums on bonds issued	59,684	-	384
Transfers out	(4,669,553)	(133,713)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,264,129)</b>	<b>(133,713)</b>	<b>800</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>2,242,287</b>	<b>77,243</b>	<b>240,894</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>17,473,630</b>	<b>9,023,298</b>	<b>734,870</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 19,715,917</b>	<b>\$ 9,100,541</b>	<b>\$ 975,764</b>

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

Capital Improvement Assessment	West Avenue Reconstruction	Highway 61 Reconstruction	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 130,668	\$ 17,522,463
410,200	-	-	-	410,235
-	-	-	179,654	251,182
-	734,716	5,264,490	3,433,177	11,750,265
2,500	-	-	46,911	577,233
-	-	-	9,677	88,125
78,125	-	-	9,524	477,332
16,839	-	-	537,197	835,570
<u>507,664</u>	<u>734,716</u>	<u>5,264,490</u>	<u>4,346,808</u>	<u>31,912,405</u>
-	-	-	-	1,834,768
-	-	-	272,894	5,882,501
87,432	-	12,115	-	2,570,328
-	-	-	-	43,891
-	-	-	1,185,744	3,033,293
-	-	-	652,779	822,158
-	-	-	251,797	251,797
-	-	-	-	332,475
-	-	-	-	48,200
-	-	-	-	81,536
-	-	-	-	380,309
-	-	-	43,099	258,875
-	146,381	6,761,651	3,461,124	11,450,550
-	-	-	1,093,122	1,956,943
-	-	-	484,921	484,921
-	-	-	-	98,909
-	-	-	-	845,000
-	-	-	-	140,702
-	-	68,383	10,556	116,103
<u>87,432</u>	<u>146,381</u>	<u>6,842,149</u>	<u>7,456,036</u>	<u>30,633,259</u>
<u>420,232</u>	<u>588,335</u>	<u>(1,577,659)</u>	<u>(3,109,228)</u>	<u>1,279,146</u>
-	-	-	-	105,141
106,838	316,915	329,074	3,781,134	4,723,724
-	-	4,930,126	753,622	7,735,000
-	-	139,885	21,404	221,357
(1,472,985)	-	-	-	(6,276,251)
<u>(1,366,147)</u>	<u>316,915</u>	<u>5,399,085</u>	<u>4,556,160</u>	<u>6,508,971</u>
(945,915)	905,250	3,821,426	1,446,932	7,788,117
<u>6,821,265</u>	<u>(657,089)</u>	<u>(27,630)</u>	<u>3,780,243</u>	<u>37,148,587</u>
<u>\$ 5,875,350</u>	<u>\$ 248,161</u>	<u>\$ 3,793,796</u>	<u>\$ 5,227,175</u>	<u>\$ 44,936,704</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, 2015

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

Net change in fund balances - governmental funds	\$ 7,788,117
<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	14,771,550
Depreciation expense	(3,086,378)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position</p>	
Capital contributions to enterprise funds, net of related debt	(1,081,164)
<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	845,000
Bonds issued	(7,735,000)
Bonds premiums issued, net of amortization	(207,827)
<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>	
	(81,701)
<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	26,717
Special assessments	150,593
State (MSA) grants	(1,275,522)
<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	(78,850)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	523,370
Direct aid contributions	28,739
<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>	
	124,669
Change in net position - governmental activities	\$ 10,712,313

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,344,893	\$ 16,344,893	\$ 16,168,437	\$ (176,456)
Special assessments	-	-	35	35
Licenses and permits	56,480	56,480	71,528	15,048
Intergovernmental	2,119,570	2,258,962	2,317,882	58,920
Charges for services	426,073	427,323	527,822	100,499
Fines and forfeits	79,100	79,100	78,448	(652)
Investment income	165,000	165,000	178,727	13,727
Miscellaneous				
Interest on notes and loans	9,723	9,723	-	(9,723)
Rents	144,320	144,320	146,867	2,547
Contributions and donations	75,000	111,000	62,954	(48,046)
Refunds	-	-	19,249	19,249
Other	13,300	13,300	50,026	36,726
<b>TOTAL REVENUES</b>	<b>19,433,459</b>	<b>19,610,101</b>	<b>19,621,975</b>	<b>11,874</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	1,878,649	1,913,698	1,834,768	78,930
Public safety	5,644,944	5,777,733	5,609,607	168,126
Public works	2,590,730	2,637,298	2,470,781	166,517
Sanitation	61,016	61,797	43,891	17,906
Culture and recreation	1,907,726	1,940,726	1,847,549	93,177
Economic development	443,577	478,517	169,379	309,138
Cemeteries	321,749	323,139	332,475	(9,336)
Transit	31,200	31,200	48,200	(17,000)
Contingencies and other	764,068	548,719	81,536	467,183
<b>Capital outlay</b>				
General government	257,497	657,179	380,309	276,870
Public safety	240,875	378,268	215,776	162,492
Public works	1,295,747	2,217,985	1,081,394	1,136,591
Culture and recreation	1,004,765	1,228,243	863,821	364,422
Economic development	19,500	19,855	-	19,855
Cemeteries	93,000	117,538	98,909	18,629
<b>Debt service</b>				
Bond issuance costs	-	-	37,164	(37,164)
<b>TOTAL EXPENDITURES</b>	<b>16,555,043</b>	<b>18,331,895</b>	<b>15,115,559</b>	<b>3,216,336</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,878,416</b>	<b>1,278,206</b>	<b>4,506,416</b>	<b>3,228,210</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	105,141	105,141
Transfers in	133,000	188,634	189,347	713
Bonds issued	2,096,944	2,110,937	2,051,252	(59,685)
Premiums on bonds issued	-	-	59,684	59,684
Transfers out	(3,742,708)	(4,721,228)	(4,669,553)	51,675
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,512,764)</b>	<b>(2,421,657)</b>	<b>(2,264,129)</b>	<b>157,528</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,365,652</b>	<b>(1,143,451)</b>	<b>2,242,287</b>	<b>3,385,738</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>17,473,630</b>	<b>17,473,630</b>	<b>17,473,630</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 18,839,282</b>	<b>\$ 16,330,179</b>	<b>\$ 19,715,917</b>	<b>\$ 3,385,738</b>

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, 2015

	<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	\$ 210,956	\$ (6,044)
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(133,000)</u>	<u>(133,000)</u>	<u>(133,713)</u>	<u>(713)</u>
NET CHANGE IN FUND BALANCES	84,000	84,000	77,243	(6,757)
FUND BALANCES, JANUARY 1	<u>9,023,298</u>	<u>9,023,298</u>	<u>9,023,298</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 9,107,298</u></u>	<u><u>\$ 9,107,298</u></u>	<u><u>\$ 9,100,541</u></u>	<u><u>\$ (6,757)</u></u>

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

CITY OF RED WING, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/494</b> Water Utility	<b>602/650/317/ 320/321/ 322/323/402/ 490/492</b> Sewer Utility
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 973,292	\$ 2,559,412	\$ 251,915
Receivables			
Accrued interest	847	953	24,598
Accounts - net of allowance for doubtful accounts of \$176,755	413,175	490,538	501,651
Loans	-	-	-
Inventories	-	193,861	30,143
Prepaid items	30	-	11,410
<b>TOTAL CURRENT ASSETS</b>	<b>1,387,344</b>	<b>3,244,764</b>	<b>819,717</b>
<b>NONCURRENT ASSETS</b>			
Capital assets at cost			
Land	-	37,791	134,839
Construction in progress	-	128,847	6,433,836
Buildings	-	15,787,276	11,321,724
Improvements other than buildings	76,638	4,611,689	4,640,345
Machinery and equipment	193,494	145,732	2,030,347
Office equipment	-	-	-
Vehicles	2,071,131	705,961	1,307,549
Infrastructure	-	12,374,056	15,950,134
Less accumulated depreciation	(1,191,572)	(10,321,624)	(15,959,687)
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,149,691</b>	<b>23,469,728</b>	<b>25,859,087</b>
<b>TOTAL ASSETS</b>	<b>2,537,035</b>	<b>26,714,492</b>	<b>26,678,804</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension resources	108,845	123,975	136,368

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

Business-type Activities-Enterprise Funds

<b>603/307/406</b> Solid Waste Campus	<b>605</b> Marina	<b>610</b> Ambulance	<b>652</b> Storm Water	Total	Governmental Activities- Internal Service Funds
\$ 2,716,526	\$ -	\$ 223,226	\$ 1,128,599	\$ 7,852,970	\$ 8,445,966
-	-	-	183	26,581	3,094
293,081	-	639,412	226,817	2,564,674	9,699
-	-	-	-	-	25,081
-	15,943	-	-	239,947	68,914
-	18,070	-	-	29,510	425
<u>3,009,607</u>	<u>34,013</u>	<u>862,638</u>	<u>1,355,599</u>	<u>10,713,682</u>	<u>8,553,179</u>
42,350	-	-	-	214,980	-
197,133	-	-	-	6,759,816	-
6,589,962	-	-	-	33,698,962	7,825
1,605,028	2,210,101	-	136,023	13,279,824	-
43,464	6,679	105,377	-	2,525,093	36,221
-	-	-	-	-	213,225
1,267,940	38,525	754,221	427,038	6,572,365	385,773
-	-	-	-	28,324,190	-
<u>(2,375,390)</u>	<u>(1,948,519)</u>	<u>(492,062)</u>	<u>(119,571)</u>	<u>(32,408,425)</u>	<u>(560,170)</u>
<u>7,370,487</u>	<u>306,786</u>	<u>367,536</u>	<u>443,490</u>	<u>58,966,805</u>	<u>82,874</u>
<u>10,380,094</u>	<u>340,799</u>	<u>1,230,174</u>	<u>1,799,089</u>	<u>69,680,487</u>	<u>8,636,053</u>
<u>80,647</u>	<u>15,684</u>	<u>307,171</u>	<u>18,764</u>	<u>791,454</u>	<u>-</u>

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

CITY OF RED WING, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS - CONTINUED  
DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/494</b> Water Utility	<b>602/650/317/ 320/321/ 322/323/402/ 490/492</b> Sewer Utility
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 25,208	\$ 95,408	\$ 97,416
Contracts payable	-	-	165,170
Due to other funds	-	-	-
Advances from other funds - current portion	-	-	-
Due to other governments	13,631	48,367	-
Accrued interest payable	-	75,586	40,068
Salaries payable	15,078	15,531	16,680
Compensated absences payable - current portion	35,537	56,820	74,319
Unearned revenue	-	-	-
G.O. revenue bonds payable - current portion	-	840,000	622,270
<b>TOTAL CURRENT LIABILITIES</b>	<b>89,454</b>	<b>1,131,712</b>	<b>1,015,923</b>
<b>NONCURRENT LIABILITIES</b>			
Compensated absences payable	50,837	119,589	97,998
Other postemployment benefits obligation	78,097	100,670	117,682
Advances from other funds	-	-	-
G.O. revenue bonds payable	-	6,579,000	3,437,415
Pension liability	926,087	1,054,823	1,160,270
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,055,021</b>	<b>7,854,082</b>	<b>4,813,365</b>
<b>TOTAL LIABILITIES</b>	<b>1,144,475</b>	<b>8,985,794</b>	<b>5,829,288</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension resources	178,716	203,559	223,908
<b>NET POSITION</b>			
Net investment in capital assets	1,149,691	16,050,728	21,799,402
Restricted for ash landfill	-	-	-
Unrestricted	172,998	1,598,386	(1,037,426)
<b>TOTAL NET POSITION</b>	<b>\$ 1,322,689</b>	<b>\$ 17,649,114</b>	<b>\$ 20,761,976</b>

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

Business-type Activities-Enterprise Funds

<b>603/307/406</b> Solid Waste Campus	<b>605</b> Marina	<b>610</b> Ambulance	<b>652</b> Storm Water	Total	Governmental Activities- Internal Service Funds
\$ 93,294	\$ 4,070	\$ 18,332	\$ 15,134	\$ 348,862	\$ 104,939
-	-	-	-	165,170	39,225
-	57,012	-	-	57,012	-
-	90,000	-	-	90,000	-
785	-	-	-	62,783	-
57,023	-	-	-	172,677	-
9,798	1,803	20,113	2,215	81,218	70,392
25,852	5,356	114,954	11,706	324,544	718,023
5,000	1,018	-	-	6,018	-
175,000	-	-	-	1,637,270	-
<u>366,752</u>	<u>159,259</u>	<u>153,399</u>	<u>29,055</u>	<u>2,945,554</u>	<u>932,579</u>
57,257	6,810	109,336	9,096	450,923	878,562
69,765	7,593	104,164	9,949	487,920	-
-	537,114	-	-	537,114	-
3,047,717	-	-	-	13,064,132	-
686,176	133,444	1,155,296	159,649	5,275,745	-
<u>3,860,915</u>	<u>684,961</u>	<u>1,368,796</u>	<u>178,694</u>	<u>19,815,834</u>	<u>878,562</u>
<u>4,227,667</u>	<u>844,220</u>	<u>1,522,195</u>	<u>207,749</u>	<u>22,761,388</u>	<u>1,811,141</u>
<u>132,418</u>	<u>25,752</u>	<u>392,462</u>	<u>30,809</u>	<u>1,187,624</u>	<u>-</u>
4,147,770	306,786	367,536	443,490	44,265,403	82,874
418,352	-	-	-	418,352	-
1,534,534	(820,275)	(744,848)	1,135,805	1,839,174	6,742,038
<u>\$ 6,100,656</u>	<u>\$ (513,489)</u>	<u>\$ (377,312)</u>	<u>\$ 1,579,295</u>	46,522,929	<u>\$ 6,824,912</u>

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

564,858

Net position of business-type activities

\$ 47,087,787

CITY OF RED WING, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/494</b> Water Utility	<b>602/650/317/ 320/321/ 322/323/402/ 490/492</b> Sewer Utility
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,364,103	\$ 3,043,108	\$ 3,630,477
Sales	-	-	-
Cost of goods sold	-	-	-
Miscellaneous	37,191	94,955	36,580
<b>TOTAL OPERATING REVENUES</b>	<b>2,401,294</b>	<b>3,138,063</b>	<b>3,667,057</b>
<b>OPERATING EXPENSES</b>			
Personal services	650,798	724,451	792,454
Employee benefits	302,065	349,445	362,407
Supplies	359,747	309,472	767,435
Cost of merchandise sold	-	-	-
Professional services	121,197	368,153	625,877
Rent and leased equipment	-	6,354	19,153
Repairs and maintenance	121,074	113,047	354,266
Administration and fiscal charges	679,482	308,707	315,175
Insurance premiums	14,927	22,621	58,190
Insurance claims	-	-	-
Depreciation	173,119	661,988	837,291
Bad debt expense	-	-	-
Miscellaneous	160	6,425	7,786
<b>TOTAL OPERATING EXPENSES</b>	<b>2,422,569</b>	<b>2,870,663</b>	<b>4,140,034</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(21,275)</b>	<b>267,400</b>	<b>(472,977)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental			
State grant	-	15,093	-
Investment income	11,452	163,035	163,661
Rents and leases	-	99,175	-
Contributions and donations	-	-	-
Refunds	-	804	-
Miscellaneous	-	75,370	152,230
Gain (loss) on sale of capital assets	51,418	4,038	8,353
Interest and fiscal charges	-	(223,831)	(120,258)
Amortization expense	-	-	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>62,870</b>	<b>133,684</b>	<b>203,986</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>41,595</b>	<b>401,084</b>	<b>(268,991)</b>

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

Business-type Activities-Enterprise Funds

<b>603/307/406</b> Solid Waste Campus	<b>605</b> Marina	<b>610</b> Ambulance	<b>652</b> Storm Water	Total	Governmental Activities- Internal Service Funds
\$ 2,640,815	\$ 435,047	\$ 3,764,598	\$ 1,275,589	\$ 17,153,737	\$ 9,758,131
-	119,323	-	-	119,323	-
-	(101,564)	-	-	(101,564)	-
-	-	-	-	168,726	193,739
<u>2,640,815</u>	<u>452,806</u>	<u>3,764,598</u>	<u>1,275,589</u>	<u>17,340,222</u>	<u>9,951,870</u>
463,630	120,958	1,019,369	171,960	3,943,620	3,439,043
222,272	62,385	362,855	-	1,661,429	4,378,410
273,943	9,974	86,545	80,423	1,887,539	426,415
-	-	-	-	-	641,439
878,972	83,460	196,794	362,925	2,637,378	1,077,399
1,571	2,465	-	-	29,543	22,954
110,286	67,709	33,317	-	799,699	102,936
116,450	74,269	19,292	-	1,513,375	117,527
20,848	72	11,828	-	128,486	351,119
-	-	-	-	-	28,167
373,547	57,149	92,189	42,587	2,237,870	38,195
-	-	2,047,358	-	2,047,358	-
35,382	21,168	2,888	-	73,809	264,990
<u>2,496,901</u>	<u>499,609</u>	<u>3,872,435</u>	<u>657,895</u>	<u>16,960,106</u>	<u>10,888,594</u>
<u>143,914</u>	<u>(46,803)</u>	<u>(107,837)</u>	<u>617,694</u>	<u>380,116</u>	<u>(936,724)</u>
-	-	12,850	-	27,943	-
-	-	-	1,659	339,807	53,575
-	-	-	-	99,175	-
-	-	150	-	150	-
70	-	14,899	-	15,773	-
54,921	-	192	-	282,713	-
-	-	-	40,650	104,459	-
(138,755)	(16,838)	-	-	(499,682)	-
926	-	-	-	926	-
<u>(82,838)</u>	<u>(16,838)</u>	<u>28,091</u>	<u>42,309</u>	<u>371,264</u>	<u>53,575</u>
<u>61,076</u>	<u>(63,641)</u>	<u>(79,746)</u>	<u>660,003</u>	<u>751,380</u>	<u>(883,149)</u>

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

CITY OF RED WING, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b>	<b>601/651/</b>	<b>602/650/317/</b>
	Refuse Collection & Recycling	<b>319/494</b> Water Utility	<b>320/321/</b> <b>322/323/402/</b> <b>490/492</b> Sewer Utility
CAPITAL CONTRIBUTIONS FROM OTHER FUNDS	\$ -	\$ 541,779	\$ 480,035
CAPITAL GRANTS AND CONTRIBUTIONS	13,564	31,987	13,134
TRANSFERS IN	96,085	-	-
TRANSFERS OUT	-	(27,817)	(123,902)
CHANGE IN NET POSITION	151,244	947,033	100,276
NET POSITION, JANUARY 1 AS RESTATED (NOTE 9)	1,171,445	16,702,081	20,661,700
NET POSITION, DECEMBER 31	\$ 1,322,689	\$ 17,649,114	\$ 20,761,976

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

Business-type Activities-Enterprise Funds

<b>603/307/406</b> Solid Waste Campus	<b>605</b> Marina	<b>610</b> Ambulance	<b>652</b> Storm Water	Total	Governmental Activities- Internal Service Funds
\$ -	\$ -	\$ -	59,350	\$ 1,081,164	\$ -
1,586	-	-	8,706	68,977	-
1,000,000	22,115	-	-	1,118,200	692,884
-	(106,838)	-	-	(258,557)	-
1,062,662	(148,364)	(79,746)	728,059	2,761,164	(190,265)
5,037,994	(365,125)	(297,566)	851,236	43,761,765	7,015,177
<u>\$ 6,100,656</u>	<u>\$ (513,489)</u>	<u>\$ (377,312)</u>	<u>\$ 1,579,295</u>	<u>\$ 46,522,929</u>	<u>\$ 6,824,912</u>
Changes in net position as shown above				\$ 2,761,164	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(310,910)	
Changes in net position of business-type activities				<u>\$ 2,450,254</u>	

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

CITY OF RED WING, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/494</b> Water Utility	<b>602/650/317/ 320/321/ 322/323/402/ 490/492</b> Sewer Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 2,344,465	\$ 3,062,293	\$ 3,659,535
Receipts from interfund services provided	-	-	-
Payments to vendors and suppliers	(1,289,288)	(1,101,918)	(2,181,582)
Payments to and on behalf of employees	(911,132)	(1,015,302)	(1,118,913)
Other receipts	37,191	270,304	188,810
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>181,236</u>	<u>1,215,377</u>	<u>547,850</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants received	-	15,093	-
Loan payments received	-	-	-
Loans made	-	-	-
Transfers from other funds	96,085	-	-
Transfers to other funds	-	(27,817)	(123,902)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>96,085</u>	<u>(12,724)</u>	<u>(123,902)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Special assessments received	13,564	31,987	13,134
Proceeds from sale of capital assets	51,418	4,038	8,353
Principal paid on bonds and leases	-	(816,000)	(604,660)
Interest and fiscal charges paid on bonds and leases	-	(232,145)	(126,772)
Payments for acquisition and construction of capital assets	(488,946)	(514,989)	(477,459)
Increase (decrease) in due to other funds	-	-	-
Principal paid on advances from other funds	-	-	-
Interest paid on advances from other funds	-	-	-
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(423,964)</u>	<u>(1,527,109)</u>	<u>(1,187,404)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest receipts	<u>11,709</u>	<u>168,980</u>	<u>163,318</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(134,934)	(155,476)	(600,138)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>1,108,226</u>	<u>2,714,888</u>	<u>852,053</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 973,292</u>	<u>\$ 2,559,412</u>	<u>\$ 251,915</u>

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

Business-type Activities-Enterprise Funds

<b>603/307/406</b> Solid Waste Campus	<b>605</b> Marina	<b>610</b> Ambulance	<b>652</b> Storm Water	Total	Governmental Activities- Internal Service Funds
\$ 2,599,678	\$ 452,806	\$ 3,714,998	\$ 1,247,908	\$ 17,081,683	\$ -
-	-	-	-	-	10,094,568
(1,602,830)	(256,330)	(2,391,358)	(434,581)	(9,257,887)	(2,618,635)
(631,913)	(161,256)	(1,422,807)	(161,939)	(5,423,262)	(8,293,350)
54,991	-	15,241	-	566,537	193,739
<u>419,926</u>	<u>35,220</u>	<u>(83,926)</u>	<u>651,388</u>	<u>2,967,071</u>	<u>(623,678)</u>
-	-	3,699	8,706	27,498	-
-	-	-	-	-	21,405
-	-	-	-	-	(19,507)
1,000,000	22,115	-	-	1,118,200	692,884
-	(106,838)	-	-	(258,557)	-
<u>1,000,000</u>	<u>(84,723)</u>	<u>3,699</u>	<u>8,706</u>	<u>887,141</u>	<u>694,782</u>
-	-	-	-	58,685	-
1,586	-	-	40,650	106,045	-
(170,000)	-	-	-	(1,590,660)	-
(141,376)	-	-	-	(500,293)	-
(174,777)	-	-	(232,372)	(1,888,543)	(32,206)
-	57,012	-	-	57,012	-
-	(90,000)	-	-	(90,000)	-
-	(16,838)	-	-	(16,838)	-
<u>(484,567)</u>	<u>(49,826)</u>	<u>-</u>	<u>(191,722)</u>	<u>(3,864,592)</u>	<u>(32,206)</u>
-	-	-	1,695	345,702	53,936
935,359	(99,329)	(80,227)	470,067	335,322	92,834
<u>1,781,167</u>	<u>99,329</u>	<u>303,453</u>	<u>658,532</u>	<u>7,517,648</u>	<u>8,353,132</u>
<u>\$ 2,716,526</u>	<u>\$ -</u>	<u>\$ 223,226</u>	<u>\$ 1,128,599</u>	<u>\$ 7,852,970</u>	<u>\$ 8,445,966</u>

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

CITY OF RED WING, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities-Enterprise Funds		
	<b>600</b>	<b>601/651/</b>	<b>602/650/317/</b>
	Refuse Collection & Recycling	<b>319/494</b> Water Utility	<b>320/321/</b> <b>322/323/402/</b> <b>490/492</b> Sewer Utility
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (21,275)	\$ 267,400	\$ (472,977)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	-	175,349	152,230
Depreciation	173,119	661,988	837,291
(Increase) decrease in assets			
Accounts receivable	(19,638)	19,185	29,058
Inventories	-	11,463	188
Prepaid items	-	-	(1,105)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	27,112	32,434	37,156
Increase (decrease) in liabilities			
Accounts payable	6,093	21,755	(32,783)
Contracts payable	-	-	-
Due to other governments	1,206	(357)	-
Salaries payable	(28,070)	(28,067)	(34,122)
Compensated absences payable	1,949	18,127	6,286
Other postemployment benefits obligation	12,920	16,708	17,019
Pension liability	78,202	79,393	78,102
Unearned revenue	-	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(50,382)	(60,001)	(68,493)
	<b>\$ 181,236</b>	<b>\$ 1,215,377</b>	<b>\$ 547,850</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
<b>SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>			
Capital assets acquired on account	\$ -	\$ 909	\$ 182,392
Capital assets contributed by other funds	\$ -	\$ 541,779	\$ 480,035
Amortization of bond (premium) discount	\$ -	\$ -	\$ -

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

Business-type Activities-Enterprise Funds

Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
603/307/406 Solid Waste Campus	605 Marina	610 Ambulance	652 Storm Water	Total	
\$ 143,914	\$ (46,803)	\$ (107,837)	\$ 617,694	\$ 380,116	\$ (936,724)
54,991	-	24,392	-	406,962	-
373,547	57,149	92,189	42,587	2,237,870	38,195
(46,137)	-	(49,600)	(27,681)	(94,813)	263,025
-	270	-	-	11,921	(2,683)
-	169	-	-	(936)	(208)
16,821	1,950	41,395	4,070	160,938	-
(165,104)	2,348	6,664	8,767	(152,260)	4,231
-	-	-	-	-	39,225
(274)	-	-	-	575	-
(21,384)	(3,624)	(45,238)	(4,802)	(165,307)	(155,222)
6,355	2,220	28,311	(1,414)	61,834	126,483
5,695	2,029	18,070	2,588	75,029	-
78,325	23,474	57,136	17,247	411,879	-
5,000	-	-	-	5,000	-
<u>(31,823)</u>	<u>(3,962)</u>	<u>(149,408)</u>	<u>(7,668)</u>	<u>(371,737)</u>	<u>-</u>
<u>\$ 419,926</u>	<u>\$ 35,220</u>	<u>\$ (83,926)</u>	<u>\$ 651,388</u>	<u>\$ 2,967,071</u>	<u>\$ (623,678)</u>
<u>\$ 11,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,731</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,350</u>	<u>\$ 1,081,164</u>	<u>\$ -</u>
<u>\$ (926)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (926)</u>	<u>\$ -</u>

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, 2015

	<u>Agency</u>
<b>ASSETS</b>	
Cash and investments	\$ 840,960
Assets held in endowment	3,048,188
Receivables	
Accounts	45,911
Other assets	59,365
<b>TOTAL ASSETS</b>	<b>\$ 3,994,424</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 292,855
Due to other governments	3,152,208
Salaries payable	4,935
Compensated absences payable	23,203
Other liabilities	521,223
<b>TOTAL LIABILITIES</b>	<b>\$ 3,994,424</b>

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, 2015

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CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2015

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CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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 5<sup>th</sup> 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, 2015

**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, 2015

**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 *Highway 61 Reconstruction fund* accounts for funds received and capital expenditures incurred in the reconstruction of Highway 61 in the downtown area.

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, 2015

**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, deferred outflows of resources, 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 statement 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, 2015

**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, 2015

**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 2015. 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 \$176,755 as of December 31, 2015.

***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, 2015

**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:

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

*Deferred outflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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.

*Pensions*

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

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Red Wing Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***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.

***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.

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

***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.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Net position*

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 balances that do not meet the definition of "restricted" or "net investment of capital assets".

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

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

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

The City Council adopts the annual budget. During the budget year, supplemental appropriations are authorized by the City Council. These amounts, shown in the financial statements as "Original Budget", represent the originally adopted budget and that labeled "Final Budget" includes all amendments made during the year by the City Council. Budget amendments were made to various funds resulting in an increase in appropriations to the General fund of \$1,776,852, an increase of \$71,786 to the Airport special revenue fund, an increase of \$56,521 to the Library special revenue fund and an increase of \$980 to the Sister Cities 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, 2015

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

**B. Excess of expenditures over appropriations**

The following budgeted special revenue funds had expenditures in excess of budget for the year ended December 31, 2015:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special revenue			
DEED Loan	\$ -	\$ 401,232	\$ 401,232
Sister Cities	8,980	14,288	5,308
Inspection	276,792	307,058	30,266

Excess expenditures in the above funds were funded by actual revenues in excess of budgeted amounts and available fund balance.

**C. Deficit fund equity**

The following funds had fund equity deficits at December 31, 2015:

Fund	Amount
Capital projects	
Parkland Acquisition	\$ 9,975
2013 Street Reconstruction Project	10,593
2014 Street Reconstruction Project	1,819
2015 Street Reconstruction Project	96,600
2016 Street Reconstruction Project	49,480
Cannon Bottom Road	769
Safe Routes to School Project	6,723
River Renaissance Levee Road to Jackson Street	244,012
Highway 63 River Crossing Bridge	2,479
Street and Alley Improvements	6,664
Proprietary funds	
Marina	513,489
Ambulance	377,312

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.

It is anticipated the Ambulance fund deficit, which was caused by the implementation of GASB Statement No. 68, will be eliminated by future charges.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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, bonds or irrevocable standby letters of credit from Federal Home Loan Banks. 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 \$1,064,719, including \$840,960 reported in agency funds. The bank balance was \$1,565,686. The bank balance was covered by federal depository insurance of \$511,171 and the remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name. The primary government and component unit's deposits and investments are pooled.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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, 2015 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	5,187,934
Wells Fargo Advisors Money Market	Not rated	less than 6 months	1,468,694
Edward Jones Money Market	Not rated	less than 6 months	<u>13,884,173</u>
Total pooled investments			<u>20,541,106</u>
Non-pooled investments			
St. Paul Foundation	Not rated	less than 6 months	3,537,091
Federal Agency Notes	AAA	more than 3 years	33,897,749
Broker CD's	Not rated	more than 3 years	<u>3,816,783</u>
Total non-pooled investments			<u>41,251,623</u>
Total investments			<u>\$ 61,792,729</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  
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**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 78 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, 2015, 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 \$2,575.

***Cash and investments summary***

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

	Primary Government	Component Unit Port Authority	Fiduciary Funds	Totals
Deposits	\$ (1,101,786)	\$ 1,325,545	\$ 840,960	\$ 1,064,719
Investments	58,744,541	-	3,048,188	61,792,729
Cash on hand	2,575	-	-	2,575
<b>Total</b>	<b><u>\$ 57,645,330</u></b>	<b><u>\$ 1,325,545</u></b>	<b><u>\$ 3,889,148</u></b>	<b><u>\$ 62,860,023</u></b>
Cash and investments	\$ 57,156,427	\$ 1,325,545	\$ 840,960	\$ 59,322,932
Assets held in endowment	488,903	-	3,048,188	3,537,091
<b>Total</b>	<b><u>\$ 57,645,330</u></b>	<b><u>\$ 1,325,545</u></b>	<b><u>\$ 3,889,148</u></b>	<b><u>\$ 62,860,023</u></b>

CITY OF RED WING, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**B. Assets held in endowment**

Assets held in endowment at December 31, 2015 were \$3,537,091. 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, 2015 are \$488,903 and \$3,048,188, 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 \$272,298 and \$1,369,975 are reported as assets in the primary government and component unit, respectively:

Fund	Amount
Primary Government	
Special revenue	
CDBG Revolving	\$ 6,667
Internal service	
Risk Management	25,081
Total governmental activities	\$ 272,298
Component Unit	
Industrial Loan	\$ 1,011,361
Micro Loan	19,138
Intermediary Relending	339,476
Total component unit	\$ 1,369,975

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**D. Capital assets**

*Primary government*

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 5,873,120	\$ -	\$ -	\$ 5,873,120
Construction in progress	20,278,104	11,871,483	(6,434,919)	25,714,668
Total capital assets not being depreciated	<u>26,151,224</u>	<u>11,871,483</u>	<u>(6,434,919)</u>	<u>31,587,788</u>
Capital assets being depreciated				
Buildings	26,952,242	1,223,331	-	28,175,573
Improvements other than buildings	14,423,869	336,205	-	14,760,074
Machinery and equipment	1,618,923	155,225	-	1,774,148
Office equipment	1,083,954	82,030	-	1,165,984
Vehicles	9,571,219	1,135,482	(601,185)	10,105,516
Infrastructure	38,385,225	5,413,105	-	43,798,330
Total capital assets being depreciated	<u>92,035,432</u>	<u>8,345,378</u>	<u>(601,185)</u>	<u>99,779,625</u>
Less accumulated depreciation for				
Buildings	(20,577,293)	(289,911)	-	(20,867,204)
Improvements other than buildings	(11,236,175)	(244,453)	-	(11,480,628)
Machinery and equipment	(1,011,305)	(83,185)	-	(1,094,490)
Office equipment	(924,053)	(64,252)	-	(988,305)
Vehicles	(5,681,481)	(873,826)	541,583	(6,013,724)
Infrastructure	(25,817,647)	(1,568,946)	-	(27,386,593)
Total accumulated depreciation	<u>(65,247,954)</u>	<u>(3,124,573)</u>	<u>541,583</u>	<u>(67,830,944)</u>
Total capital assets being depreciated, net	<u>26,787,478</u>	<u>5,220,805</u>	<u>(59,602)</u>	<u>31,948,681</u>
Governmental activities capital assets, net	<u>\$ 52,938,702</u>	<u>\$ 17,092,288</u>	<u>\$ (6,494,521)</u>	<u>\$ 63,536,469</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 214,980	\$ -	\$ -	\$ 214,980
Construction in progress	<u>6,458,284</u>	<u>301,532</u>	<u>-</u>	<u>6,759,816</u>
 Total capital assets not being depreciated	 <u>6,673,264</u>	 <u>301,532</u>	 <u>-</u>	 <u>6,974,796</u>
Capital assets being depreciated				
Buildings	33,624,118	74,844	-	33,698,962
Improvements other than buildings	12,576,550	703,274	-	13,279,824
Machinery and equipment	2,525,093	-	-	2,525,093
Office equipment	-	-	-	-
Vehicles	6,202,789	846,031	(476,455)	6,572,365
Infrastructure	<u>27,302,376</u>	<u>1,021,814</u>	<u>-</u>	<u>28,324,190</u>
 Total capital assets being depreciated	 <u>82,230,926</u>	 <u>2,645,963</u>	 <u>(476,455)</u>	 <u>84,400,434</u>
Less accumulated depreciation for				
Buildings	(8,163,296)	(796,842)	-	(8,960,138)
Improvements other than buildings	(6,670,858)	(159,389)	-	(6,830,247)
Machinery and equipment	(1,958,817)	(79,450)	-	(2,038,267)
Office equipment	-	-	-	-
Vehicles	(3,233,492)	(686,060)	476,455	(3,443,097)
Infrastructure	<u>(10,620,547)</u>	<u>(516,129)</u>	<u>-</u>	<u>(11,136,676)</u>
 Total accumulated depreciation	 <u>(30,647,010)</u>	 <u>(2,237,870)</u>	 <u>476,455</u>	 <u>(32,408,425)</u>
 Total capital assets being depreciated, net	 <u>51,583,916</u>	 <u>408,093</u>	 <u>-</u>	 <u>51,992,009</u>
 Business-type activities capital assets, net	 <u>\$ 58,257,180</u>	 <u>\$ 709,625</u>	 <u>\$ -</u>	 <u>\$ 58,966,805</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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	\$ 125,183
Public safety	291,606
Public works	2,050,148
Culture and recreation	405,980
Economic development	39,755
Miscellaneous	
Airport	126,101
Cemeteries	47,605
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>38,195</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 3,124,573</u></u>

**Business-type activities**

Refuse collection and recycling	\$ 173,119
Water utility	661,988
Sewer utility	837,291
Solid waste campus	373,547
Marina	57,149
Ambulance	92,189
Storm Water utility	<u>42,587</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 2,237,870</u></u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Component unit*

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component unit activities</b>				
Capital assets not being depreciated				
Land	\$ 265,042	\$ -	\$ -	\$ 265,042
Capital assets being depreciated				
Buildings	94,086	-	-	94,086
Improvements other than buildings	983,223	-	-	983,223
Total capital assets being depreciated	1,077,309	-	-	1,077,309
Less accumulated depreciation for				
Buildings	(94,086)	-	-	(94,086)
Improvements other than buildings	(589,534)	(8,007)	-	(597,541)
Total accumulated depreciation	(683,620)	(8,007)	-	(691,627)
Total capital assets being depreciated, net	393,689	(8,007)	-	385,682
Governmental activities capital assets, net	\$ 658,731	\$ (8,007)	\$ -	\$ 650,724

Depreciation expense charged to the component unit was as follows:

<b>Component unit activities</b>	
Port Authority	<u>\$ 8,007</u>

*Construction commitments*

The City has active construction projects as of December 31, 2015. The projects include building improvements, transportation improvements and wastewater improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Industrial Pre-Treatment Wastewater Plant Upgrade	\$ 2,005,634	\$ 144,366
Municipal Phase II Sludge Dewatering	1,080,826	190,174
City Hall Renovation	258,543	88,457
2015 Apron Rehabilitation	-	360,371
East 5th Street Storm Sewer Lift Station	72,180	2,744
Sheldon Theater	382,678	63,321
Memorial Park Shelter	95,330	1,450
Levee Road Improvements	1,356,298	4,936,551
Highway 61 Reconstruction	5,651,568	3,964,453
2015 Bituminous Milling	745,282	39,226
Total	<u>\$ 11,648,339</u>	<u>\$ 9,791,113</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Interfund receivables, payables, and transfers**

The composition of interfund balances at December 31, 2015 is as follows:

*Due from/to other funds*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	PERA Perpetual	\$ 557,341
	Debt Service	497,099
	Marina enterprise	<u>57,012</u>
Total		<u>\$ 1,111,452</u>
Governmental activities - internal service	Business-type activities - internal service	<u>\$ 119,268</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 \$557,341 is for the operating subsidy not yet remitted to the General fund. The remaining balances totaling \$554,111 are for temporary advances to cover cash deficits. The amount due from the governmental activities to the business-type activities of \$119,268 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>\$ 627,114</u>

The above advance was made for the following purpose:

- Capital Improvement Assessment fund to the Marina fund for debt defeasance.

A summary of total future interfund loan repayments follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	100,000	4,750	104,750
2021	<u>157,114</u>	<u>3,485</u>	<u>160,599</u>
Total	<u>\$ 627,114</u>	<u>\$ 54,222</u>	<u>\$ 681,336</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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	\$ 470,022
Adjustment to reflect the consolidation of internal service fund activities to Port Authority - component unit		<u>(35,326)</u>
Totals - statement of net position		<u>\$ 434,696</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, 2015:

Fund	Transfers In					
	General	Debt Service	Capital Improvement Assessment	West Avenue Reconstruction	Highway 61 Reconstruction	Nonmajor Governmental
Transfers out						
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,954,554
Capital Improvement Assessment	-	416	-	316,915	329,074	826,580
PERA Perpetual	133,713	-	-	-	-	-
Water Utility enterprise	27,817	-	-	-	-	-
Sewer Utility enterprise	27,817	-	-	-	-	-
Marina enterprise	-	-	106,838	-	-	-
Total	<u>\$ 189,347</u>	<u>\$ 416</u>	<u>\$ 106,838</u>	<u>\$ 316,915</u>	<u>\$ 329,074</u>	<u>\$ 3,781,134</u>

Fund	Transfers In				
	Refuse Collection & Recycling	Solid Waste Campus	Internal Service	Marina	Total
Transfer out					
General	\$ -	\$ 1,000,000	\$ 692,884	\$ 22,115	\$ 4,669,553
Capital Improvement Assessment	-	-	-	-	1,472,985
PERA Perpetual	-	-	-	-	133,713
Water Utility enterprise	-	-	-	-	27,817
Sewer Utility enterprise	96,085	-	-	-	123,902
Marina enterprise	-	-	-	-	106,838
Total	<u>\$ 96,085</u>	<u>\$ 1,000,000</u>	<u>\$ 692,884</u>	<u>\$ 22,115</u>	<u>\$ 6,534,808</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 2015:

- From the General fund to the following funds for operating subsidies: Library special revenue fund (\$919,367), Airport special revenue fund (\$157,737), Inspection special revenue fund (\$91,102), Engineering internal service fund (\$692,884) and Marina enterprise fund (\$22,115).
- From the PERA Perpetual fund to the General fund for operating subsidy (\$133,713).

In the year ended December 31, 2015, the City made the following one-time transfers:

- From the General fund to the Library special revenue fund for one-time capital improvements (\$157,078).
- From the General fund to the Public Safety Center fund for one-time capital improvements (\$331,106).
- From the General fund to the River Renaissance Phase II Dockage and Park fund for one-time capital improvements (\$203,200).
- From the General fund to the Airport Federal Projects fund for one-time capital improvements (\$46,000).
- From the General fund to the Sheldon Renewal Project fund for one-time capital improvements (\$820,464).
- From the General fund to the River Renaissance Phase III fund for one-time capital improvements (\$50,000).
- From the General fund to the Memorial Park Project fund for one-time capital improvements (\$7,200).
- From the General fund to the Barn Bluff Improvements fund for one-time capital improvements (\$50,000).
- From the General fund to the Sturgeon Lake Road Overpass fund for one-time capital improvements (\$30,000).
- From the General fund to the Highway 63 River Crossing Bridge fund for one-time capital improvements (\$30,000).
- From the General fund to the Sidewalk Construction Project fund for one-time capital improvements (\$4,560).
- From the General fund to the Street and Alley Improvements fund for one-time capital improvements (\$56,740).
- From the General fund to the Solid Waste Campus enterprise fund for one-time capital improvements (\$1,000,000).
- From the Capital Improvement Assessment fund to the Debt Service fund for one-time bond issuance costs (\$416).
- From the Capital Improvement Assessment fund to the West Avenue Reconstruction fund for one-time capital improvements (\$316,915).
- From the Capital Improvement Assessment fund to the Highway 61 Reconstruction Project fund for one-time capital improvements (\$329,074).
- From the Capital Improvement Assessment fund to the River Renaissance Phase I Levee Road to Jackson Street fund for one-time capital improvements (\$90,174).
- From the Capital Improvement Assessment fund to the Spring Creek/TH 61 Access Project fund for one-time capital improvements (\$700,000).
- From the Capital Improvement Assessment fund to the Street and Alley Improvements fund for one-time capital improvements (\$36,406).
- From the Water Utility enterprise fund to the General fund for one-time capital improvement (\$27,817).
- From the Sewer Utility enterprise fund to the General fund for one-time capital improvement (\$27,817).
- From the Sewer Utility enterprise fund to the Refuse Collection & Recycling fund for one-time capital improvement (\$27,817).

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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	\$ 1,325,000
G.O. Bonds of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	1,775,000
G.O. Bonds of 2013A	2,930,000	2.00	04/24/13	02/01/24	2,665,000
G.O. Equipment Certificates of 2014A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	1,010,000
G.O. Bonds of 2015A	7,735,000	2.00	05/13/15	02/01/26	<u>7,735,000</u>
Total G.O. Bonds					<u>\$ 14,510,000</u>

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

Year Ending December 31	<b>G.O. Bonds</b> Governmental Activities		
	Principal	Interest	Total
2016	\$ 870,000	\$ 306,323	\$ 1,176,323
2017	1,600,000	252,880	1,852,880
2018	1,645,000	224,168	1,869,168
2019	1,510,000	194,718	1,704,718
2020	1,545,000	164,708	1,709,708
2021 - 2025	6,610,000	369,601	6,979,601
2026	<u>730,000</u>	<u>7,300</u>	<u>737,300</u>
Total	<u>\$14,510,000</u>	<u>\$ 1,519,698</u>	<u>\$16,029,698</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**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	\$ 100,300
G.O. Sewer Revenue Note of 1997	700,000	3.41	12/02/97	02/20/18	115,133
G.O. Sewer Revenue Note of 1998	2,500,000	3.34	05/22/98	08/20/18	391,252
G.O. Sewer Revenue Note of 2002	2,100,000	3.74	10/11/02	08/20/22	660,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	7,419,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	2,793,000
G.O. Disposal System Revenue Bonds of 2008	4,070,000	3.25 - 4.60	09/15/08	02/01/29	<u>3,210,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 14,688,685</u></u>

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

Year Ending December 31	<b>G.O. Revenue Bonds</b> Business-type Activities		
	Principal	Interest	Total
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	1,551,000	263,602	1,814,602
2021 - 2025	5,646,000	641,074	6,287,074
2026 - 2029	<u>1,120,000</u>	<u>105,209</u>	<u>1,225,209</u>
Total	<u><u>\$14,688,685</u></u>	<u><u>\$ 2,523,637</u></u>	<u><u>\$17,212,322</u></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
Revenues	\$ 3,138,063	\$ 3,667,057	\$ 2,640,815
Principal and interest	1,048,145	731,432	311,376
Percentage of revenues	33.4%	19.9%	11.8%

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 7,620,000	\$ 7,735,000	\$ (845,000)	\$ 14,510,000	\$ 870,000
Unamortized bond premiums	113,443	221,357	(13,530)	321,270	-
Total bonds payable	<u>7,733,443</u>	<u>7,956,357</u>	<u>(858,530)</u>	<u>14,831,270</u>	<u>870,000</u>
Compensated absences payable	<u>1,470,102</u>	<u>867,120</u>	<u>(740,637)</u>	<u>1,596,585</u>	<u>718,023</u>
Pension liability					
GERF	-	2,085,826 *	(448,288)	1,637,538	-
PEPFF	-	4,117,825 *	(489,576)	3,628,249	-
Total pension liability	<u>-</u>	<u>6,203,651</u>	<u>(937,864)</u>	<u>5,265,787</u>	<u>-</u>
OPEB obligation	<u>470,103</u>	<u>165,655</u>	<u>(86,805)</u>	<u>548,953</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 9,673,648</u>	<u>\$ 15,192,783</u>	<u>\$ (2,623,836)</u>	<u>\$ 22,242,595</u>	<u>\$ 1,588,023</u>

\* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note 9 for further detail.

CITY OF RED WING, MINNESOTA  
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**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Bonds payable					
General obligation					
revenue bonds	\$ 16,279,345	\$ -	\$ (1,590,660)	\$ 14,688,685	\$ 1,637,270
Unamortized bond premiums	13,643	-	(926)	12,717	-
Total bonds payable	<u>16,292,988</u>	<u>-</u>	<u>(1,591,586)</u>	<u>14,701,402</u>	<u>1,637,270</u>
Compensated absences payable	<u>713,633</u>	<u>387,911</u>	<u>(326,077)</u>	<u>775,467</u>	<u>324,544</u>
Pension liability					
GERF	-	4,446,930 *	(326,481)	4,120,449	-
PEPFF	-	1,311,186 *	(155,890)	1,155,296	-
Total pension liability	<u>-</u>	<u>5,758,116</u>	<u>(482,371)</u>	<u>5,275,745</u>	<u>-</u>
OPEB obligation	<u>412,891</u>	<u>145,495</u>	<u>(70,466)</u>	<u>487,920</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 17,419,512</u>	<u>\$ 6,291,522</u>	<u>\$ (2,470,500)</u>	<u>\$ 21,240,534</u>	<u>\$ 1,961,814</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Component Unit</b>					
Compensated absences payable	\$ 33,185	\$ 4,926	\$ (10,694)	\$ 27,417	\$ 10,694
Pension liability					
GERF	-	300,681 *	(22,170)	278,511	-
OPEB obligation	<u>20,674</u>	<u>6,747</u>	<u>(3,410)</u>	<u>24,011</u>	<u>-</u>
Component unit long-term liabilities	<u>\$ 53,859</u>	<u>\$ 312,354</u>	<u>\$ (36,274)</u>	<u>\$ 329,939</u>	<u>\$ 10,694</u>

\* Includes January 1, 2015 pension liability balance related to GASB Statement No. 68 implementation. See Note 9 for further detail.

CITY OF RED WING, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

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, 2015, 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, 2015 was \$20,229,014.

**G. Tax increment districts**

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

	Tax Increment <u>District No. 7.1</u>
Authorizing Law	M.S. 469.001-007
	M.S. 469.174-179
Type of District	
Year Established	Redevelopment
Duration of District	2001
Tax Capacity	20 years
Original	\$ 38,520
Current	<u>144,400</u>
Captured - Retained	<u>\$ 105,880</u>
Total General Obligation Tax Increment	
Bonds and Notes issued	\$ -
Amounts redeemed	<u>-</u>
Outstanding at December 31, 2015	<u>\$ -</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**H. Components of fund balance**

At December 31, 2015, 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
<b>Nonspendable</b>				
Prepaid items	\$ 42	\$ -	\$ -	\$ -
Loans to other governments	40,000	-	-	-
Loans to other funds	73,345	-	-	-
Library endowment	-	-	-	-
Permanent principal endowments	-	-	-	-
	<u>\$ 113,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Restricted</b>				
Debt service	\$ -	\$ -	\$ 975,764	\$ -
DNR grant	14,589	-	-	-
Sister cities activities	-	-	-	-
Library activities	-	-	-	-
Capital projects (unspent bond proceeds)	943,361	-	-	-
Police and fire activities	52,254	9,100,541	-	-
Future loans	-	-	-	-
Tax increment activities	-	-	-	-
Cemetery perpetual	-	-	-	-
	<u>\$ 1,010,204</u>	<u>\$ 9,100,541</u>	<u>\$ 975,764</u>	<u>\$ -</u>
<b>Committed</b>				
Capital improvements	<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Assigned</b>				
Future operations	\$ -	\$ -	\$ -	\$ -
Capital improvements	-	-	-	5,875,350
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,875,350</u>
<b>Unassigned</b>				
	<u>\$ 14,992,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	West Avenue Reconstruction	Highway 61 Reconstruction	Other Governmental Funds	Total
<b>Nonspendable</b>				
Prepaid items	\$ -	\$ -	\$ 1,080	\$ 1,122
Loans to other governments	-	-	-	40,000
Loans to other funds	-	-	-	73,345
Library endowment	-	-	488,903	488,903
Permanent principal endowments	-	-	1,718,487	1,718,487
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,208,470</u>	<u>\$ 2,321,857</u>
<b>Restricted</b>				
Debt service	\$ -	\$ -	\$ -	\$ 975,764
DNR grant	-	-	-	14,589
Sister cities activities	-	-	4,298	4,298
Library activities	-	-	21,379	21,379
Capital projects (unspent bond proceeds)	-	-	-	943,361
Police and fire activities	-	-	-	9,152,795
Future loans	-	-	344,633	344,633
Tax increment activities	-	-	20,583	20,583
Cemetery perpetual	-	-	702,252	702,252
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,093,145</u>	<u>\$ 12,179,654</u>
<b>Committed</b>				
Capital improvements	<u>\$ 248,161</u>	<u>\$ 3,793,796</u>	<u>\$ 1,746,897</u>	<u>\$ 9,388,854</u>
<b>Assigned</b>				
Future operations	\$ -	\$ -	\$ 607,777	\$ 607,777
Capital improvements	-	-	-	5,875,350
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,777</u>	<u>\$ 6,483,127</u>
<b>Unassigned</b>				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (429,114)</u>	<u>\$ 14,563,212</u>

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE**

**A. Plan description**

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

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

**B. Benefits provided**

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten 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 ten 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 members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

PEPFF benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

GERF contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the years ending December 31, 2015, 2014 and 2013 were \$573,387, \$522,510 and \$499,524, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2015. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the years ending December 31, 2015, 2014 and 2013 were \$664,038, \$578,776 and \$525,837, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

**D. Pension costs**

GERF pension costs

At December 31, 2015, the City of Red Wing reported a liability of \$6,441,871 for its proportionate share of the GERF's net pension liability of which the Port Authority's portion was calculated at \$272,447 and the Sheldon Auditorium agency fund's portion was calculated at \$405,373. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.1243 percent which was a decrease of 0.0085 percent from its proportion measured as of June 30, 2014. The Port Authority's proportionate share was calculated at 0.0052 percent which was a decrease of 0.0003 percent from its proportion measured as of June 30, 2014. The Sheldon Auditorium agency fund's proportionate share was calculated at 0.0078 percent which was an increase of 0.0003 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$588,468 for its proportionate share of GERF's pension expense of which the Port Authority's and Sheldon Auditorium's agency fund's portions were calculated at \$15,730 and \$43,719, respectively.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,049	\$ 290,300	\$ 2,759	\$ 14,042
Changes in actuarial assumptions	354,935	-	17,169	-
Net difference between projected and actual earnings on plan investments	-	512,568	-	24,793
Changes in proportion	-	308,304	-	14,912
Contributions to GERF subsequent to the measurement date	264,759	-	12,806	-
Total	\$ 676,743	\$ 1,111,172	\$ 32,734	\$ 53,747

Deferred outflows of resources totaling \$277,565 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit
2016	\$ (209,820)	\$ (10,149)
2017	(209,820)	(10,149)
2018	(415,819)	(20,112)
2019	136,271	6,591

PEPFF pension costs

At December 31, 2015, the City reported a liability of \$4,783,545 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014 through June 30, 2015 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportionate share was 0.4210 percent which did not change from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$491,272 for its proportionate share of PEPFF's pension expense. The City also recognized \$37,890 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

At December 31, 2015, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,089	\$ 775,735
Changes in actuarial assumptions	909,205	-
Net difference between projected and actual earnings on plan investments	-	849,269
Contributions to PEPFF subsequent to the measurement date	357,558	-
Total	\$ 1,271,852	\$ 1,625,004

Deferred outflows of resources totaling \$357,558 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2016	\$ (279,118)
2017	(279,118)
2018	(279,118)
2019	281,791
2020	(155,147)

**E. Actuarial assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active member payroll growth	3.50% per year
Investment rate of return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1 percent effective every January 1<sup>st</sup> until 2034, then 2.5 percent for GERF and PEPFF.

Actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004 through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED**

The long-term expected rate of return on pension plan investments is 7.9 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	45.00 %	5.50 %
International stocks	15.00	6.00
Bonds	18.00	1.45
Alternative assets	20.00	6.40
Cash	2.00	0.50
Total	<u>100.00 %</u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 7.9 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension liability sensitivity**

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.90%) *	Current (7.90%) *	1 Percent Increase (8.90%) *
GERF			
Primary government	\$ 9,053,602	\$ 5,757,987	\$ 3,036,315
Component unit	437,919	278,511	146,865
PEPFF	9,323,180	4,783,545	1,033,016

\* Excludes Sheldon Auditorium agency fund proportions

**H. Pension plan fiduciary net position**

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

CITY OF RED WING, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 5: 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 plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (.0025) of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2015, 2014 and 2013 were \$834, \$1,158 and \$1,168, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 834	\$ 834	5.00%	5.00%	5.00%

**Note 6: DEFINED BENEFIT PENSION PLANS - 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). As of December 31, 2014, the plan covered 21 active firefighters and 5 vested terminated fire fighters whose pension benefits are deferred. 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.

**B. Benefits provided**

A fire fighter who completes at least 20 years as an active member of 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.

CITY OF RED WING, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**Note 6: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION - CONTINUED**

**C. Contributions**

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$103,082 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2014, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City made no contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

**D. Pension costs**

At December 31, 2015, the City reported a net pension liability (asset) of (\$396,249) for the plan. The net pension liability (asset) was measured as of December 31, 2014. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2014.

For the year ended December 31, 2015, the City recognized pension expense of (\$85,265).

At December 31, 2015, the City reported deferred inflows of resources and deferred outflows of resources and its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 35,334	\$ -
Contributions to plan subsequent to the measurement date	109,151	-
Total	\$ 144,485	\$ -

Deferred outflows of resources totaling \$109,151 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2016	\$ 8,834
2017	8,834
2018	8,834
2019	8,832

**E. Actuarial assumptions**

The total pension liability at December 31, 2014 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at age 50 with 20 years of service	
Salary increases	2.50% per year
Cost of living increases	4.00% per year
Investment rate of return	6.00%
20 year municipal bond yield	3.50%

There were no changes in actuarial assumptions in 2014.

CITY OF RED WING, MINNESOTA  
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**Note 6: DEFINED BENEFIT PENSION PLANS - FIRE RELIEF ASSOCIATION - CONTINUED**

The 6.00 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities	51.00 %	7.50 %
Cash	3.00	2.00
Fixed income	37.00	4.00
Other	9.00	6.50
Total	<u>100.00 %</u>	

**F. Discount rate**

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension liability sensitivity**

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined benefit plan	\$ (372,808)	\$ (396,249)	\$ (418,086)

**H. Pension plan fiduciary net position**

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  
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DECEMBER 31, 2015

**Note 7: POST-EMPLOYMENT 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 2015, the City contributed \$160,681 to the plan.

**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	\$ 324,466	\$ 7,036	\$ 331,502
Interest on net OPEB obligation	39,802	863	40,665
Adjustment to annual required contribution	<u>(53,118)</u>	<u>(1,152)</u>	<u>(54,270)</u>
Annual OPEB cost (expense)	311,150	6,747	317,897
Contributions made	<u>(157,271)</u>	<u>(3,410)</u>	<u>(160,681)</u>
Increase in net OPEB obligation	153,879	3,337	157,216
Net OPEB obligation - beginning of year	<u>882,994</u>	<u>20,674</u>	<u>903,668</u>
NET OPEB obligation - end of year	<u>\$ 1,036,873</u>	<u>\$ 24,011</u>	<u>\$ 1,060,884</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 2015 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
12/31/15	\$ 317,897	50.5 %	\$ 1,060,884
12/31/14	318,988	43.9	903,668
12/31/13	234,988	61.2	725,067

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED**

**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.

**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.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED**

*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, 2015 was 30 years.

**Note 8: 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 \$980,000 per claim in 2015. 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.

CITY OF RED WING, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2015

**Note 8: OTHER INFORMATION**

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 \$5,091,573 at December 31, 2015 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, 2015 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
2015	\$ -	\$ 2,189,667	\$ 2,189,667	\$ -
2014	-	1,806,621	1,806,621	-
2013	240,225	1,892,179	2,132,404	-

**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 \$1,722,824,900. The City currently has \$14,510,000 of general obligation debt subject to this limit leaving a debt margin of \$37,829,241. 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 60 percent of the City's 2015 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.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 8: OTHER INFORMATION - CONTINUED**

**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.

**F. Landfill closure and post closure 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, \$418,352 is reported as a restricted asset in the net position of the Solid Waste Campus fund as of December 31, 2015. This amount represents the cumulative restricted assets reported to date based on the use of 85.3 percent of the estimated capacity of the landfill. The City will recognize the remaining closure and post-closure care requirement of approximately \$218,156 as the remaining estimated capacity is filled. This is a decrease of \$18,062 under the prior year amount of \$236,218. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. 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 2015 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, 2015, \$418,352 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.

CITY OF RED WING, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note 9: PRIOR PERIOD RESTATEMENT**

During 2015, the City implemented several new accounting pronouncements issued by the Governmental Accounting Standards Board (GASB), including Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, for the year ended December 31, 2015. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2014 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Notes 4 and 6.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2014 balances to the December 31, 2015 financial statements:

Fund	December 31, 2015		
	Net Position January 1, 2015 as Previously Reported	Prior Period Restatement (1)	Net Position January 1, 2015 as Restated
Governmental activities	\$ 90,831,500	\$ (5,668,573)	\$ 85,162,927
Business-type activities	\$ 50,108,368	\$ (5,470,835)	\$ 44,637,533
Proprietary funds			
Refuse Collection & Recycling	\$ 2,112,471	\$ (941,026)	\$ 1,171,445
Water	17,784,662	(1,082,581)	16,702,081
Sewer	21,862,745	(1,201,045)	20,661,700
Solid Waste Campus	5,712,618	(674,624)	5,037,994
Marina	(243,075)	(122,050)	(365,125)
Ambulance	993,898	(1,291,464)	(297,566)
Storm Water	1,009,281	(158,045)	851,236
Total enterprise funds	\$ 49,232,600	\$ (5,470,835)	\$ 43,761,765
Component unit	\$ 2,369,516	\$ (283,794)	\$ 2,085,722

- (1) To record beginning net pension liability, deferred inflows of resources and deferred outflow of resources at December 31, 2014.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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CITY OF RED WING, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's share of PERA net pension liability - General Employees Retirement Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.1243 %	\$ 6,441,871	\$ -	\$ 6,441,871	\$ 7,304,651	88.2 %	78.2 %

**Schedule of employer's PERA contributions - General Employees Retirement Fund**

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	\$ 573,387	\$ 573,387	\$ -	\$ 7,645,160	7.5 %

CITY OF RED WING, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's share of PERA net pension liability - Public Employees Police and Fire Fund**

Required Supplementary Information							
Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/15	0.4210 %	\$ 4,783,545	\$ -	\$ 4,783,545	\$ 3,793,022	126.1 %	86.6 %

**Schedule of employer's PERA contributions - Public Employees Police and Fire Fund**

Required Supplementary Information					
Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/15	\$ 664,038	\$ 664,038	\$ -	\$ 4,099,002	16.2 %

CITY OF RED WING, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of changes in the Fire Relief Association's net pension liability (asset) and related ratios**

	2015
<b>Total pension liability</b>	
Service cost	\$ 29,711
Interest	52,081
Benefit payments	(52,955)
<b>Net change in total pension liability</b>	28,837
<b>Total pension liability - January 1, 2014</b>	843,159
<b>Total pension liability - December 31, 2014 (a)</b>	\$ 871,996
<b>Plan fiduciary net position</b>	
Nonemployer contributions	103,082
Projected investment return	73,047
Gain (loss)	(44,168)
Benefit payments, including refunds of employee contributions	(52,955)
Administrative expenses	(6,307)
<b>Net change in plan fiduciary net position</b>	72,699
<b>Plan fiduciary net position - January 1, 2014</b>	1,195,546
<b>Plan fiduciary net position - December 31, 2014 (b)</b>	\$ 1,268,245
<b>Fire Relief's net pension liability (asset) - December 31, 2014 (a-b)</b>	\$ (396,249)
<b>Plan fiduciary net position as a percentage of the total pension liability (b/a)</b>	145.44%
<b>Covered-employee payroll</b>	N/A
<b>Fire Relief's net pension liability (asset) as a percentage of covered-employee payroll</b>	N/A

**Notes to Schedule:**

*Benefit changes.* None in 2014.

*Changes of assumptions.* None in 2014.

CITY OF RED WING, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**Schedule of employer's Fire Relief Association contributions**

Year Ending	Required Supplementary Information		
	Actuarial Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)
	(a)	(b)	(a-b)
12/31/15	\$ 109,151	\$ 109,151	\$ -
12/31/14	103,082	103,082	-

**Schedule of employer's funding progress for the retiree health plan**

Actuarial Valuation Date	Required Supplementary Information					
	Actuarial Value of Assets (a)	Actuarial Liability - Simplified Entry Age (b)	Unfunded Actuarial Liability Accrued (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



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

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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CITY OF RED WING, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2015

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 897,466	\$ 1,750,444	\$ 2,411,587	\$ 5,059,497
Assets held in endowment	488,903	-	-	488,903
Receivables				
Accrued interest	-	-	8,827	8,827
Accounts	34,777	5,438	-	40,215
Loans	247,217	-	-	247,217
Intergovernmental	36,061	862,754	-	898,815
Prepaid items	1,080	-	-	1,080
	<u>1,705,504</u>	<u>2,618,636</u>	<u>2,420,414</u>	<u>6,744,554</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,705,504</b>	<b>\$ 2,618,636</b>	<b>\$ 2,420,414</b>	<b>\$ 6,744,554</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 43,362	\$ 691,728	\$ -	\$ 735,090
Contracts payable	-	125,306	-	125,306
Due to other funds	13,280	483,819	-	497,099
Due to other governments	144,330	-	-	144,330
Salaries payable	15,554	-	-	15,554
	<u>216,526</u>	<u>1,300,853</u>	<u>-</u>	<u>1,517,379</u>
<b>TOTAL LIABILITIES</b>	<b>216,526</b>	<b>1,300,853</b>	<b>-</b>	<b>1,517,379</b>
<b>FUND BALANCES</b>				
Nonspendable	489,983	-	1,718,487	2,208,470
Restricted	391,218	-	701,927	1,093,145
Committed	-	1,746,897	-	1,746,897
Assigned	607,777	-	-	607,777
Unassigned	-	(429,114)	-	(429,114)
	<u>1,488,978</u>	<u>1,317,783</u>	<u>2,420,414</u>	<u>5,227,175</u>
<b>TOTAL FUND BALANCES</b>	<b>1,488,978</b>	<b>1,317,783</b>	<b>2,420,414</b>	<b>5,227,175</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,705,504</b>	<b>\$ 2,618,636</b>	<b>\$ 2,420,414</b>	<b>\$ 6,744,554</b>

CITY OF RED WING, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 130,668	\$ -	\$ -	\$ 130,668
Licenses and permits	179,654	-	-	179,654
Intergovernmental	798,709	2,634,468	-	3,433,177
Charges for services	46,911	-	-	46,911
Fines and forfeits	9,677	-	-	9,677
Investment income	1,740	-	7,784	9,524
Miscellaneous	229,000	246,017	62,180	537,197
<b>TOTAL REVENUES</b>	<b>1,396,359</b>	<b>2,880,485</b>	<b>69,964</b>	<b>4,346,808</b>
<b>EXPENDITURES</b>				
Current				
Public safety	272,894	-	-	272,894
Culture and recreation	1,185,744	-	-	1,185,744
Economic development	652,779	-	-	652,779
Airport	251,797	-	-	251,797
Capital outlay				
Public safety	34,164	8,935	-	43,099
Public works	-	3,461,124	-	3,461,124
Culture and recreation	117,668	975,454	-	1,093,122
Airport	57,603	427,318	-	484,921
Debt service				
Bond issuance costs	433	10,123	-	10,556
<b>TOTAL EXPENDITURES</b>	<b>2,573,082</b>	<b>4,882,954</b>	<b>-</b>	<b>7,456,036</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>	<b>(1,176,723)</b>	<b>(2,002,469)</b>	<b>69,964</b>	<b>(3,109,228)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,325,284	2,455,850	-	3,781,134
Bonds issued	23,748	729,874	-	753,622
Premiums on bonds issued	695	20,709	-	21,404
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,349,727</b>	<b>3,206,433</b>	<b>-</b>	<b>4,556,160</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>173,004</b>	<b>1,203,964</b>	<b>69,964</b>	<b>1,446,932</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,315,974</b>	<b>113,819</b>	<b>2,350,450</b>	<b>3,780,243</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,488,978</b>	<b>\$ 1,317,783</b>	<b>\$ 2,420,414</b>	<b>\$ 5,227,175</b>

## **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.

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

**CDBG Revolving** - This fund is used to account for funding received from the State of Minnesota's Department of Employment and Economic Development (DEED) for a Community Development Block Grant (CDBG) funds which are loaned out for purposes of carrying out community development activities.

**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 # 7.1** - 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, 2015

	203	209	211	243
	Health Initiatives	Airport	Library	DEED Loan
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 139,257	\$ 370,208	\$ 146,213
Assets held in endowment	-	-	488,903	-
Receivables				
Accounts	15,828	13,574	-	-
Loans	-	-	-	240,550
Intergovernmental	6,674	29,387	-	-
Prepaid items	-	1,080	-	-
<b>TOTAL ASSETS</b>	<u>\$ 22,502</u>	<u>\$ 183,298</u>	<u>\$ 859,111</u>	<u>\$ 386,763</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,775	\$ 9,799	\$ 21,785	\$ -
Due to other funds	13,280	-	-	-
Due to other governments	-	-	-	144,330
Salaries payable	346	566	10,879	-
<b>TOTAL LIABILITIES</b>	<u>16,401</u>	<u>10,365</u>	<u>32,664</u>	<u>144,330</u>
<b>FUND BALANCES</b>				
Nonspendable	-	1,080	488,903	-
Restricted	-	-	-	242,433
Assigned	6,101	171,853	337,544	-
<b>TOTAL FUND BALANCES</b>	<u>6,101</u>	<u>172,933</u>	<u>826,447</u>	<u>242,433</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,502</u>	<u>\$ 183,298</u>	<u>\$ 859,111</u>	<u>\$ 386,763</u>

<b>245</b>	<b>248</b>	<b>279</b>	<b>291</b>	<b>299</b>	Total
CDBG Revolving	Sister Cities	Tax Increment District # 7.1	Inspection	Library Memorial	Nonmajor Special Revenue
\$ 95,533	\$ 4,298	\$ 20,583	\$ 99,670	\$ 21,704	\$ 897,466
-	-	-	-	-	488,903
-	-	-	5,375	-	34,777
6,667	-	-	-	-	247,217
-	-	-	-	-	36,061
-	-	-	-	-	1,080
<u>\$ 102,200</u>	<u>\$ 4,298</u>	<u>\$ 20,583</u>	<u>\$ 105,045</u>	<u>\$ 21,704</u>	<u>\$ 1,705,504</u>
\$ -	\$ -	\$ -	\$ 9,003	\$ -	\$ 43,362
-	-	-	-	-	13,280
-	-	-	-	-	144,330
-	-	-	3,763	-	15,554
-	-	-	12,766	-	216,526
-	-	-	-	-	489,983
102,200	4,298	20,583	-	21,704	391,218
-	-	-	92,279	-	607,777
<u>102,200</u>	<u>4,298</u>	<u>20,583</u>	<u>92,279</u>	<u>21,704</u>	<u>1,488,978</u>
<u>\$ 102,200</u>	<u>\$ 4,298</u>	<u>\$ 20,583</u>	<u>\$ 105,045</u>	<u>\$ 21,704</u>	<u>\$ 1,705,504</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, 2015

	203	209	211	243
	Health Initiatives	Airport	Library	DEED Loan
<b>REVENUES</b>				
Taxes				
Tax increments	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental				
State	18,511	170,614	-	500,000
County	-	-	109,584	-
Charges for services				
General government	-	-	7,133	-
Public safety	-	-	-	-
Culture and recreation	-	-	2,911	-
Fines and forfeits	-	-	9,677	-
Investment income (loss)	-	-	(312)	2,052
Miscellaneous				
Rents	-	30,000	-	-
Lease payments received	-	50,838	-	-
Contributions and donations	88,582	-	5,596	-
Other	-	36,633	4,634	-
<b>TOTAL REVENUES</b>	<b>107,093</b>	<b>288,085</b>	<b>139,223</b>	<b>502,052</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Culture and recreation	100,028	-	1,071,428	-
Economic development	-	-	-	401,232
Airport	-	251,797	-	-
Capital outlay				
Public safety	-	-	-	-
Culture and recreation	-	-	117,668	-
Airport	-	57,603	-	-
Debt service				
Bond issuance costs	-	-	433	-
<b>TOTAL EXPENDITURES</b>	<b>100,028</b>	<b>309,400</b>	<b>1,189,529</b>	<b>401,232</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,065</b>	<b>(21,315)</b>	<b>(1,050,306)</b>	<b>100,820</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	157,737	1,076,445	-
Bonds issued	-	-	23,748	-
Premiums on bonds issued	-	-	695	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>157,737</b>	<b>1,100,888</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>7,065</b>	<b>136,422</b>	<b>50,582</b>	<b>100,820</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(964)</b>	<b>36,511</b>	<b>775,865</b>	<b>141,613</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 6,101</b>	<b>\$ 172,933</b>	<b>\$ 826,447</b>	<b>\$ 242,433</b>

<b>245</b>	<b>248</b>	<b>279</b>	<b>291</b>	<b>299</b>	<b>Total</b>
<b>CDBG</b>	<b>Sister</b>	<b>Tax</b>	<b>Inspection</b>	<b>Library</b>	<b>Nonmajor</b>
<b>Revolving</b>	<b>Cities</b>	<b>Increment</b>		<b>Memorial</b>	<b>Special</b>
		<b>District # 7.1</b>			<b>Revenue</b>
\$ -	\$ -	\$ 130,668	\$ -	\$ -	\$ 130,668
-	-	-	179,654	-	179,654
-	-	-	-	-	689,125
-	-	-	-	-	109,584
-	-	-	-	-	7,133
-	-	-	36,867	-	36,867
-	-	-	-	-	2,911
-	-	-	-	-	9,677
-	-	-	-	-	1,740
-	-	-	-	-	30,000
-	-	-	-	-	50,838
-	12,325	-	-	325	106,828
-	-	-	67	-	41,334
<u>-</u>	<u>12,325</u>	<u>130,668</u>	<u>216,588</u>	<u>325</u>	<u>1,396,359</u>
-	-	-	272,894	-	272,894
-	14,288	-	-	-	1,185,744
126,500	-	125,047	-	-	652,779
-	-	-	-	-	251,797
-	-	-	34,164	-	34,164
-	-	-	-	-	117,668
-	-	-	-	-	57,603
-	-	-	-	-	433
<u>126,500</u>	<u>14,288</u>	<u>125,047</u>	<u>307,058</u>	<u>-</u>	<u>2,573,082</u>
<u>(126,500)</u>	<u>(1,963)</u>	<u>5,621</u>	<u>(90,470)</u>	<u>325</u>	<u>(1,176,723)</u>
-	-	-	91,102	-	1,325,284
-	-	-	-	-	23,748
-	-	-	-	-	695
-	-	-	91,102	-	1,349,727
(126,500)	(1,963)	5,621	632	325	173,004
<u>228,700</u>	<u>6,261</u>	<u>14,962</u>	<u>91,647</u>	<u>21,379</u>	<u>1,315,974</u>
<u>\$ 102,200</u>	<u>\$ 4,298</u>	<u>\$ 20,583</u>	<u>\$ 92,279</u>	<u>\$ 21,704</u>	<u>\$ 1,488,978</u>

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, 2015  
 With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental					
State	\$ 68,235	\$ 116,064	\$ 170,614	\$ 54,550	\$ 53,374
Miscellaneous revenues					
Rents	24,000	24,000	30,000	6,000	30,000
Lease payments received	49,000	49,000	50,838	1,838	45,059
Other	13,100	13,100	36,633	23,533	32,566
<b>TOTAL REVENUES</b>	<b>154,335</b>	<b>202,164</b>	<b>288,085</b>	<b>85,921</b>	<b>160,999</b>
<b>EXPENDITURES</b>					
Current					
Airport					
Personal services	47,046	47,046	50,634	(3,588)	41,091
Supplies	37,450	37,450	24,880	12,570	26,075
Other services and charges	187,546	187,546	176,283	11,263	154,520
Capital outlay	28,000	99,786	57,603	42,183	-
<b>TOTAL EXPENDITURES</b>	<b>300,042</b>	<b>371,828</b>	<b>309,400</b>	<b>62,428</b>	<b>221,686</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(145,707)</b>	<b>(169,664)</b>	<b>(21,315)</b>	<b>148,349</b>	<b>(60,687)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	145,780	157,737	157,737	-	111,157
<b>NET CHANGE IN FUND BALANCES</b>	<b>73</b>	<b>(11,927)</b>	<b>136,422</b>	<b>148,349</b>	<b>50,470</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>36,511</b>	<b>36,511</b>	<b>36,511</b>	<b>-</b>	<b>(13,959)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 36,584</b>	<b>\$ 24,584</b>	<b>\$ 172,933</b>	<b>\$ 148,349</b>	<b>\$ 36,511</b>

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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			2014	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental					
State	\$ -	\$ -	\$ -	\$ -	\$ 14,450
County	109,574	109,574	109,584	10	108,275
Charges for services					
General government	6,500	6,500	7,133	633	7,106
Culture and recreation	3,500	3,500	2,911	(589)	3,051
Fines and forfeits	12,000	12,000	9,677	(2,323)	10,119
Investment income (loss)	40,815	40,815	(312)	(41,127)	32,692
Miscellaneous revenues					
Contributions and donations	3,350	3,350	5,596	2,246	6,145
Other	6,000	6,000	4,634	(1,366)	4,477
<b>TOTAL REVENUES</b>	<b>181,739</b>	<b>181,739</b>	<b>139,223</b>	<b>(42,516)</b>	<b>186,315</b>
<b>EXPENDITURES</b>					
Current					
Culture and recreation					
Library					
Personal services	719,347	719,347	711,808	7,539	673,686
Supplies	28,968	28,968	26,377	2,591	28,225
Other services and charges	352,339	352,339	333,243	19,096	345,629
Capital outlay	125,000	181,521	117,668	63,853	142,519
Debt service	-	-	433	(433)	-
<b>TOTAL EXPENDITURES</b>	<b>1,225,654</b>	<b>1,282,175</b>	<b>1,189,529</b>	<b>92,646</b>	<b>1,190,059</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,043,915)</b>	<b>(1,100,436)</b>	<b>(1,050,306)</b>	<b>50,130</b>	<b>(1,003,744)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,044,367	1,076,445	1,076,445	-	1,056,809
Bonds issued	-	24,443	23,748	(695)	-
Premiums on bonds issued	-	-	695	695	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,044,367</b>	<b>1,100,888</b>	<b>1,100,888</b>	<b>-</b>	<b>1,056,809</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>452</b>	<b>452</b>	<b>50,582</b>	<b>50,130</b>	<b>53,065</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>775,865</b>	<b>775,865</b>	<b>775,865</b>	<b>-</b>	<b>722,800</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 776,317</b>	<b>\$ 776,317</b>	<b>\$ 826,447</b>	<b>\$ 50,130</b>	<b>\$ 775,865</b>

CITY OF RED WING, MINNESOTA  
DEED LOAN SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ -
Investment income	4,079	4,079	2,052	(2,027)	12,634
TOTAL REVENUES	4,079	4,079	502,052	497,973	12,634
EXPENDITURES					
Current					
Economic development					
Other services and charges	-	-	401,232	(401,232)	-
NET CHANGE IN FUND BALANCES	4,079	4,079	100,820	96,741	12,634
FUND BALANCES, JANUARY 1	141,613	141,613	141,613	-	128,979
FUND BALANCES, DECEMBER 31	<u>\$ 145,692</u>	<u>\$ 145,692</u>	<u>\$ 242,433</u>	<u>\$ 96,741</u>	<u>\$ 141,613</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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous revenues					
Contributions and donations	\$ 8,000	\$ 8,000	\$ 12,325	\$ 4,325	\$ 1,125
EXPENDITURES					
Current					
Culture and recreation					
Other services and charges	8,000	8,980	14,288	(5,308)	2,864
NET CHANGE IN FUND BALANCES	-	(980)	(1,963)	(983)	(1,739)
FUND BALANCES, JANUARY 1	6,261	6,261	6,261	-	8,000
FUND BALANCES, DECEMBER 31	<u>\$ 6,261</u>	<u>\$ 5,281</u>	<u>\$ 4,298</u>	<u>\$ (983)</u>	<u>\$ 6,261</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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Tax increments	\$ 169,615	\$ 169,615	\$ 130,668	\$ (38,947)	\$ 130,824
EXPENDITURES					
Current					
Economic development					
Other services and charges	169,615	169,615	125,047	44,568	125,133
NET CHANGE IN FUND BALANCES	-	-	5,621	5,621	5,691
FUND BALANCES, JANUARY 1	14,962	14,962	14,962	-	9,271
FUND BALANCES, DECEMBER 31	<u>\$ 14,962</u>	<u>\$ 14,962</u>	<u>\$ 20,583</u>	<u>\$ 5,621</u>	<u>\$ 14,962</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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015				2014
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses and permits	\$ 122,487	\$ 122,487	\$ 179,654	\$ 57,167	\$ 208,190
Charges for services - public safety	32,100	32,100	36,867	4,767	68,808
Miscellaneous					
Other	-	-	67	67	250
<b>TOTAL REVENUES</b>	<b>154,587</b>	<b>154,587</b>	<b>216,588</b>	<b>62,001</b>	<b>277,248</b>
<b>EXPENDITURES</b>					
Current					
Public safety					
Inspection					
Personal services	224,542	224,542	231,644	(7,102)	211,550
Supplies	5,700	5,700	6,607	(907)	2,448
Other services and charges	46,550	46,550	34,643	11,907	38,274
Capital outlay	-	-	34,164	(34,164)	-
<b>TOTAL EXPENDITURES</b>	<b>276,792</b>	<b>276,792</b>	<b>307,058</b>	<b>(30,266)</b>	<b>252,272</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(122,205)</b>	<b>(122,205)</b>	<b>(90,470)</b>	<b>31,735</b>	<b>24,976</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	122,337	122,337	91,102	(31,235)	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>132</b>	<b>132</b>	<b>632</b>	<b>500</b>	<b>24,976</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>91,647</b>	<b>91,647</b>	<b>91,647</b>	<b>-</b>	<b>66,671</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 91,779</b>	<b>\$ 91,779</b>	<b>\$ 92,279</b>	<b>\$ 500</b>	<b>\$ 91,647</b>

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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.

**River Renaissance Phase II Dockage and Park** - This fund is used to account for funds received and capital expenditures incurred in the River Renaissance projects.

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

**River Renaissance Phase III** - This fund is used to account for funds received and capital expenditures incurred in the River Renaissance projects.

**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 5<sup>th</sup>/6<sup>th</sup>/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.

**2016 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement South Park, McSorley, and 11<sup>th</sup> Street.

**Downtown Highways 58, 61 & 63 Intersection** - This fund is used to account for funds received and capital expenditures incurred in the improvement of the downtown Highways 58, 61 and 63 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.

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

**River Renaissance Phase I 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 and sidewalk improvements on Moundview Drive.

**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, 2015

	<b>401</b>	<b>409</b>	<b>410</b>	<b>412</b>	<b>414</b>
	Public Safety Center	River Renaissance Phase II Dockage and Park	Airport Federal Projects	Robert Street Extension Project	East 5th Street Bridge Project
<b>ASSETS</b>					
Cash and investments	\$ 326,946	\$ 189,479	\$ 546	\$ 3,997	\$ 151,032
Receivables					
Accounts	-	-	-	-	-
Intergovernmental	-	-	376,151	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 326,946</u></b>	<b><u>\$ 189,479</u></b>	<b><u>\$ 376,697</u></b>	<b><u>\$ 3,997</u></b>	<b><u>\$ 151,032</u></b>
<b>LIABILITIES</b>					
Accounts payable	\$ 4,775	\$ -	\$ 332,796	\$ -	\$ 27,030
Contracts payable	-	-	17,516	-	2,744
Due to other funds	-	-	13,939	-	-
<b>TOTAL LIABILITIES</b>	<b><u>4,775</u></b>	<b><u>-</u></b>	<b><u>364,251</u></b>	<b><u>-</u></b>	<b><u>29,774</u></b>
<b>FUND BALANCES</b>					
Committed	322,171	189,479	12,446	3,997	121,258
Unassigned	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>322,171</u></b>	<b><u>189,479</u></b>	<b><u>12,446</u></b>	<b><u>3,997</u></b>	<b><u>121,258</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 326,946</u></b>	<b><u>\$ 189,479</u></b>	<b><u>\$ 376,697</u></b>	<b><u>\$ 3,997</u></b>	<b><u>\$ 151,032</u></b>

415	419	426	431	432	433	434	435	451
Sheldon Renewal Project	River Renaissance Phase III	Parkland Acquisition	2012 Street Reconstruction Project	2013 Street Reconstruction Project	2014 Street Reconstruction Project	2015 Street Reconstruction Project	2016 Street Reconstruction Project	Downtown Highways 58, 61 & 63 Intersection
\$ 410,017	\$ 50,000	\$ -	\$ 50,067	\$ -	\$ -	\$ -	\$ -	\$ 2,850
-	-	-	-	-	-	-	-	-
138,877	-	-	-	-	-	-	-	-
<u>\$ 548,894</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850</u>
\$ 72,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205
22,856	-	-	-	-	-	-	-	-
-	-	9,975	-	10,593	1,819	96,600	49,480	-
95,147	-	9,975	-	10,593	1,819	96,600	49,480	205
453,747	50,000	-	50,067	-	-	-	-	2,645
-	-	(9,975)	-	(10,593)	(1,819)	(96,600)	(49,480)	-
453,747	50,000	(9,975)	50,067	(10,593)	(1,819)	(96,600)	(49,480)	2,645
<u>\$ 548,894</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,850</u>

CITY OF RED WING, MINNESOTA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET - CONTINUED  
DECEMBER 31, 2015

	457	458	459	460	465
	Cannon Bottom Road	Memorial Park Project	Safe Routes to School Project	Barn Bluff Improvements	River Renaissance Phase I Levee Road to Jackson Street
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 3,854	\$ -	\$ 900	\$ -
Receivables					
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	342,897
<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ 3,854</u>	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 342,897</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 221,391
Contracts payable	-	1,450	-	-	80,740
Due to other funds	769	-	6,723	-	284,778
<b>TOTAL LIABILITIES</b>	<u>769</u>	<u>1,450</u>	<u>6,723</u>	<u>-</u>	<u>586,909</u>
<b>FUND BALANCES</b>					
Committed	-	2,404	-	900	-
Unassigned	(769)	-	(6,723)	-	(244,012)
<b>TOTAL FUND BALANCES</b>	<u>(769)</u>	<u>2,404</u>	<u>(6,723)</u>	<u>900</u>	<u>(244,012)</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ 3,854</u>	<u>\$ -</u>	<u>\$ 900</u>	<u>\$ 342,897</u>

<b>466</b>	<b>467</b>	<b>468</b>	<b>470</b>	<b>473</b>	<b>477</b>	<b>498</b>	<b>499</b>	Total Nomajor Capital Projects
Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	Highway 63 River Crossing Bridge	Moundview Drive	Street Reclamation/ Reconditioning	Sidewalk Construction Project	Street and Alley Improvements	
\$ 439,103	\$ 32,722	\$ 79,573	\$ -	\$ 279	\$ 895	\$ 8,184	\$ -	\$ 1,750,444
-	5,438	-	-	-	-	-	-	5,438
-	4,829	-	-	-	-	-	-	862,754
<u>\$ 439,103</u>	<u>\$ 42,989</u>	<u>\$ 79,573</u>	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ 895</u>	<u>\$ 8,184</u>	<u>\$ -</u>	<u>\$ 2,618,636</u>
\$ 23,411	\$ 9,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 691,728
-	-	-	-	-	-	-	-	125,306
-	-	-	2,479	-	-	-	6,664	483,819
<u>23,411</u>	<u>9,829</u>	<u>-</u>	<u>2,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,664</u>	<u>1,300,853</u>
415,692	33,160	79,573	-	279	895	8,184	-	1,746,897
-	-	-	(2,479)	-	-	-	(6,664)	(429,114)
<u>415,692</u>	<u>33,160</u>	<u>79,573</u>	<u>(2,479)</u>	<u>279</u>	<u>895</u>	<u>8,184</u>	<u>(6,664)</u>	<u>1,317,783</u>
<u>\$ 439,103</u>	<u>\$ 42,989</u>	<u>\$ 79,573</u>	<u>\$ -</u>	<u>\$ 279</u>	<u>\$ 895</u>	<u>\$ 8,184</u>	<u>\$ -</u>	<u>\$ 2,618,636</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, 2015

	401	409	410	412	414
	Public Safety Center	River Renaissance Phase II Dockage and Park	Airport Federal Projects	Robert Street Extension Project	East 5th Street Bridge Project
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ -	\$ -	\$ 242,950	\$ -	\$ -
State	-	-	125,202	-	-
Miscellaneous					
Other	-	-	-	-	34,437
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>368,152</b>	<b>-</b>	<b>34,437</b>
<b>EXPENDITURES</b>					
Capital outlay					
Public safety	8,935	-	-	-	-
Public works	-	13,721	-	64,960	273,630
Culture and recreation	-	-	-	-	-
Airport	-	-	427,318	-	-
Debt service					
Bond issuance costs	-	-	-	953	-
<b>TOTAL EXPENDITURES</b>	<b>8,935</b>	<b>13,721</b>	<b>427,318</b>	<b>65,913</b>	<b>273,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,935)</b>	<b>(13,721)</b>	<b>(59,166)</b>	<b>(65,913)</b>	<b>(239,193)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	331,106	203,200	46,000	-	-
Bonds issued	-	-	-	68,721	-
Premiums on bonds issued	-	-	-	1,950	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>331,106</b>	<b>203,200</b>	<b>46,000</b>	<b>70,671</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>322,171</b>	<b>189,479</b>	<b>(13,166)</b>	<b>4,758</b>	<b>(239,193)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>-</b>	<b>25,612</b>	<b>(761)</b>	<b>360,451</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 322,171</b>	<b>\$ 189,479</b>	<b>\$ 12,446</b>	<b>\$ 3,997</b>	<b>\$ 121,258</b>

415	419	426	431	432	433	434	435	451
Sheldon Renewal Project	River Renaissance Phase III	Parkland Acquisition	2012 Street Reconstruction Project	2013 Street Reconstruction Project	2014 Street Reconstruction Project	2015 Street Reconstruction Project	2016 Street Reconstruction Project	Downtown Highways 58, 61 & 63 Intersection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
137,627	-	-	-	-	-	-	-	-
-	-	2,300	-	-	-	-	-	-
137,627	-	2,300	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
744,584	-	-	-	-	1,819	95,893	49,480	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
744,584	-	-	-	-	1,819	95,893	49,480	-
(606,957)	-	2,300	-	-	(1,819)	(95,893)	(49,480)	-
820,464	50,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
820,464	50,000	-	-	-	-	-	-	-
213,507	50,000	2,300	-	-	(1,819)	(95,893)	(49,480)	-
240,240	-	(12,275)	50,067	(10,593)	-	(707)	-	2,645
<u>\$ 453,747</u>	<u>\$ 50,000</u>	<u>\$ (9,975)</u>	<u>\$ 50,067</u>	<u>\$ (10,593)</u>	<u>\$ (1,819)</u>	<u>\$ (96,600)</u>	<u>\$ (49,480)</u>	<u>\$ 2,645</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, 2015

	457	458	459	460	465
	Cannon Bottom Road	Memorial Park Project	Safe Routes to School Project	Barn Bluff Improvements	River Renaissance Phase I Levee Road to Jackson Street
<b>REVENUES</b>					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 347,570
State	-	142,527	-	-	1,442,807
Miscellaneous					
Other	-	208,319	-	-	961
<b>TOTAL REVENUES</b>	<b>-</b>	<b>350,846</b>	<b>-</b>	<b>-</b>	<b>1,791,338</b>
<b>EXPENDITURES</b>					
Capital outlay					
Public safety	-	-	-	-	-
Public works	-	-	6,723	-	2,011,458
Culture and recreation	-	181,770	-	49,100	-
Airport	-	-	-	-	-
Debt service					
Bond issuance costs	-	-	-	-	3,700
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>181,770</b>	<b>6,723</b>	<b>49,100</b>	<b>2,015,158</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>169,076</b>	<b>(6,723)</b>	<b>(49,100)</b>	<b>(223,820)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	7,200	-	50,000	90,174
Bonds issued	-	-	-	-	266,772
Premiums on bonds issued	-	-	-	-	7,569
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>7,200</b>	<b>-</b>	<b>50,000</b>	<b>364,515</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>176,276</b>	<b>(6,723)</b>	<b>900</b>	<b>140,695</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(769)</b>	<b>(173,872)</b>	<b>-</b>	<b>-</b>	<b>(384,707)</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (769)</b>	<b>\$ 2,404</b>	<b>\$ (6,723)</b>	<b>\$ 900</b>	<b>\$ (244,012)</b>

466	467	468	470	473	477	498	499	Total Nomajor Capital Projects
Spring Creek/ TH 61 Access Project	Sturgeon Lake Road Overpass	Old Highway 19 Project	Highway 63 River Crossing Bridge	Moundview Drive	Street Reclamation/ Reconditioning	Sidewalk Construction Project	Street and Alley Improvements	
\$ -	\$ 195,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 786,305
-	-	-	-	-	-	-	-	1,848,163
-	-	-	-	-	-	-	-	246,017
-	195,785	-	-	-	-	-	-	2,880,485
-	-	-	-	-	-	-	-	8,935
274,495	152,183	-	29,531	-	400,000	4,560	82,671	3,461,124
-	-	-	-	-	-	-	-	975,454
-	-	-	-	-	-	-	-	427,318
-	-	-	-	-	5,470	-	-	10,123
274,495	152,183	-	29,531	-	405,470	4,560	82,671	4,882,954
(274,495)	43,602	-	(29,531)	-	(405,470)	(4,560)	(82,671)	(2,002,469)
700,000	30,000	-	30,000	-	-	4,560	93,146	2,455,850
-	-	-	-	-	394,381	-	-	729,874
-	-	-	-	-	11,190	-	-	20,709
700,000	30,000	-	30,000	-	405,571	4,560	93,146	3,206,433
425,505	73,602	-	469	-	101	-	10,475	1,203,964
(9,813)	(40,442)	79,573	(2,948)	279	794	8,184	(17,139)	113,819
\$ 415,692	\$ 33,160	\$ 79,573	\$ (2,479)	\$ 279	\$ 895	\$ 8,184	\$ (6,664)	\$ 1,317,783

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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, 2015

	<b>851</b> Oakwood Care	<b>852</b> Oakwood Flower	<b>853</b> Burnside Care	<b>854</b> Burnside Flower	Total
<b>ASSETS</b>					
Cash and investments	\$ 1,205,586	\$ 787,111	\$ 293,251	\$ 125,639	\$ 2,411,587
Receivables					
Accrued interest	<u>3,898</u>	<u>2,431</u>	<u>2,125</u>	<u>373</u>	<u>8,827</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,209,484</u></u>	<u><u>\$ 789,542</u></u>	<u><u>\$ 295,376</u></u>	<u><u>\$ 126,012</u></u>	<u><u>\$ 2,420,414</u></u>
<b>FUND BALANCES</b>					
Nonspendable	\$ 897,119	\$ 511,803	\$ 221,015	\$ 88,550	\$ 1,718,487
Restricted	<u>312,365</u>	<u>277,739</u>	<u>74,361</u>	<u>37,462</u>	<u>701,927</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 1,209,484</u></u>	<u><u>\$ 789,542</u></u>	<u><u>\$ 295,376</u></u>	<u><u>\$ 126,012</u></u>	<u><u>\$ 2,420,414</u></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, 2015

	<b>851</b> Oakwood Care	<b>852</b> Oakwood Flower	<b>853</b> Burnside Care	<b>854</b> Burnside Flower	Total
REVENUES					
Investment income	\$ 2,430	\$ 215	\$ 4,825	\$ 314	\$ 7,784
Miscellaneous					
Burial plot sales	28,105	-	15,600	-	43,705
Perpetual contract sales	-	17,735	-	740	18,475
	<u>30,535</u>	<u>17,950</u>	<u>20,425</u>	<u>1,054</u>	<u>69,964</u>
TOTAL REVENUES					
FUND BALANCES, JANUARY 1	<u>1,178,949</u>	<u>771,592</u>	<u>274,951</u>	<u>124,958</u>	<u>2,350,450</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,209,484</u>	<u>\$ 789,542</u>	<u>\$ 295,376</u>	<u>\$ 126,012</u>	<u>\$ 2,420,414</u>

## **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, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
Cash and investments	\$ 18,889,993	\$ 16,467,342
Receivables		
Accrued interest	49,872	26,901
Delinquent taxes	219,048	197,592
Accounts (net of allowance)	113,282	109,947
Intergovernmental	138,866	164,181
Loans to other governments	113,345	193,687
Due from other funds	1,111,452	1,281,866
Prepaid items	42	-
	<u>\$ 20,635,900</u>	<u>\$ 18,441,516</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 452,242	\$ 369,018
Escrow accounts payable	27,775	27,275
Contracts payable	16,720	-
Due to other governments	5,512	1,125
Salaries payable	76,070	232,329
Deposits payable	90,621	89,419
Unearned revenue	31,995	51,128
	<u>700,935</u>	<u>770,294</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - taxes	219,048	197,592
	<u>219,048</u>	<u>197,592</u>
<b>FUND BALANCES</b>		
Nonspendable	113,387	193,687
Restricted	1,010,204	1,005,870
Committed	3,600,000	3,600,000
Unassigned	14,992,326	12,674,073
	<u>19,715,917</u>	<u>17,473,630</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
	<u>\$ 20,635,900</u>	<u>\$ 18,441,516</u>

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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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 16,115,393	\$ 16,115,393	\$ 15,904,671	\$ (210,722)	\$ 14,012,506
Excess tax increments	-	-	-	-	5,670
Franchise taxes	199,000	199,000	231,315	32,315	228,567
Other taxes	30,500	30,500	32,451	1,951	38,402
Total taxes	<u>16,344,893</u>	<u>16,344,893</u>	<u>16,168,437</u>	<u>(176,456)</u>	<u>14,285,145</u>
Special assessments	-	-	35	35	5,719
Licenses and permits					
Business	52,680	52,680	59,320	6,640	58,812
Nonbusiness	3,800	3,800	12,208	8,408	4,739
Total licenses and permits	<u>56,480</u>	<u>56,480</u>	<u>71,528</u>	<u>15,048</u>	<u>63,551</u>
Intergovernmental					
Federal					
Other Federal aid	-	22,409	29,235	6,826	192,901
State					
Local government aid	1,449,445	1,449,445	1,454,786	5,341	1,621,894
Property tax credits	5,341	5,341	5,341	-	2,736
Police aid	187,286	187,286	229,339	42,053	225,987
Other State aids	410,813	527,796	533,479	5,683	511,595
Total state	<u>2,052,885</u>	<u>2,169,868</u>	<u>2,222,945</u>	<u>53,077</u>	<u>2,362,212</u>
County					
Other County aids	66,685	66,685	65,702	(983)	83,593
Total intergovernmental	<u>2,119,570</u>	<u>2,258,962</u>	<u>2,317,882</u>	<u>58,920</u>	<u>2,638,706</u>
Charges for services					
General government	28,250	28,250	37,278	9,028	34,311
Public safety	129,234	130,484	135,095	4,611	128,629
Public works	44,389	44,389	79,665	35,276	79,935
Culture and recreation	121,000	121,000	150,265	29,265	103,172
Transit	103,200	103,200	125,519	22,319	108,875
Total charges for services	<u>426,073</u>	<u>427,323</u>	<u>527,822</u>	<u>100,499</u>	<u>454,922</u>
Fines and forfeits	79,100	79,100	78,448	(652)	73,872
Investment income	165,000	165,000	178,727	13,727	543,932
Miscellaneous					
Interest on notes and loans	9,723	9,723	-	(9,723)	300
Rents	144,320	144,320	146,867	2,547	154,401
Contributions and donations	75,000	111,000	62,954	(48,046)	49,465
Refunds	-	-	19,249	19,249	6,540
Other	13,300	13,300	50,026	36,726	24,413
Total miscellaneous	<u>242,343</u>	<u>278,343</u>	<u>279,096</u>	<u>753</u>	<u>235,119</u>
<b>TOTAL REVENUES</b>	<u>19,433,459</u>	<u>19,610,101</u>	<u>19,621,975</u>	<u>11,874</u>	<u>18,300,966</u>

CITY OF RED WING, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
General government					
City Council					
Personal services	\$ 60,860	\$ 60,860	\$ 57,332	\$ 3,528	\$ 57,244
Supplies	5,725	5,725	3,386	2,339	3,344
Other services and charges	46,124	48,124	22,113	26,011	20,654
Total City Council	<u>112,709</u>	<u>114,709</u>	<u>82,831</u>	<u>31,878</u>	<u>81,242</u>
Mayor					
Personal services	8,695	8,695	8,159	536	8,159
Supplies	350	350	-	350	-
Other services and charges	4,916	4,916	2,257	2,659	2,313
Total Mayor	<u>13,961</u>	<u>13,961</u>	<u>10,416</u>	<u>3,545</u>	<u>10,472</u>
Council administration					
Other services and charges	171,687	177,103	166,188	10,915	166,719
Boards and commissions					
Supplies	400	400	4,372	(3,972)	1,058
Other services and charges	33,100	33,851	24,629	9,222	22,081
Total boards and commissions	<u>33,500</u>	<u>34,251</u>	<u>29,001</u>	<u>5,250</u>	<u>23,139</u>
City clerk					
Personal services	105,247	109,186	105,252	3,934	104,457
Other services and charges	51,064	51,064	51,060	4	42,324
Total city clerk	<u>156,311</u>	<u>160,250</u>	<u>156,312</u>	<u>3,938</u>	<u>146,781</u>
Elections and voter registration					
Personal services	-	-	-	-	20,877
Supplies	-	-	203	(203)	2,099
Other services and charges	3,500	3,500	3,400	100	12,795
Total elections and voter registration	<u>3,500</u>	<u>3,500</u>	<u>3,603</u>	<u>(103)</u>	<u>35,771</u>
Finance					
Personal services	172,268	182,573	172,272	10,301	165,256
Other services and charges	67,634	67,634	67,632	2	52,624
Total finance	<u>239,902</u>	<u>250,207</u>	<u>239,904</u>	<u>10,303</u>	<u>217,880</u>
Audit					
Other services and charges	37,000	37,000	37,702	(702)	37,744
Attorney					
Other services and charges	239,120	239,120	259,516	(20,396)	229,207
Communications					
Personal services	37,236	38,834	37,236	1,598	17,511
Other services and charges	58,991	58,991	58,992	(1)	55,107
Total communications	<u>96,227</u>	<u>97,825</u>	<u>96,228</u>	<u>1,597</u>	<u>72,618</u>

CITY OF RED WING, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
General government - continued					
Employee services					
Personal services	\$ 189,338	\$ 196,938	\$ 189,336	\$ 7,602	\$ 187,456
Other services and charges	168,904	168,904	168,900	4	132,144
Total employee services	358,242	365,842	358,236	7,606	319,600
Community development					
Personal services	179,263	182,703	182,874	(171)	171,800
Supplies	8,200	8,200	5,087	3,113	5,629
Other services and charges	38,190	38,190	41,687	(3,497)	39,068
Total community development	225,653	229,093	229,648	(555)	216,497
Government buildings					
Personal services	4,075	4,075	6,299	(2,224)	1,118
Supplies	22,500	22,500	12,039	10,461	18,405
Other services and charges	164,262	164,262	146,845	17,417	138,630
Total general government buildings	190,837	190,837	165,183	25,654	158,153
Total general government	1,878,649	1,913,698	1,834,768	78,930	1,715,823
Public safety					
Police					
Personal services	3,231,107	3,294,371	3,190,390	103,981	3,070,597
Supplies	156,250	156,733	138,975	17,758	141,424
Other services and charges	445,084	445,852	410,887	34,965	458,924
Total police	3,832,441	3,896,956	3,740,252	156,704	3,670,945
Fire					
Personal services	1,330,107	1,361,954	1,335,686	26,268	1,302,990
Supplies	90,550	119,159	119,065	94	84,408
Other services and charges	351,769	359,587	358,568	1,019	402,042
Total fire	1,772,426	1,840,700	1,813,319	27,381	1,789,440
Fire station building - Plum Street					
Other services and charges	-	-	10,537	(10,537)	-
Civil defense					
Personal services	14,238	14,238	24,122	(9,884)	24,626
Supplies	4,900	4,900	17,747	(12,847)	15,036
Other services and charges	20,939	20,939	3,630	17,309	3,129
Total civil defense	40,077	40,077	45,499	(5,422)	42,791
Total public safety	5,644,944	5,777,733	5,609,607	168,126	5,503,176
Public works					
Administration					
Personal services	200,813	187,312	184,623	2,689	196,668
Supplies	47,900	47,900	33,424	14,476	28,993
Other services and charges	233,149	260,218	294,012	(33,794)	260,852
Total administration	481,862	495,430	512,059	(16,629)	486,513

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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Public works - continued					
Street maintenance					
Personal services	\$ 26,442	\$ 26,442	\$ 26,386	\$ 56	\$ 26,366
Supplies	451,300	451,300	335,631	115,669	395,245
Other services and charges	616,171	639,171	804,385	(165,214)	752,814
Total street maintenance	1,093,913	1,116,913	1,166,402	(49,489)	1,174,425
Snow and ice removal					
Supplies	216,750	216,750	185,140	31,610	201,518
Other services and charges	290,707	295,707	205,931	89,776	345,192
Total snow and ice removal	507,457	512,457	391,071	121,386	546,710
Street lighting					
Personal services	-	-	3,077	(3,077)	-
Supplies	86,300	86,300	82,485	3,815	77,952
Other services and charges	295,671	300,671	234,986	65,685	246,087
Total street lighting	381,971	386,971	320,548	66,423	324,039
Parking ramps					
Personal services	6,378	6,378	7,687	(1,309)	6,733
Supplies	12,000	12,000	8,277	3,723	5,528
Other services and charges	107,149	107,149	64,737	42,412	151,281
Total parking ramps	125,527	125,527	80,701	44,826	163,542
Total public works	2,590,730	2,637,298	2,470,781	166,517	2,695,229
Sanitation					
Composting					
Personal services	44,452	45,233	40,605	4,628	38,295
Supplies	7,165	7,165	839	6,326	4,947
Other services and charges	9,399	9,399	2,447	6,952	6,438
Total sanitation	61,016	61,797	43,891	17,906	49,680
Culture and recreation					
Parks and boulevards					
Personal services	87,311	87,311	119,461	(32,150)	84,853
Supplies	259,385	259,385	207,170	52,215	232,121
Other services and charges	771,744	781,744	807,933	(26,189)	798,109
Total parks and boulevards	1,118,440	1,128,440	1,134,564	(6,124)	1,115,083
Recreational activities and facilities					
Personal services	8,560	8,560	22,382	(13,822)	11,547
Supplies	87,300	87,300	66,000	21,300	68,635
Other services and charges	693,426	716,426	624,603	91,823	818,462
Total recreational activities and facilities	789,286	812,286	712,985	99,301	898,644
Total culture and recreation	1,907,726	1,940,726	1,847,549	93,177	2,013,727

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, 2015  
With Comparative Actual Amounts for the Year Ended December 31, 2014

	2015			Variance with Final Budget	2014
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Economic development					
Personal services	\$ 4,129	\$ 4,129	\$ 144	\$ 3,985	\$ 120
Supplies	9,000	9,000	4,063	4,937	3,344
Other services and charges	430,448	465,388	165,172	300,216	225,796
Total economic development	443,577	478,517	169,379	309,138	229,260
Cemeteries					
Personal services	120,666	122,056	120,482	1,574	112,094
Supplies	74,440	74,440	64,352	10,088	78,255
Other services and charges	126,643	126,643	147,641	(20,998)	133,511
Total cemeteries	321,749	323,139	332,475	(9,336)	323,860
Transit					
Other services and charges	31,200	31,200	48,200	(17,000)	22,904
Contingencies and other					
Other services and charges	764,068	548,719	81,536	467,183	85,994
Total current	13,643,659	13,712,827	12,438,186	1,274,641	12,639,653
Capital outlay					
General government	257,497	657,179	380,309	276,870	-
Public safety	240,875	378,268	215,776	162,492	568,154
Public works	1,295,747	2,217,985	1,081,394	1,136,591	1,074,212
Culture and recreation	1,004,765	1,228,243	863,821	364,422	400,198
Economic development	19,500	19,855	-	19,855	42,418
Cemeteries	93,000	117,538	98,909	18,629	-
Total capital outlay	2,911,384	4,619,068	2,640,209	1,978,859	2,084,982
Debt service					
Bond issuance costs	-	-	37,164	(37,164)	-
<b>TOTAL EXPENDITURES</b>	<b>16,555,043</b>	<b>18,331,895</b>	<b>15,115,559</b>	<b>3,216,336</b>	<b>14,724,635</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,878,416</b>	<b>1,278,206</b>	<b>4,506,416</b>	<b>3,228,210</b>	<b>3,576,331</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	105,141	105,141	19,777
Transfers in	133,000	188,634	189,347	713	364,686
Bonds issued	2,096,944	2,110,937	2,051,252	(59,685)	1,082,869
Premiums on bonds issued	-	-	59,684	59,684	19,612
Transfers out	(3,742,708)	(4,721,228)	(4,669,553)	51,675	(3,402,537)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,512,764)</b>	<b>(2,421,657)</b>	<b>(2,264,129)</b>	<b>157,528</b>	<b>(1,915,593)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,365,652</b>	<b>(1,143,451)</b>	<b>2,242,287</b>	<b>3,385,738</b>	<b>1,660,738</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>17,473,630</b>	<b>17,473,630</b>	<b>17,473,630</b>	<b>-</b>	<b>15,812,892</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 18,839,282</b>	<b>\$ 16,330,179</b>	<b>\$ 19,715,917</b>	<b>\$ 3,385,738</b>	<b>\$ 17,473,630</b>

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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.

**\$7,735,000 G.O. Improvement Bonds, Series 2015A** - 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.

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CITY OF RED WING, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	<b>301</b> \$1,835,000 G.O. Bonds 2011A	<b>302</b> \$2,375,000 G.O. Bonds 2012A	<b>304</b> \$2,930,000 G.O. Bonds 2013A
<b>ASSETS</b>			
Cash and investments	\$ 191,653	\$ 320,227	\$ 334,577
Receivables			
Delinquent taxes	9,737	-	-
Intergovernmental	783	1,277	1,194
<b>TOTAL ASSETS</b>	<u><u>\$ 202,173</u></u>	<u><u>\$ 321,504</u></u>	<u><u>\$ 335,771</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	\$ 9,737	\$ -	\$ -
<b>FUND BALANCES</b>			
Restricted for debt service	<u>192,436</u>	<u>321,504</u>	<u>335,771</u>
<b>TOTAL DEFERRED INFLOWS   OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 202,173</u></u>	<u><u>\$ 321,504</u></u>	<u><u>\$ 335,771</u></u>

<b>305</b> \$1,115,000 G.O. Equipment Certificates 2014A	<b>306</b> \$7,735,000 G.O. Improvement Bonds 2015A	Total
\$ 125,173	\$ -	\$ 971,630
-	-	9,737
<u>880</u>	<u>-</u>	<u>4,134</u>
<u>\$ 126,053</u>	<u>\$ -</u>	<u>\$ 985,501</u>
\$ -	\$ -	\$ 9,737
<u>126,053</u>	<u>-</u>	<u>975,764</u>
<u>\$ 126,053</u>	<u>\$ -</u>	<u>\$ 985,501</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, 2015

	<b>301</b> \$1,835,000 G.O. <u>Bonds 2011A</u>	<b>302</b> \$2,375,000 G.O. <u>Bonds 2012A</u>	<b>304</b> \$2,930,000 G.O. <u>Bonds 2013A</u>
<b>REVENUES</b>			
Taxes			
Property taxes	\$ 231,637	\$ 377,855	\$ 353,462
Rents	462	753	704
	<u>232,099</u>	<u>378,608</u>	<u>354,166</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
Debt service			
Principal retirement	175,000	300,000	265,000
Interest and fiscal charges	26,390	25,633	55,950
Bond issuance costs	736	736	711
	<u>202,126</u>	<u>326,369</u>	<u>321,661</u>
<b>TOTAL EXPENDITURES</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>			
	<u>29,973</u>	<u>52,239</u>	<u>32,505</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Bond premium	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>			
	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>			
	29,973	52,239	32,505
<b>FUND BALANCES, JANUARY 1</b>			
	<u>162,463</u>	<u>269,265</u>	<u>303,266</u>
<b>FUND BALANCES, DECEMBER 31</b>			
	<u>\$ 192,436</u>	<u>\$ 321,504</u>	<u>\$ 335,771</u>

<b>305</b> \$1,115,000 G.O. Equipment Certificates 2014A	<b>306</b> \$7,735,000 G.O. Improvement Bonds 2015A	Total
\$ 260,404	\$ -	\$ 1,223,358
519	-	2,438
<u>260,923</u>	<u>-</u>	<u>1,225,796</u>
105,000	-	845,000
29,010	-	136,983
736	800	3,719
<u>134,746</u>	<u>800</u>	<u>985,702</u>
<u>126,177</u>	<u>(800)</u>	<u>240,094</u>
-	416	416
-	384	384
<u>-</u>	<u>800</u>	<u>800</u>
126,177	-	240,894
<u>(124)</u>	<u>-</u>	<u>734,870</u>
<u>\$ 126,053</u>	<u>\$ -</u>	<u>\$ 975,764</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, 2015

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management	<b>710</b> Information Technology
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 280,761	\$ 744,956	\$ 5,057,092	\$ 645,438
Receivables				
Accrued interest	-	161	2,933	-
Accounts	-	7,774	125	-
Loans	-	-	25,081	-
Inventories	-	58,204	10,710	-
Prepaid items	-	-	425	-
<b>TOTAL CURRENT ASSETS</b>	<b>280,761</b>	<b>811,095</b>	<b>5,096,366</b>	<b>645,438</b>
<b>CAPITAL ASSETS</b>				
Buildings	-	7,825	-	-
Machinery and equipment	-	36,221	-	-
Office equipment	-	-	-	42,708
Vehicles	-	310,452	-	-
Less accumulated depreciation	-	(322,059)	-	(42,708)
<b>NET CAPITAL ASSETS</b>	<b>-</b>	<b>32,439</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>280,761</b>	<b>843,534</b>	<b>5,096,366</b>	<b>645,438</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	20,738	55,420	4,793	19,663
Contracts payable	-	-	-	-
Salaries payable	19,825	33,568	-	5,679
Compensated absences payable	86,067	121,398	-	31,180
<b>TOTAL CURRENT LIABILITIES</b>	<b>126,630</b>	<b>210,386</b>	<b>4,793</b>	<b>56,522</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	154,131	203,985	-	15,518
<b>TOTAL LIABILITIES</b>	<b>280,761</b>	<b>414,371</b>	<b>4,793</b>	<b>72,040</b>
<b>NET POSITION</b>				
Investment in capital assets	-	32,439	-	-
Unrestricted	-	396,724	5,091,573	573,398
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 429,163</b>	<b>\$ 5,091,573</b>	<b>\$ 573,398</b>

<b>715</b> Postemployment Benefits	<b>728</b> Engineering	Total
\$ 843,991	\$ 873,728	\$ 8,445,966
-	-	3,094
-	1,800	9,699
-	-	25,081
-	-	68,914
-	-	425
<u>843,991</u>	<u>875,528</u>	<u>8,553,179</u>
-	-	7,825
-	-	36,221
-	170,517	213,225
-	75,321	385,773
-	(195,403)	(560,170)
-	<u>50,435</u>	<u>82,874</u>
<u>843,991</u>	<u>925,963</u>	<u>8,636,053</u>
-	4,325	104,939
-	39,225	39,225
-	11,320	70,392
<u>426,540</u>	<u>52,838</u>	<u>718,023</u>
426,540	107,708	932,579
<u>417,451</u>	<u>87,477</u>	<u>878,562</u>
<u>843,991</u>	<u>195,185</u>	<u>1,811,141</u>
-	50,435	82,874
-	<u>680,343</u>	<u>6,742,038</u>
<u>\$ -</u>	<u>\$ 730,778</u>	<u>\$ 6,824,912</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, 2015

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management	<b>710</b> Information Technology
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,772,048	\$ 3,305,946	\$ 3,347,183	\$ 600,000
Miscellaneous	1,354	27,698	161,400	2,508
<b>TOTAL OPERATING REVENUES</b>	<b>1,773,402</b>	<b>3,333,644</b>	<b>3,508,583</b>	<b>602,508</b>
<b>OPERATING EXPENSES</b>				
Personal services	1,134,648	1,512,717	-	234,003
Employee benefits	314,351	603,925	3,197,392	76,229
Supplies	19,050	320,652	-	62,603
Cost of merchandise sold	-	641,439	-	-
Professional services	212,077	192,797	96,164	49,237
Rent and leased equipment	664	132	-	21,206
Repairs and maintenance	33,602	9,981	-	56,135
Administration and fiscal charges	45,764	7,383	-	12,355
Insurance premiums	4,213	4,660	338,137	1,195
Insurance claims	-	-	28,167	-
Depreciation	-	20,618	-	-
Miscellaneous	9,033	253	253,707	1,255
<b>TOTAL OPERATING EXPENSES</b>	<b>1,773,402</b>	<b>3,314,557</b>	<b>3,913,567</b>	<b>514,218</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>19,087</b>	<b>(404,984)</b>	<b>88,290</b>
<b>NONOPERATING REVENUES</b>				
Investment income	-	814	52,761	-
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>-</b>	<b>19,901</b>	<b>(352,223)</b>	<b>88,290</b>
<b>TRANSFERS IN</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>-</b>	<b>19,901</b>	<b>(352,223)</b>	<b>88,290</b>
<b>NET POSITION, JANUARY 1</b>	<b>-</b>	<b>409,262</b>	<b>5,443,796</b>	<b>485,108</b>
<b>NET POSITION, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 429,163</b>	<b>\$ 5,091,573</b>	<b>\$ 573,398</b>

715 Postemployment Benefits	728 Engineering	Total
\$ -	\$ 732,954	\$ 9,758,131
-	779	193,739
-	<u>733,733</u>	<u>9,951,870</u>
-	557,675	3,439,043
-	186,513	4,378,410
-	24,110	426,415
-	-	641,439
-	527,124	1,077,399
-	952	22,954
-	3,218	102,936
-	52,025	117,527
-	2,914	351,119
-	-	28,167
-	17,577	38,195
-	742	264,990
-	<u>1,372,850</u>	<u>10,888,594</u>
-	(639,117)	(936,724)
-	-	<u>53,575</u>
-	(639,117)	(883,149)
-	<u>692,884</u>	<u>692,884</u>
-	53,767	(190,265)
-	<u>677,011</u>	<u>7,015,177</u>
<u>\$ -</u>	<u>\$ 730,778</u>	<u>\$ 6,824,912</u>

CITY OF RED WING, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management	<b>710</b> Information Technology
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 1,788,459	\$ 3,299,177	\$ 3,577,468	\$ 624,898
Payments to vendors and suppliers	(323,517)	(1,174,867)	(348,620)	(196,820)
Payments to and on behalf of employees	(1,481,845)	(2,166,529)	(3,569,943)	(325,204)
Other receipts	1,354	27,698	161,400	2,508
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(15,549)</b>	<b>(14,521)</b>	<b>(179,695)</b>	<b>105,382</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Loan payments received	-	-	21,405	-
Loans made	-	-	(19,507)	-
Transfers from other funds	-	-	-	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>1,898</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Payments for acquisition and construction of capital assets	-	-	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest receipts	-	1,116	52,820	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,549)</b>	<b>(13,405)</b>	<b>(124,977)</b>	<b>105,382</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>296,310</b>	<b>758,361</b>	<b>5,182,069</b>	<b>540,056</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 280,761</b>	<b>\$ 744,956</b>	<b>\$ 5,057,092</b>	<b>\$ 645,438</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ -	\$ 19,087	\$ (404,984)	\$ 88,290
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	20,618	-	-
(Increase) decrease in assets				
Accounts receivable	16,411	(6,769)	230,285	24,898
Inventories	-	(4,142)	1,459	-
Prepaid items	-	-	(208)	-
Increase (decrease) in liabilities				
Accounts payable	886	6,572	(6,247)	5,971
Contracts payable	-	-	-	-
Salaries payable	(46,361)	(77,460)	-	(9,112)
Compensated absences payable	13,515	27,573	-	(4,665)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (15,549)</b>	<b>\$ (14,521)</b>	<b>\$ (179,695)</b>	<b>\$ 105,382</b>
<b>SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>				
Transfer of capital assets from (to) other funds	\$ -	\$ (252)	\$ -	\$ -

715 Postemployment Benefits	728 Engineering	Total
\$ 73,412	\$ 731,154	\$ 10,094,568
-	(574,811)	(2,618,635)
-	(749,829)	(8,293,350)
-	779	193,739
<u>73,412</u>	<u>(592,707)</u>	<u>(623,678)</u>
-	-	21,405
-	-	(19,507)
-	692,884	692,884
<u>-</u>	<u>692,884</u>	<u>694,782</u>
-	(32,206)	(32,206)
<u>-</u>	<u>-</u>	<u>53,936</u>
73,412	67,971	92,834
<u>770,579</u>	<u>805,757</u>	<u>8,353,132</u>
<u>\$ 843,991</u>	<u>\$ 873,728</u>	<u>\$ 8,445,966</u>
\$ -	\$ (639,117)	\$ (936,724)
-	17,577	38,195
-	(1,800)	263,025
-	-	(2,683)
-	-	(208)
-	(2,951)	4,231
-	39,225	39,225
-	(22,289)	(155,222)
<u>73,412</u>	<u>16,648</u>	<u>126,483</u>
<u>\$ 73,412</u>	<u>\$ (592,707)</u>	<u>\$ (623,678)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (252)</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, 2015

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>FRIENDS OF THE FOX (801)</u></b>				
ASSETS				
Cash and investments	\$ 7,631	\$ -	\$ 7,260	\$ 371
LIABILITIES				
Accounts payable	\$ 7,631	\$ -	\$ 7,260	\$ 371
<b><u>FLEX ACCOUNT (804)</u></b>				
ASSETS				
Cash and investments	\$ 45,908	\$ 187,356	\$ 207,679	\$ 25,585
Accounts receivable	2,694	-	-	2,694
Other assets	-	11,721	-	11,721
TOTAL ASSETS	<u>\$ 48,602</u>	<u>\$ 199,077</u>	<u>\$ 207,679</u>	<u>\$ 40,000</u>
LIABILITIES				
Due to other governments	\$ 40,000	\$ -	\$ -	\$ 40,000
Salaries payable	8,602	199,077	207,679	-
TOTAL LIABILITIES	<u>\$ 48,602</u>	<u>\$ 199,077</u>	<u>\$ 207,679</u>	<u>\$ 40,000</u>
<b><u>LODGING TAX (806)</u></b>				
ASSETS				
Cash and investments	\$ 17	\$ 228,006	\$ 228,006	\$ 17
Unbilled accounts receivable	9,869	11,703	9,869	11,703
TOTAL ASSETS	<u>\$ 9,886</u>	<u>\$ 239,709</u>	<u>\$ 237,875</u>	<u>\$ 11,720</u>
LIABILITIES				
Accounts payable	\$ 9,886	\$ 239,709	\$ 237,875	\$ 11,720
<b><u>CANNON VALLEY BIKE TRAIL (808)</u></b>				
ASSETS				
Cash and investments	\$ 422,042	\$ 325,386	\$ 220,567	\$ 526,861
Petty cash and change funds	400	-	-	400
Intergovernmental	48,869	-	48,869	-
Unbilled accounts receivable	1,416	987	1,416	987
TOTAL ASSETS	<u>\$ 472,727</u>	<u>\$ 326,373</u>	<u>\$ 270,852</u>	<u>\$ 528,248</u>
LIABILITIES				
Accounts payable	\$ 47,193	\$ 208,898	\$ 210,479	\$ 45,612
Due to other governments	425,534	117,475	60,373	482,636
TOTAL LIABILITIES	<u>\$ 472,727</u>	<u>\$ 326,373</u>	<u>\$ 270,852</u>	<u>\$ 528,248</u>

CITY OF RED WING, MINNESOTA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>SHELDON AUDITORIUM (810)</u></b>				
ASSETS				
Cash and investments	\$ 37,781	\$ 1,375,242	\$ 1,322,982	\$ 90,041
Assets held in endowment	3,222,642	217,008	391,462	3,048,188
Petty cash and change funds	500	-	-	500
Accounts receivable	40,105	30,436	64,087	6,454
Other assets	7,800	112,751	72,907	47,644
	<u>\$ 3,308,828</u>	<u>\$ 1,735,437</u>	<u>\$ 1,851,438</u>	<u>\$ 3,192,827</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 46,777	\$ 734,429	\$ 767,312	\$ 13,894
Due to other governments	3,133,571	6,069	510,068	2,629,572
Salaries payable	20,243	4,935	20,243	4,935
Compensated absences payable	47,178	3,543	27,518	23,203
Other liabilities	61,059	986,461	526,297	521,223
	<u>\$ 3,308,828</u>	<u>\$ 1,735,437</u>	<u>\$ 1,851,438</u>	<u>\$ 3,192,827</u>
TOTAL LIABILITIES				
<b><u>RED WING 2020 (825)</u></b>				
ASSETS				
Cash and investments	\$ 1,061	\$ -	\$ -	\$ 1,061
LIABILITIES				
Accounts payable	\$ 1,061	\$ -	\$ -	\$ 1,061
<b><u>COALITION OF UTILITY CITIES (840)</u></b>				
ASSETS				
Cash and investments	\$ 240,826	\$ 93,781	\$ 139,612	\$ 194,995
Accounts receivable	22,854	95,000	93,781	24,073
	<u>\$ 263,680</u>	<u>\$ 188,781</u>	<u>\$ 233,393</u>	<u>\$ 219,068</u>
TOTAL ASSETS				
LIABILITIES				
Accounts payable	\$ 263,680	\$ 188,781	\$ 233,393	\$ 219,068

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CITY OF RED WING, MINNESOTA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance January 1	Additions	Deductions	Balance December 31
<b><u>LOCAL GOVERNMENT UTILITY (845)</u></b>				
ASSETS				
Cash and investments	\$ 1,129	\$ -	\$ -	\$ 1,129
LIABILITIES				
Accounts payable	\$ 1,129	\$ -	\$ -	\$ 1,129
<b><u>TOTAL ALL AGENCY FUNDS</u></b>				
ASSETS				
Cash and investments	\$ 756,395	\$ 2,209,771	\$ 2,126,106	\$ 840,060
Assets held in endowment	3,222,642	217,008	391,462	3,048,188
Petty cash and change funds	900	-	-	900
Accounts receivable	65,653	125,436	157,868	33,221
Intergovernmental receivable	48,869	-	48,869	-
Unbilled accounts receivable	11,285	12,690	11,285	12,690
Other assets	7,800	124,472	72,907	59,365
TOTAL ASSETS	<u>\$ 4,113,544</u>	<u>\$ 2,689,377</u>	<u>\$ 2,808,497</u>	<u>\$ 3,994,424</u>
LIABILITIES				
Accounts payable	\$ 377,357	\$ 1,371,817	\$ 1,456,319	\$ 292,855
Due to other governments	3,599,105	123,544	570,441	3,152,208
Salaries payable	28,845	204,012	227,922	4,935
Compensated absences payable	47,178	3,543	27,518	23,203
Other liabilities	61,059	986,461	526,297	521,223
TOTAL LIABILITIES	<u>\$ 4,113,544</u>	<u>\$ 2,689,377</u>	<u>\$ 2,808,497</u>	<u>\$ 3,994,424</u>

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**DISCRETELY PRESENTED COMPONENT UNIT  
PORT AUTHORITY**

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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CITY OF RED WING, MINNESOTA  
DISCRETELY PRESENTED COMPONENT UNIT - PORT AUTHORITY  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015

	236 Port Authority General	Special Revenue			Total
		231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 423,398	\$ 332,336	\$ 71,142	\$ 498,669	\$ 1,325,545
Receivables					
Delinquent taxes	4,794	-	-	-	4,794
Accounts	-	-	3,331	2,827	6,158
Loans	-	1,011,361	19,138	339,476	1,369,975
Intergovernmental	1,172	-	-	-	1,172
<b>TOTAL ASSETS</b>	<u>\$ 429,364</u>	<u>\$ 1,343,697</u>	<u>\$ 93,611</u>	<u>\$ 840,972</u>	<u>\$ 2,707,644</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 11,284	\$ -	\$ -	\$ -	\$ 11,284
Due to other governments	-	-	-	404,072	404,072
Loans from primary government	470,022	-	-	-	470,022
Salaries payable	2,204	-	-	-	2,204
<b>TOTAL LIABILITIES</b>	<u>483,510</u>	<u>-</u>	<u>-</u>	<u>404,072</u>	<u>887,582</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - taxes	4,794	-	-	-	4,794
<b>FUND BALANCES</b>					
Restricted	-	-	-	436,900	436,900
Committed	-	1,343,697	93,611	-	1,437,308
Unassigned	(58,940)	-	-	-	(58,940)
<b>TOTAL FUND BALANCES</b>	<u>(58,940)</u>	<u>1,343,697</u>	<u>93,611</u>	<u>436,900</u>	<u>1,815,268</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 429,364</u>	<u>\$ 1,343,697</u>	<u>\$ 93,611</u>	<u>\$ 840,972</u>	<u>\$ 2,707,644</u>

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

Fund balances - governmental funds from above	\$ 1,815,268
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	650,724
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	(27,417)
Other postemployment benefits obligation	(24,011)
Pension liability	(278,511)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	4,794
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	32,734
Deferred inflows of pension resources	(53,747)
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>35,326</u>
<b>Total net position - governmental activities</b>	<u>\$ 2,155,160</u>

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, 2015

	236 Port Authority General	Special Revenue			Total
		231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 332,489	\$ -	\$ -	\$ -	\$ 332,489
Other taxes	678	-	-	-	678
Intergovernmental					
State	109	-	-	-	109
Investment income	-	-	-	785	785
Miscellaneous revenues					
Lease payments received	83,144	-	-	-	83,144
Interest on notes and loans	-	20,658	448	16,980	38,086
Refunds	5,392	-	-	-	5,392
Other	346	-	-	-	346
<b>TOTAL REVENUES</b>	<b>422,158</b>	<b>20,658</b>	<b>448</b>	<b>17,765</b>	<b>461,029</b>
<b>EXPENDITURES</b>					
Current					
Economic development					
Personal services	260,316	-	-	-	260,316
Supplies	2,371	-	-	-	2,371
Other services and charges	103,848	-	-	(2,701)	101,147
Debt service					
Interest and fiscal charges	-	-	-	2,772	2,772
<b>TOTAL EXPENDITURES</b>	<b>366,535</b>	<b>-</b>	<b>-</b>	<b>71</b>	<b>366,606</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>55,623</b>	<b>20,658</b>	<b>448</b>	<b>17,694</b>	<b>94,423</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>(114,563)</b>	<b>1,323,039</b>	<b>93,163</b>	<b>419,206</b>	<b>1,720,845</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ (58,940)</b>	<b>\$ 1,343,697</b>	<b>\$ 93,611</b>	<b>\$ 436,900</b>	<b>\$ 1,815,268</b>

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

Net change in fund balances - governmental funds from above	\$ 94,423
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.	
Depreciation expense	(8,007)
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	345
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	5,768
Other postemployment benefits cost	(3,337)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(15,730)
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.	
	(4,024)
Change in net position - governmental activities	<u>\$ 69,438</u>

CITY OF RED WING, MINNESOTA  
SUMMARY FINANCIAL REPORT  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Totals		Percent Increase (Decrease)
	2015	2014	
<b>REVENUES</b>			
Taxes	\$ 17,522,463	\$ 15,027,160	16.61 %
Special assessments	410,235	1,300,387	(68.45)
Licenses and permits	251,182	271,741	(7.57)
Intergovernmental	11,750,265	5,451,664	115.54
Charges for services	577,233	535,387	7.82
Fines and forfeits	88,125	83,991	4.92
Investment earnings (loss)	477,332	1,872,194	(74.50)
Miscellaneous	835,570	737,284	13.33
<b>TOTAL REVENUES</b>	<b>\$ 31,912,405</b>	<b>\$ 25,279,808</b>	<b>26.24 %</b>
Per Capita	\$ 1,934	\$ 1,533	26.11 %
<b>EXPENDITURES</b>			
<b>Current</b>			
General government	\$ 1,834,768	\$ 1,715,823	6.93 %
Public safety	5,882,501	5,755,448	2.21
Public works	2,570,328	2,947,103	(12.78)
Sanitation	43,891	49,680	(11.65)
Culture and recreation	3,033,293	3,187,335	(4.83)
Economic development	822,158	525,693	56.40
Airport	251,797	221,686	13.58
Transit	48,200	22,904	110.44
Cemeteries	332,475	323,860	2.66
Unallocated	81,536	85,994	(5.18)
<b>Capital outlay</b>			
General government	380,309	-	N/A
Public safety	258,875	600,047	(56.86)
Public works	11,450,550	6,809,271	68.16
Culture and recreation	1,956,943	921,110	112.45
Economic development	-	42,418	(100.00)
Airport	484,921	8,420	5,659.16
Cemeteries	98,909	-	N/A
<b>Debt service</b>			
Principal	845,000	475,000	77.89
Interest and fiscal charges	140,702	165,689	(15.08)
Bond issuance costs	116,103	-	N/A
<b>TOTAL EXPENDITURES</b>	<b>\$ 30,633,259</b>	<b>\$ 23,857,481</b>	<b>28.40 %</b>
Per Capita	\$ 1,856	\$ 1,447	28.27 %
Total Long-term Indebtedness	\$ 14,510,000	\$ 7,620,000	90.42 %
Per Capita	879	462	90.23
General Fund Balance - December 31	\$ 19,715,917	\$ 17,473,630	12.83 %
Per Capita	1,195	1,060	12.72

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				
	2006	2007	2008	2009	2010
<b>Governmental activities</b>					
Net investment in capital assets	\$ 29,338,479	\$ 30,316,216	\$ 35,498,581	\$ 33,868,669	\$ 35,233,880
Restricted	14,233,395	14,529,715	13,635,221	14,322,109	13,566,492
Unrestricted	26,976,616	29,042,767	27,773,140	29,360,417	31,603,457
<b>Total governmental activities net position</b>	<b>\$ 70,548,490</b>	<b>\$ 73,888,698</b>	<b>\$ 76,906,942</b>	<b>\$ 77,551,195</b>	<b>\$ 80,403,829</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 19,855,939	\$ 25,115,974	\$ 24,924,003	\$ 30,344,747	\$ 31,280,810
Restricted	263,918	277,918	291,918	309,980	328,042
Unrestricted	16,817,578	17,700,932	18,705,283	16,725,336	15,808,643
<b>Total business-type activities net position</b>	<b>\$ 36,937,435</b>	<b>\$ 43,094,824</b>	<b>\$ 43,921,204</b>	<b>\$ 47,380,063</b>	<b>\$ 47,417,495</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 49,194,418	\$ 55,432,190	\$ 60,422,584	\$ 64,213,416	\$ 66,514,690
Restricted	14,497,313	14,807,633	13,927,139	14,632,089	13,894,534
Unrestricted	43,794,194	46,743,699	46,478,423	46,085,753	47,412,100
<b>Total primary government net position</b>	<b>\$ 107,485,925</b>	<b>\$ 116,983,522</b>	<b>\$ 120,828,146</b>	<b>\$ 124,931,258</b>	<b>\$ 127,821,324</b>

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

Table 1

Fiscal Year				
2011	2012	2013	2014	2015
\$ 35,820,191	\$ 38,453,702	\$ 41,825,328	\$ 46,262,064	\$ 49,648,560
15,311,936	13,650,753	11,964,453	12,812,857	13,309,298
30,782,252	31,159,022	30,881,953	31,756,579	32,917,382
<u>\$ 81,914,379</u>	<u>\$ 83,263,477</u>	<u>\$ 84,671,734</u>	<u>\$ 90,831,500</u>	<u>\$ 95,875,240</u>
\$ 32,865,281	\$ 35,251,711	\$ 40,517,978	\$ 41,964,192	\$ 44,265,403
346,104	364,166	382,228	400,290	418,352
14,168,386	15,314,254	10,649,128	7,743,886	2,404,032
<u>\$ 47,379,771</u>	<u>\$ 50,930,131</u>	<u>\$ 51,549,334</u>	<u>\$ 50,108,368</u>	<u>\$ 47,087,787</u>
\$ 68,685,472	\$ 73,705,413	\$ 82,343,306	\$ 88,226,256	\$ 93,913,963
15,658,040	14,014,919	12,346,681	13,213,147	13,727,650
44,950,638	46,473,276	41,531,081	39,500,465	35,321,414
<u>\$ 129,294,150</u>	<u>\$ 134,193,608</u>	<u>\$ 136,221,068</u>	<u>\$ 140,939,868</u>	<u>\$ 142,963,027</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				
	2006	2007	2008	2009	2010
<b>Expenses</b>					
<b>Governmental activities</b>					
General government	\$ 3,368,303	\$ 3,227,516	\$ 3,413,474	\$ 3,312,304	\$ 2,802,055
Public safety	4,839,369	5,087,522	5,815,304	5,741,518	5,437,702
Public works	4,267,419	5,017,458	5,108,540	4,648,198	5,029,668
Storm water	110,620	232,518	395,647	335,811	294,734
Sanitation	64,597	38,409	36,262	35,771	41,256
Culture and recreation	2,624,795	2,764,318	3,498,954	3,069,546	3,184,009
Economic development	1,096,297	1,022,289	149,406	607,341	406,373
Airport	1,137,212	1,128,910	1,136,163	1,136,300	654,954
Transit	79,820	17,516	42,298	22,603	-
Cemeteries	332,493	332,831	424,331	277,854	247,108
Interest and fiscal charges	492,908	415,303	349,139	252,562	182,266
<b>Total governmental activities expenses</b>	<b>18,413,833</b>	<b>19,284,590</b>	<b>20,369,518</b>	<b>19,439,808</b>	<b>18,280,125</b>
<b>Business-type activities</b>					
Ambulance	2,149,463	2,518,224	2,937,169	3,387,037	3,362,868
Refuse collection and recycling	1,477,582	1,599,803	1,747,022	1,771,792	1,776,307
Water	2,342,214	2,424,135	2,829,671	2,927,250	2,838,949
Sewer	2,750,496	3,540,832	3,432,714	3,571,622	3,728,411
Storm water	-	-	-	-	-
Solid waste campus	2,508,366	2,955,362	2,801,961	2,940,549	3,042,167
Marina	753,225	786,144	720,786	698,809	737,230
<b>Total business-type activities expenses</b>	<b>11,981,346</b>	<b>13,824,500</b>	<b>14,469,323</b>	<b>15,297,059</b>	<b>15,485,932</b>
<b>Total primary government expenses</b>	<b>\$ 30,395,179</b>	<b>\$ 33,109,090</b>	<b>\$ 34,838,841</b>	<b>\$ 34,736,867</b>	<b>\$ 33,766,057</b>
<b>Program revenue</b>					
<b>Governmental activities</b>					
<b>Charges for services</b>					
General government	\$ 626,333	\$ 650,000	\$ 678,416	\$ 887,819	\$ 917,260
Public safety	686,646	610,429	523,506	419,073	426,580
Public works	603,775	606,123	711,436	643,036	629,296
Storm water	5,552	1,000	9,000	232,162	440,723
Culture and recreation	344,010	341,334	335,253	279,601	301,108
Economic development	262,757	334,970	1,493	591	-
Airport	47,167	56,945	65,000	61,597	59,022
Transit	-	-	-	-	-
Cemeteries	128,810	132,158	155,470	157,752	154,837
Operating grants and contributions	1,266,614	939,088	833,049	761,027	1,123,423
Capital grants and contributions	2,434,744	1,425,629	5,646,830	2,744,503	1,252,750
<b>Total governmental activities program revenues</b>	<b>6,406,408</b>	<b>5,097,676</b>	<b>8,959,453</b>	<b>6,187,161</b>	<b>5,304,999</b>
<b>Business-type activities</b>					
<b>Charges for services</b>					
Ambulance	2,335,391	2,653,895	2,875,701	3,360,260	3,349,826
Refuse collection and recycling	1,497,839	1,615,518	1,756,555	1,810,061	1,864,877
Water	2,798,158	3,107,505	2,990,804	3,114,482	3,013,982
Sewer	2,908,589	3,014,951	3,000,224	3,251,990	3,239,240
Storm water	-	-	-	-	-
Solid waste campus	1,996,358	2,267,535	2,200,732	2,251,264	2,413,378
Marina	866,417	800,378	693,278	681,836	665,688
Operating grants and contributions	9,416	4,401	5,695	4,424	7,212
Capital grants and contributions	42,316	145,083	981,444	1,060,124	33,771
<b>Total business-type activities program revenues</b>	<b>12,454,484</b>	<b>13,609,266</b>	<b>14,504,433</b>	<b>15,534,441</b>	<b>14,587,974</b>
<b>Total primary government program revenues</b>	<b>\$ 18,860,892</b>	<b>\$ 18,706,942</b>	<b>\$ 23,463,886</b>	<b>\$ 21,721,602</b>	<b>\$ 19,892,973</b>
<b>Net (expense) revenue</b>					
Governmental activities	\$ (12,007,425)	\$ (14,186,914)	\$ (11,410,065)	\$ (13,252,647)	\$ (12,975,126)
Business-type activities	473,138	(215,234)	35,110	237,382	(897,958)
<b>Total primary government net expense</b>	<b>\$ 11,534,287</b>	<b>\$ 14,402,148</b>	<b>\$ 11,374,955</b>	<b>\$ 13,015,265</b>	<b>\$ 13,873,084</b>

Table 2

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	2,120,072	\$	1,904,155	\$	1,950,660	\$	1,928,550	\$	2,014,182
	5,364,753		5,405,760		5,556,816		6,033,337		6,037,426
	5,358,673		5,269,097		5,560,184		5,291,324		4,967,050
	-		-		-		-		-
	48,509		36,645		94,652		48,969		38,978
	3,422,720		3,235,924		4,000,733		3,791,583		3,308,523
	429,599		1,238,660		553,909		562,704		861,913
	663,642		645,686		872,190		358,401		375,939
	13,869		10,269		45,120		22,904		48,200
	273,316		291,059		326,916		368,248		371,341
	168,349		141,251		108,675		153,007		324,976
	<u>17,863,502</u>		<u>18,178,506</u>		<u>19,069,855</u>		<u>18,559,027</u>		<u>18,348,528</u>
	3,600,515		3,508,100		3,946,409		3,921,127		3,912,731
	1,810,551		1,934,248		2,086,819		2,050,561		2,452,011
	2,913,991		3,013,293		2,901,369		3,127,351		3,176,793
	4,124,679		3,680,551		3,972,286		4,216,823		4,341,896
	-		674,328		660,862		622,651		719,183
	3,268,700		3,078,048		2,678,199		2,272,893		2,647,529
	728,269		671,424		617,166		711,761		620,148
	<u>16,446,705</u>		<u>16,559,992</u>		<u>16,863,110</u>		<u>16,923,167</u>		<u>17,870,291</u>
\$	<u>34,310,207</u>	\$	<u>34,738,498</u>	\$	<u>35,932,965</u>	\$	<u>35,482,194</u>	\$	<u>36,218,819</u>
\$	137,823	\$	188,538	\$	262,776	\$	222,553	\$	213,967
	395,215		412,246		372,731		487,672		445,281
	52,905		92,462		81,070		222,671		116,943
	-		-		-		-		-
	336,254		557,739		918,502		152,626		205,901
	-		1,166		4,616		12,634		2,052
	81,033		82,923		88,226		107,625		117,471
	-		-		16,496		-		-
	169,300		172,325		191,814		159,976		186,409
	1,426,275		2,096,164		2,712,569		1,301,351		1,673,395
	890,256		2,933,163		2,282,063		2,438,463		8,252,250
	<u>3,489,061</u>		<u>6,536,726</u>		<u>6,930,863</u>		<u>5,105,571</u>		<u>11,213,669</u>
	3,701,105		3,661,669		4,036,230		3,778,997		3,779,689
	2,014,532		2,117,154		2,297,080		2,245,610		2,401,294
	3,175,525		3,341,564		3,271,779		3,305,736		3,313,412
	3,471,031		3,389,196		3,606,266		3,808,506		3,819,287
	557,890		723,152		880,982		1,110,841		1,274,544
	2,649,929		2,735,126		2,652,499		2,435,248		2,695,806
	643,048		584,739		553,234		565,965		554,370
	32,650		6,100		4,710		54,787		28,093
	6,899		6,011		-		-		68,977
	<u>16,252,609</u>		<u>16,564,711</u>		<u>17,302,780</u>		<u>17,305,690</u>		<u>17,935,472</u>
\$	<u>19,741,670</u>	\$	<u>23,101,437</u>	\$	<u>24,233,643</u>	\$	<u>22,411,261</u>	\$	<u>29,149,141</u>
\$	(14,374,441)	\$	(11,641,780)	\$	(12,138,992)	\$	(13,453,456)	\$	(7,134,859)
	(194,096)		4,719		439,670		382,523		65,181
\$	<u>14,568,537</u>	\$	<u>11,637,061</u>	\$	<u>11,699,322</u>	\$	<u>13,070,933</u>	\$	<u>7,069,678</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General revenues and other changes in net position</b>					
Governmental activities					
Taxes					
Property taxes, levied for general purposes	\$ 10,932,066	\$ 11,448,451	\$ 12,061,187	\$ 12,395,721	\$ 12,437,596
Property taxes, levied for specific purposes	198,612	313,855	-	-	-
Property taxes, levied for debt service	223	35	(16)	(31)	(2)
Tax increments	958,304	916,214	1,010,650	999,896	232,901
Franchise taxes	116,958	119,073	122,006	129,493	140,157
Other taxes	24,952	24,897	47,094	28,443	30,403
Grants and contributions not restricted to specific programs	1,867,985	1,772,944	1,376,798	2,360,939	2,020,134
Unrestricted investment earnings (loss)	1,650,180	2,166,969	1,274,520	712,472	682,528
Other revenues	47,179	112,377	71,530	41,673	36,711
Gain on sale of capital assets	2	671,676	350	-	9,175
Transfers	213,854	384,172	(76,595)	(2,690,027)	273,298
Total governmental activities	<u>16,010,315</u>	<u>17,930,663</u>	<u>15,887,524</u>	<u>13,978,579</u>	<u>15,862,901</u>
Business-type activities					
Unrestricted investment earnings (loss)	627,519	1,249,381	794,052	449,771	456,910
Gain on sale of capital assets	5,653	-	-	-	561,634
Transfers	(213,854)	(384,172)	76,595	2,690,027	(118,295)
Loss on discontinued operations	-	-	-	-	-
Total business-type activities	<u>419,318</u>	<u>865,209</u>	<u>870,647</u>	<u>3,139,798</u>	<u>900,249</u>
Total primary government	<u>\$ 16,429,633</u>	<u>\$ 18,795,872</u>	<u>\$ 16,758,171</u>	<u>\$ 17,118,377</u>	<u>\$ 16,763,150</u>
<b>Changes in net position</b>					
Governmental activities	\$ 4,002,890	\$ 3,743,749	\$ 4,477,459	\$ 725,932	\$ 2,887,775
Business-type activities	<u>892,456</u>	<u>649,975</u>	<u>905,757</u>	<u>3,377,180</u>	<u>2,291</u>
Total primary government	<u>\$ 4,895,346</u>	<u>\$ 4,393,724</u>	<u>\$ 5,383,216</u>	<u>\$ 4,103,112</u>	<u>\$ 2,890,066</u>

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

Table 2

Fiscal Year				
2011	2012	2013	2014	2015
\$ 12,103,697	\$ 13,003,517	\$ 13,737,436	\$ 13,979,615	\$ 15,926,127
-	-	-	-	-
15	(49)	426,545	612,320	1,228,574
172,726	182,081	129,926	119,509	130,668
148,140	357,416	216,365	228,567	231,315
31,924	30,405	58,538	39,793	34,934
1,561,023	1,611,696	1,136,834	1,856,830	1,517,171
1,281,445	678,948	(1,402,035)	2,209,808	545,694
89,945	57,700	130,824	48,432	68,355
10,300	149,127	89,842	31,854	105,141
(301,902)	(3,036,946)	(977,026)	486,494	(1,940,807)
<u>15,097,313</u>	<u>13,033,895</u>	<u>13,547,249</u>	<u>19,613,222</u>	<u>17,847,172</u>
739,540	350,178	(919,620)	1,115,146	339,807
24,928	115,500	122,127	112,220	104,459
301,902	3,036,946	977,026	(486,494)	1,940,807
-	-	-	(2,564,361)	-
<u>1,066,370</u>	<u>3,502,624</u>	<u>179,533</u>	<u>(1,823,489)</u>	<u>2,385,073</u>
<u>\$ 16,163,683</u>	<u>\$ 16,536,519</u>	<u>\$ 13,726,782</u>	<u>\$ 17,789,733</u>	<u>\$ 20,232,245</u>
\$ 722,872	\$ 1,392,115	\$ 1,408,257	\$ 6,159,766	\$ 10,712,313
872,274	3,507,343	619,203	(1,440,966)	2,450,254
<u>\$ 1,595,146</u>	<u>\$ 4,899,458</u>	<u>\$ 2,027,460</u>	<u>\$ 4,718,800</u>	<u>\$ 13,162,567</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				
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
2015	15,926,127	-	1,228,574	130,668	231,315	34,934	17,551,618

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				
	2006	2007	2008	2009	2010
General fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2006 - 2010)	1,147,345	947,368	765,756	89,405	88,286
Committed	-	-	-	-	-
Unassigned (Unreserved 2006 - 2010)	<u>10,927,943</u>	<u>10,964,276</u>	<u>10,849,553</u>	<u>14,711,308</u>	<u>16,404,412</u>
Total General fund	<u>\$ 12,075,288</u>	<u>\$ 11,911,644</u>	<u>\$ 11,615,309</u>	<u>\$ 14,800,713</u>	<u>\$ 16,492,698</u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted (Reserved 2006 - 2010)	18,984,494	21,772,182	16,521,630	15,892,114	14,620,699
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (Unreserved 2006 - 2010)	<u>3,799,656</u>	<u>3,022,324</u>	<u>6,821,564</u>	<u>5,769,957</u>	<u>6,161,448</u>
Total all other governmental funds	<u>\$ 22,784,150</u>	<u>\$ 24,794,506</u>	<u>\$ 23,343,194</u>	<u>\$ 21,662,071</u>	<u>\$ 20,782,147</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				
2011	2012	2013	2014	2015
\$ 378,256	\$ 289,632	\$ 252,568	\$ 193,687	\$ 113,387
179,473	467,881	1,101,363	1,005,870	1,010,204
6,900,000	3,200,000	3,400,000	3,600,000	3,600,000
9,653,893	11,445,368	11,058,961	12,674,073	14,992,326
<u>\$ 17,111,622</u>	<u>\$ 15,402,881</u>	<u>\$ 15,812,892</u>	<u>\$ 17,473,630</u>	<u>\$ 19,715,917</u>
\$ 1,855,521	\$ 2,016,704	\$ 2,113,081	\$ 4,991,700	\$ 2,208,470
12,677,653	11,187,608	10,238,897	10,865,226	11,169,450
50,000	475,212	831,826	767,845	5,788,854
8,029,651	7,189,612	8,441,271	4,389,895	6,483,127
(866,737)	(143,690)	(1,177,706)	(1,339,709)	(429,114)
<u>\$ 21,746,088</u>	<u>\$ 20,725,446</u>	<u>\$ 20,447,369</u>	<u>\$ 19,674,957</u>	<u>\$ 25,220,787</u>

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues</b>					
Taxes	\$ 12,248,889	\$ 12,811,025	\$ 13,177,966	\$ 13,558,893	\$ 12,798,927
Special assessments	863,138	830,208	970,841	903,363	764,107
Intergovernmental revenue	3,437,349	405,248	2,810,099	3,977,829	3,713,359
Licenses and permits	372,056	3,577,241	298,073	203,838	193,790
Charges for services	1,642,733	1,798,581	1,697,142	2,009,568	2,241,024
Fines and forfeits	132,649	131,500	131,719	224,585	92,010
Interest	1,605,363	2,089,247	1,129,967	675,171	536,410
Other revenues	771,607	716,435	700,775	1,734,194	602,992
<b>Total revenues</b>	<b>21,073,784</b>	<b>22,359,485</b>	<b>20,916,582</b>	<b>23,287,441</b>	<b>20,942,619</b>
<b>Expenditures</b>					
General government	3,149,335	3,017,669	3,061,231	2,995,979	2,672,512
Public safety	4,714,149	4,975,383	5,488,262	5,529,460	5,432,783
Public works	3,558,981	3,818,668	4,110,267	3,398,471	3,439,138
Storm water	110,619	232,516	395,616	333,747	298,935
Sanitation	64,600	38,613	35,971	35,681	42,224
Culture and recreation	2,597,497	2,835,223	3,191,580	2,933,926	2,748,279
Economic development	1,010,869	1,038,256	176,063	607,341	406,373
Airport	283,229	315,064	253,885	233,431	247,582
Transit	79,820	319,824	42,298	22,603	-
Cemeteries	337,554	17,568	397,311	253,865	231,676
Unallocated	111,326	96,260	118,942	123,767	84,567
Capital outlay	3,350,600	2,613,655	1,818,355	3,210,844	3,212,101
Debt service					
Principal	1,616,505	1,513,313	1,581,234	1,622,459	1,476,143
Interest and fiscal charges	533,444	472,143	369,706	281,586	208,882
Bond issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>21,518,528</b>	<b>21,304,155</b>	<b>21,040,721</b>	<b>21,583,160</b>	<b>20,501,195</b>
Revenues over (under) expenditures	(444,744)	1,055,330	(124,139)	1,704,281	441,424
<b>Other financing sources (uses)</b>					
Sale of capital assets	-	509,210	350	-	9,175
Transfers in	7,307,158	4,314,706	3,254,013	5,675,237	4,418,882
Debt issued	-	-	-	-	-
Premiums on debt issued	-	-	-	-	-
Transfers out	(7,098,849)	(4,032,534)	(3,330,608)	(5,875,237)	(4,057,420)
<b>Total other financing sources (uses)</b>	<b>208,309</b>	<b>791,382</b>	<b>(76,245)</b>	<b>(200,000)</b>	<b>370,637</b>
Net change in fund balance	<b>\$ (236,435)</b>	<b>\$ 1,846,712</b>	<b>\$ (200,384)</b>	<b>\$ 1,504,281</b>	<b>\$ 812,061</b>
Debt service as a percentage of noncapital expenditures	12.33%	11.09%	10.65%	10.97%	9.75%
Debt service as a percentage of total expenditures	9.99%	9.32%	9.27%	8.82%	8.22%

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

Table 5

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	12,475,584	\$	13,595,074	\$	14,590,910	\$	15,027,160	\$	17,522,463
	500,460		1,183,707		2,141,695		1,300,387		410,235
	3,474,515		4,876,778		5,317,522		5,451,664		11,750,265
	186,541		207,338		193,607		271,741		251,182
	556,262		657,924		576,692		535,387		577,233
	113,624		95,804		88,015		83,991		88,125
	1,201,002		611,860		(1,175,216)		1,891,320		494,171
	539,205		973,166		1,296,349		718,158		818,731
	<u>19,047,193</u>		<u>22,201,651</u>		<u>23,029,574</u>		<u>25,279,808</u>		<u>31,912,405</u>
	1,885,793		1,637,430		1,675,393		1,715,823		1,834,768
	5,289,918		5,220,262		5,530,808		5,755,448		5,882,501
	2,779,132		3,234,677		3,829,994		2,947,103		2,570,328
	-		-		-		-		-
	49,213		36,804		95,464		49,680		43,891
	2,973,146		2,736,273		3,487,693		3,187,335		3,033,293
	429,599		1,238,660		550,841		525,693		822,158
	231,346		219,222		244,706		221,686		251,797
	13,869		269		20,193		22,904		48,200
	260,461		277,906		293,358		323,860		332,475
	124,213		140,355		154,763		85,994		81,536
	3,182,182		7,586,199		7,929,202		8,381,266		14,630,507
	1,010,415		1,231,939		1,229,778		475,000		845,000
	185,237		115,742		76,905		165,689		140,702
	-		19,081		13,399		-		116,103
	<u>18,414,524</u>		<u>23,694,819</u>		<u>25,132,497</u>		<u>23,857,481</u>		<u>30,633,259</u>
	<u>632,669</u>		<u>(1,493,168)</u>		<u>(2,102,923)</u>		<u>1,422,327</u>		<u>1,279,146</u>
	-		149,127		89,842		43,685		105,141
	2,274,976		3,936,506		2,324,126		5,231,828		4,723,724
	1,835,000		2,375,000		2,930,000		1,115,000		7,735,000
	-		-		115,693		19,612		221,357
	<u>(3,098,264)</u>		<u>(7,696,848)</u>		<u>(3,224,804)</u>		<u>(5,201,062)</u>		<u>(6,276,251)</u>
	<u>1,011,712</u>		<u>(1,236,215)</u>		<u>2,234,857</u>		<u>1,209,063</u>		<u>6,508,971</u>
\$	<u>1,644,381</u>	\$	<u>(2,729,383)</u>	\$	<u>131,934</u>	\$	<u>2,631,390</u>	\$	<u>7,788,117</u>
	7.85%		8.36%		7.59%		4.16%		6.21%
	6.49%		5.69%		5.20%		2.69%		3.22%

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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
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
2015	17,128,029	130,668	231,315	32,451	17,522,463

**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
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
2015	8,056,859	4,096,607	13,496,394	268,566	105,880

Sources: Springsted Inc. and Goodhue County Auditor.

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

Table 7

<u>Total Real Estate Tax Capacity</u>	<u>Personal Property Tax Capacity</u>	<u>Total Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Fully Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Fully Market Value</u>
\$ 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
25,812,546	404,264	26,216,810	65.897	1,722,824,900	1.53

**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).			
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	61.634	2.591	64.225
2015	61.185	4.712	65.897

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 Overlapping Rates
County Tax Rate	School District Tax Rate	Special Districts	Total Overlapping Rates	
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
41.526	14.129	2.305	57.960	123.857

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

Table 9

Taxpayer	Type of Business	2015			2006		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 13,790,903	1	60.4 %	\$ 8,618,372	1	41.0 %
Mayo Clinic Health System	Medical Services	246,181	2	1.1	185,970	4	0.9
Wal-Mart Stores Incorporated	Retail	192,972	3	0.8	239,440	2	1.1
Red Wing Shoe Company	Manufacturing	186,209	4	0.8	159,643	6	0.8
Menards, Inc.	Retail	184,857	5	0.8	206,028	3	1.0
Target Corporation	Retail	120,930	6	0.5	168,364	5	0.8
BIC Graphic USA	Manufacturing	116,728	7	0.5	83,386	9	0.4
M & E Realty Company	Real Estate	115,712	8	0.5	132,686	7	0.6
Principal Investments LLC	Real Estate	107,329	9	0.5	-	-	-
Red Wing Grain	Grain Processing	100,554	10	0.4	-	-	-
Red Wing Hotel Corporation	Hotel	-	-	-	105,594	8	0.5
Archer-Daniels Midland	Soybean Processor	-	-	-	81,413	10	0.4
Total		<u>\$ 15,162,375</u>		<u>66.3 %</u>	<u>\$ 9,980,896</u>		<u>47.5 %</u>
Total All Property		<u>\$ 26,216,810</u>			<u>\$ 21,001,762</u>		

Sources: Springsted Inc. and Goodhue County Auditor.

Note: Xcel Energy won a summary judgment in tax court resulting in the exemption of pollution control equipment from its market value, and the State reduced the property class rate on Commercial, Industrial, and Public Utility property from 3.4% to 2.0% in 2001, which accounts for the drop in market value and taxable net tax capacity.

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
2006	\$ 10,915,679	\$ 10,798,150	98.9 %	\$ 117,529	\$ 10,915,679	100.0 %
2007	11,444,617	11,287,314	98.6	157,303	11,444,617	100.0
2008	12,047,521	11,854,495	98.4	193,026	12,047,521	100.0
2009	12,188,861	12,030,576	98.7	158,285	12,188,861	100.0
2010	12,179,625	11,978,988	98.4	200,637	12,179,625	100.0
2011	12,226,569	12,070,830	98.7	136,468	12,207,298	99.8
2012	13,015,000	12,779,149 (1)	98.2	211,920	12,991,069	99.8
2013	14,147,810	13,976,021	98.8	152,369	14,128,390	99.9
2014	14,572,110	14,474,632	99.3	73,055	14,547,687	99.8
2015	17,187,783	17,043,051	99.2	-	17,043,051	99.2

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
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	-	-	-	-	-
2015	14,831,270	-	-	-	-	-

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>
\$ 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	1.15	1,456
14,701,402	29,532,672	1.41	1,789

**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	
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
2015	14,831,270	-	-	14,831,270

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
\$ 4,166,140	\$ 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
975,764	13,855,506	0.80	839

**CITY OF RED WING, MINNESOTA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**DECEMBER 31, 2015**

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>\$ 14,831,270</u>	100.00 %	<u>\$ 14,831,270</u>
Overlapping debt			
Goodhue County	23,120,000	40.20	9,294,240
Independent School District #256	<u>11,320,000</u>	81.70	<u>9,248,440</u>
Total overlapping debt	<u>34,440,000</u>		<u>18,542,680</u>
Total direct and overlapping debt	<u><u>\$ 49,271,270</u></u>		<u><u>\$ 33,373,950</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
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	33,799,226	1,260,000	32,539,226	3.73	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	16,505	46,723,536	6,998,449	39,725,087	14.98	424
2015	16,505	51,684,747	13,855,506	37,829,241	26.81	839

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 2015**

Market value	\$ 1,722,824,900
Add back exempt real property	<u>-</u>
Total assessed value	<u>1,722,824,900</u>
Debt limit (3% of market value)	<u>51,684,747</u>
Debt applicable to limit	
General obligation bonds	14,831,270
Less amount set aside for repayment of general obligation debt	<u>975,764</u>
Total net debt applicable to limit	<u>13,855,506</u>
Legal debt margin	<u><u>\$ 37,829,241</u></u>

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

Table 15

Water Revenue Bonds							
Fiscal Year	Utility Operating Revenue	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	3,138,063	2,208,675	929,388	816,000	232,145	1,048,145	0.89

Sewer Revenue Bonds							
Fiscal Year	Utility Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	3,667,057	3,302,743	364,314	604,660	126,772	731,432	0.50

Marina Revenue Bonds							
Fiscal Year	Marina Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	452,806	442,460	10,346	-	-	-	-

Disposal System Revenue Bonds							
Fiscal Year	Solid Waste Campus Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2015	2,640,815	2,123,354	517,461	170,000	141,376	311,376	1.66

(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 <sup>(1)</sup>	Goodhue County Personal Income <sup>(2)</sup>	Goodhue County Per Capita Personal Income <sup>(2)</sup>	Goodhue County Unemployment Rate <sup>(3)</sup>
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	16,505	2,095,833,000	45,146	4.2
2015	16,505	2,095,833,000	45,146	3.6

(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 provided above. The 2015 Personal Income information for Goodhue County will not be released until sometime in August of 2016, therefore the 2014 figures were used.

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

	2015		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,722	1	13.09 %
Red Wing Shoe Company	998	2	7.59
Mayo Clinic Health System (b)	783	3	5.95
Xcel Energy	700	4	5.32
Bic Graphic USA	543	5	4.13
Capital Safety (c)	450	6	3.42
Independent School District #256	425	7	3.23
Goodhue County	332	8	2.52
SB Foot Tanning	200	9	1.52
Hiawatha Home care	180	10	1.37
City of Red Wing	-	-	-
Red Wing Health Center	-	-	-
<b>Total</b>	<b><u>6,333</u></b>		<b><u>48.14 %</u></b>
<b>Total City Employment</b>	<b><u>13,156</u></b>		

Sources: State of Minnesota, Department of Employment and Economic Development, March 2015 phone survey and 2006 Red Wing Housing Study.

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

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

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

Table 17

2006

Employees	Rank	Percentage of Total City Employment
1,494	1	14.58 %
795	3	7.76
800	2	7.81
700	4	6.83
460	5	4.49
400	7	3.90
425	6	4.15
-	-	-
175	8	1.71
-	-	-
178	9	1.74
178	10	1.74
<u>5,605</u>		<u>54.71 %</u>
<u>10,247</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			
	2006	2007	2008	2009
<b>Governmental Activities</b>				
<b>General government</b>				
Council administrator	3	3	2	2
City clerk	2	3	2	2
Finance	4	4	4	4
Employee services	4	4	4	4
Community development	3	3	3	3
Communications	1	2	3	2
Information technology	2	3	3	3
<b>Public safety</b>				
Police	33	33	35	31
Fire	11	11	11	12
Inspection	6	6	6	4
<b>Streets and highways</b>				
Maintenance	14	13	11	11
Engineering	7	7	7	7
<b>Culture and recreation</b>				
Library	6	6	6	6
Parks	10	11	9	9
<b>All other governmental employees</b>				
Cemetery	2	2	2	1
Public services	-	-	-	-
Buildings and grounds	-	-	-	-
Central services	6	6	6	6
Port Authority	3	3	3	3
Sheldon Theatre	3	3	3	3
Internal service administration	-	-	-	-
<b>Business-type Activities</b>				
Refuse and recycling	12	12	12	13
Water	10	10	11	11
Sewer	12	12	13	14
Storm water	-	-	-	1
Solid waste campus	13	13	13	13
Marina	1	1	1	1
Ambulance	10	10	11	12
<b>Total</b>	<b>178</b>	<b>181</b>	<b>181</b>	<b>178</b>

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

2010	2011	2012	2013	2014	2015
2	-	-	-	-	-
2	-	-	-	-	-
4	-	-	-	-	-
4	-	-	-	-	-
3	3	1	-	-	-
2	-	-	-	-	-
3	-	-	-	-	-
31	31	31	31	32	32
12	12	12	12	13	12
4	1	2	2	2	2
15	15	10	11	10	11
7	7	7	7	7	7
6	6	5	6	6	6
9	9	7	7	6	6
-	-	-	-	1	1
-	-	2	2	2	2
-	-	5	5	5	5
6	6	6	5	7	6
2	2	2	2	2	1
3	3	3	3	4	4
-	17	16	17		
				10	11
10	9	9	9	11	11
12	11	11	11	12	13
14	14	14	13	9	10
1	1	1	1	1	1
12	12	12	12	13	13
1	1	1	1	1	2
12	12	12	13	17	19
<u>177</u>	<u>172</u>	<u>169</u>	<u>170</u>	<u>171</u>	<u>176</u>

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
<b>Elections*</b>				
Number of registered voters	10,883		10,185	
Number of votes cast	6,828		8,860	
<b>Police</b>				
Number of calls for service	12,551	12,307	11,432	11,859
<b>Fire</b>				
Number of fire calls	993	945	991	929
<b>Building permits</b>				
Newly issued residential permits	57	28	17	5
Total valuation of residential permits	\$ 16,722,013	\$ 5,057,064	\$ 2,521,878	\$ 1,063,647
Newly issued civic and institutional permits	-	1	1	1
Total valuation of civic and institutional permits	\$ -	\$ 25,000	\$ 900,333	\$ 100,000
Newly issued commercial permits	9	8	6	2
Total valuation of commercial permits	\$ 879,398	\$ 5,496,073	\$ 3,513,900	\$ 965,000
Newly issued industrial permits	-	-	-	-
Total valuation of industrial permits	\$ -	\$ -	\$ -	\$ -
<b>Refuse</b>				
Refuse collected (tons/year)	6,124	6,319	6,168	6,222
<b>Water</b>				
Number of accounts	6,175	6,183	6,192	6,255
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
<b>Wastewater</b>				
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					
2010	2011	2012	2013	2014	2015
9,522		9,443		9,644	
6,568		8,748		5,426	
14,479	15,472	15,980	15,497	14,976	14,669
949	920	877	837	732	704
8	9	8	7	17	18
\$ 1,601,745	\$ 1,539,000	\$ 1,333,434	\$ 1,565,000	\$ 4,514,616	\$ 3,426,276
-	-	1	4	-	1
\$ -	\$ -	\$ 20,000	\$ 966,000	\$ -	\$ 69,000
1	4	4	4	8	1
\$ 1,664,000	\$ 1,708,850	\$ 3,513,494	\$ 766,280	\$ 11,728,189	\$ 15,000
-	-	-	-	-	1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,265,910
6,458	6,787	6,802	6,614	6,603	7,063
6,249	6,206	6,205	6,205	6,227	6,235
1,700,000	1,700,000	1,700,000	1,500,000	1,500,000	1,500,000
4,000,000	4,000,000	4,000,000	3,300,000	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			
	2006	2007	2008	2009
General government				
Municipal governmental buildings	9	9	9	9
Public safety				
Police				
Patrol units	18	18	19	18
Fire				
Fire units	7	7	7	7
Public works				
Street division				
Miles of street	116.10	116.98	117.28	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	13	13	12	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	4

Sources: Various City departments.

Table 20

Fiscal Year						
2010	2011	2012	2013	2014	2015	
9	9	9	9	9	9	
18	17	18	18	18	20	
7	7	8	8	8	9	
117.28	117.59	117.59	117.59	117.59	117.56	
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, 2015**

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

Schedule A

**SCHEDULE OF CASH AND INVESTMENTS  
DECEMBER 31, 2015**

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
<b>General Pooled Deposits and Investments</b>			
<b>Checking accounts</b>			
Merchants Bank	Varies	-	\$ 1,054,390
Associated Bank	Varies	-	4,672
Wells Fargo	Varies	-	5,657
<b>Total checking accounts</b>			<b>1,064,719</b>
<b>Petty cash</b>			<b>2,575</b>
<b>Negotiable certificates of deposit</b>			
COMPASS BANK, BIRMINGHAM, AL	1.30%	12/11/2017	244,750
SALLIE MAE BANK, SALT LAKE CITY, UT	1.25%	12/11/2017	244,566
GE CAPITAL BANK, SALT LAKE CITY, UT	2.00%	7/13/2018	247,585
CIT BANK, SALT LAKE CITY, UT	2.10%	7/5/2019	246,899
GOLDMAN SACHS BK USA, NY, NY	2.00%	1/28/2020	247,180
DISCOVER BANK, GREENWOOD, DE	2.00%	2/19/2020	245,103
JP MORGAN CHASE BANK, COLUMBUS, OH	2.00%	2/27/2020	245,625
WORLDS FOREMOST BANK, SIDNEY, NE	2.00%	4/15/2020	197,142
AMERICAN EXPRESS CENTURIAN BANK, SALT LAKE CITY, UT	2.10%	6/3/2020	245,515
BMW BANK OF NORTH AMERICA, SALT LAKE CITY, UT	2.10%	6/15/2020	245,466
CAPITAL ONE BANK, GLEN ALLEN, VA	2.15%	6/17/2020	225,772
CAPITAL ONE NA, MCLEAN, VA	2.30%	8/12/2020	246,722
COMENITY BANK, WILMINGTON, DE	2.35%	8/12/2020	199,562
ORRSTOWN BANK, SHIPPENSBURG, PA	2.00%	8/28/2020	245,512
WESTERN STATE BANK, DEVILS LAKE, NS	2.00%	9/4/2020	245,492
BMO HARRIS BANK, CHICAGO, IL	2.00%	12/17/2020	243,893
<b>Total negotiable certificates of deposit</b>			<b>3,816,783</b>
<b>U.S. government securities</b>			
FFCB	3.00%	3/19/2015	997,750
FHLB	2.00%	11/24/2020	1,132,163
FHLB	Step Up 1.25% - 6.00%	12/23/2020	996,020
FFCB	4.90%	12/28/2020	2,137,134
FHLB	Step Up 1.00% - 4.00%	6/24/2021	999,270
FFCB	2.00%	1/13/2022	1,479,000
FNMA	Step Up 1.50% - 4.50%	5/27/2022	892,378
FHLB	Step Up 1.50% - 7.50%	1/30/2023	3,016,941
FHLMC	Step Up 1.625% - 9.00%	4/25/2023	1,048,817
FHLMC	Step Up 1.75% - 8.00%	5/23/2023	1,001,810
FHLMC	Step Up 1.50% - 7.00%	12/11/2023	994,500
FHLB	Step Up 2.00% - 4.00%	12/30/2024	2,290,340
FFCB	3.12%	10/5/2026	4,295,657
FFCB	3.18%	3/30/2027	995,990
FFCB	3.15%	6/14/2027	1,477,365
FNMA	Step Up 2.00% - 6.50%	7/23/2027	400,372
FNMA	Step Up 2.00% - 6.50%	7/30/2027	1,943,660
FFCB	3.35%	10/5/2027	1,500,015
FNMA	Step Up 1.50% - 5.50%	4/25/2028	999,180
FNMA	Step Up 2.375% - 4.00%	4/25/2028	2,000,040
FHLB	Step Up 1.25% - 6.00%	5/15/2028	989,950
FNMA	Step Up 2.00% - 4.50%	10/27/2028	1,979,920
FNMA POOL	5.00%	5/1/2033	42,720
FNMA POOL	5.00%	5/15/2033	49,006
FNMA POOL	4.50%	6/1/2033	237,751
<b>Total U.S. government securities</b>			<b>33,897,749</b>

CITY OF RED WING  
RED WING, MINNESOTA

Schedule A

SCHEDULE OF CASH AND INVESTMENTS  
DECEMBER 31, 2015

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
<b>Other Investments</b>			
St. Paul Foundation			\$ 3,537,091
Broker Money Market Accounts			<u>20,541,107</u>
<b>Total other investments</b>			<u>24,078,198</u>
<b>Total General Pooled Deposits and Investments</b>			<u><u>\$ 62,860,023</u></u>

**CITY OF RED WING  
RED WING, MINNESOTA  
SCHEDULE OF INTERGOVERNMENTAL REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Special Revenue Funds**

	<b>General Fund</b>	<b>Health Initiatives</b>	<b>Airport</b>	<b>DEED Loan</b>	<b>Library</b>	<b>Total</b>
<b>Shared Revenue</b>						
<b>State</b>						
Highway users tax	\$ 292,845	\$ -	\$ -	\$ -	\$ -	\$ -
Market value credit	5,341	-	-	-	-	-
Local government aid	1,454,786	-	-	-	-	-
State PERA aid	32,922	-	-	-	-	-
State police pension aid	206,701	-	-	-	-	-
State fire pension aid	109,151	-	-	-	-	-
<b>Total Shared Revenue</b>	<b>2,101,746</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grants</b>						
<b>County and Local</b>						
Miscellaneous	65,702	-	-	-	109,584	109,584
<b>Total County and Local</b>	<b>65,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,584</b>	<b>109,584</b>
<b>State</b>						
Minnesota Department of Public Safety	16,911	-	-	-	-	-
Police - Toward Zero Deaths	8,442	-	-	-	-	-
Transportation	-	-	48,933	-	-	48,933
Aeronautics	-	-	121,681	-	-	121,681
Education & Economic Development	-	-	-	500,000	-	500,000
Miscellaneous	800	18,511	-	-	-	18,511
Minnesota Historical & Cultural	86,050	-	-	-	-	-
Minnesota Peace Officers Board (POST)	8,996	-	-	-	-	-
<b>Total State</b>	<b>121,199</b>	<b>18,511</b>	<b>170,614</b>	<b>500,000</b>	<b>-</b>	<b>689,125</b>
<b>Federal</b>						
<b>U.S. Department of</b>						
Transportation	-	-	-	-	-	-
Homeland Security	29,235	-	-	-	-	-
<b>Total Federal</b>	<b>29,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Grants</b>	<b>216,136</b>	<b>18,511</b>	<b>170,614</b>	<b>500,000</b>	<b>109,584</b>	<b>798,709</b>
<b>Total Intergovernmental Revenue</b>	<b>\$ 2,317,882</b>	<b>\$ 18,511</b>	<b>\$ 170,614</b>	<b>\$ 500,000</b>	<b>\$ 109,584</b>	<b>\$ 798,709</b>

Capital Projects Funds								
Airport Federal Projects	Sheldon Renewal	West Avenue Reconstruction	Memorial Park Project	River Renaissance Phase I Levee Road to Jackson Street	Highway 61 Reconstruction	Sturgeon Lake Road Overpass	Total	Totals All Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292,845
-	-	-	-	-	-	-	-	5,341
-	-	-	-	-	-	-	-	1,454,786
-	-	-	-	-	-	-	-	32,922
-	-	-	-	-	-	-	-	206,701
-	-	-	-	-	-	-	-	109,151
-	-	-	-	-	-	-	-	<b>2,101,746</b>
-	-	-	-	-	-	-	-	175,286
-	-	-	-	-	-	-	-	<b>175,286</b>
-	-	-	-	-	-	-	-	16,911
-	-	-	-	-	-	-	-	8,442
125,202	-	300,383	142,527	1,442,807	5,264,490	-	7,275,409	7,324,342
-	-	-	-	-	-	-	-	121,681
-	-	-	-	-	-	-	-	500,000
-	-	-	-	-	-	-	-	19,311
-	137,627	-	-	-	-	-	137,627	223,677
-	-	-	-	-	-	-	-	8,996
<b>125,202</b>	<b>137,627</b>	<b>300,383</b>	<b>142,527</b>	<b>1,442,807</b>	<b>5,264,490</b>	<b>-</b>	<b>7,413,036</b>	<b>8,223,360</b>
242,950	-	434,333	-	347,570	-	195,785	1,220,638	1,220,638
-	-	-	-	-	-	-	-	29,235
<b>242,950</b>	<b>-</b>	<b>434,333</b>	<b>-</b>	<b>347,570</b>	<b>-</b>	<b>195,785</b>	<b>1,220,638</b>	<b>1,249,873</b>
<b>368,152</b>	<b>137,627</b>	<b>734,716</b>	<b>142,527</b>	<b>1,790,377</b>	<b>5,264,490</b>	<b>195,785</b>	<b>8,633,674</b>	<b>9,648,519</b>
<b>\$ 368,152</b>	<b>\$ 137,627</b>	<b>\$ 734,716</b>	<b>\$ 142,527</b>	<b>\$ 1,790,377</b>	<b>\$ 5,264,490</b>	<b>\$ 195,785</b>	<b>\$ 8,633,674</b>	<b>\$ 11,750,265</b>

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

**DETAILED COMBINED SCHEDULE OF INDEBTEDNESS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>BONDED INDEBTEDNESS</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>% SUPPORTED BY TAXES</u>	<u>AUTHORIZED</u>
<b>GENERAL OBLIGATION BONDS</b>					
\$1,835M GO Bonds of 2011A	1.928 %	11/15/11	02/01/22	100%	\$ 1,835,000
\$2,375M GO Bonds of 2012A	1.488	07/12/12	02/01/23	100%	2,375,000
\$2,930M GO Bonds of 2013A	1.324	04/24/13	02/01/24	100%	2,930,000
\$1,115M GO Bonds of 2014A	1.696	04/23/14	02/01/24	100%	1,115,000
\$7,735M GO Bonds of 2015A	1.507	05/13/15	02/01/26	100%	<u>7,735,000</u>
TOTAL GENERAL OBLIGATION BONDS					<u>15,990,000</u>
<b>GENERAL OBLIGATION REVENUE BONDS</b>					
\$750M SEWER REVENUE NOTE 1996	3.824	12/27/96	08/20/17	0%	750,000
\$700M SEWER REVENUE NOTE 1997	3.405	12/02/97	02/20/18	0%	700,000
\$2,500M SEWER REVENUE NOTE 1998	3.340	05/22/98	08/20/18	0%	2,500,000
\$2,100M SEWER REVENUE NOTE 2002	3.740	10/11/02	08/20/22	0%	2,100,000
\$15,417M G.O. WATER REVENUE BONDS 2004	2.819	06/24/04	08/20/23	0%	15,417,000
\$5,283,360 G.O. SEWER REVENUE BONDS 2004	2.340	09/23/04	08/20/24	0%	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>
TOTAL GENERAL OBLIGATION REVENUE BONDS					<u>30,820,360</u>
TOTAL CITY INDEBTEDNESS					<u>\$ 46,810,360</u>

Schedule C

<u>ISSUED</u>	<u>RETIRED</u>	<u>LONG-TERM OUTSTANDING</u>	<u>PRINCIPAL DUE IN 2016</u>	<u>INTEREST DUE IN 2016</u>
\$ 1,835,000	\$ 510,000	\$ 1,325,000	\$ 175,000	\$ 24,596
2,375,000	600,000	1,775,000	305,000	23,664
2,930,000	265,000	2,665,000	285,000	50,450
1,115,000	105,000	1,010,000	105,000	19,395
7,735,000	-	7,735,000	-	188,218
<u>15,990,000</u>	<u>1,480,000</u>	<u>14,510,000</u>	<u>870,000</u>	<u>306,323</u>
750,000	649,699	100,301	50,635	3,356
700,000	584,868	115,132	45,005	3,541
2,500,000	2,108,748	391,252	160,630	11,737
1,494,594	834,594	660,000	84,000	24,684
15,283,450	7,864,450	7,419,000	840,000	209,142
5,283,360	2,490,360	2,793,000	282,000	65,356
4,070,000	860,000	3,210,000	175,000	133,574
<u>30,081,404</u>	<u>15,392,719</u>	<u>14,688,685</u>	<u>1,637,270</u>	<u>451,390</u>
<u>\$ 46,071,404</u>	<u>\$ 16,872,719</u>	<u>\$ 29,198,685</u>	<u>\$ 2,507,270</u>	<u>\$ 757,713</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, 2015**  
**(Unaudited)**

**Schedule D**

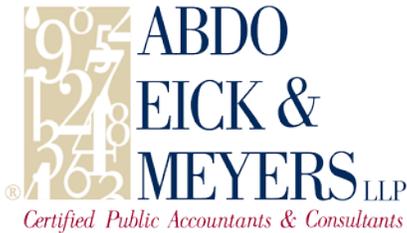
	<u>Original Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Sources of funds				
Tax increments received	\$ 6,092,300	\$ 1,918,757	\$ 130,668	\$ (4,042,875)
Interest on invested funds	-	172	-	172
Total sources of funds	<u>6,092,300</u>	<u>1,918,929</u>	<u>130,668</u>	<u>(4,042,703)</u>
Uses of funds				
Acquisition costs	2,615,000	1,029,206	913	1,584,881
Site improvements	602,300	-	-	602,300
Note interest payments	2,460,000	792,092	124,134	1,543,774
Administration	295,000	82,669		212,331
Capitalized interest	120,000	-	-	120,000
Total uses of funds	<u>6,092,300</u>	<u>1,903,967</u>	<u>125,047</u>	<u>4,063,286</u>
District balance	-	14,962	5,621	20,583
Funds remaining	<u>\$ -</u>	<u>\$ 14,962</u>	<u>\$ 5,621</u>	<u>\$ 20,583</u>

**SINGLE AUDIT AND  
OTHER REQUIRED REPORTS**

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2015

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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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2016.

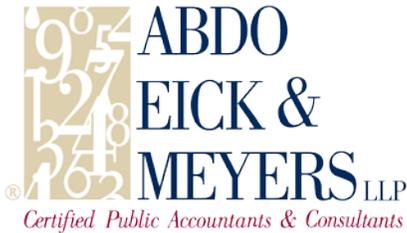
The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, 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 Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City'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 17, 2016



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, 2015, 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 17, 2016.

**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.

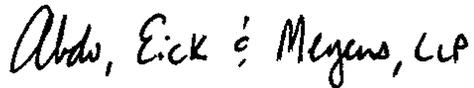
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

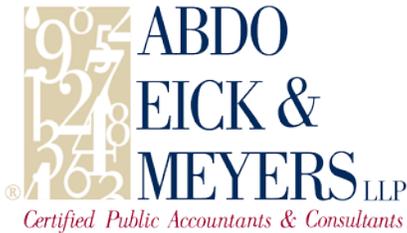
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 17, 2016



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

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 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, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

## ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

## **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Abdo, Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP

Mankato, Minnesota

June 17, 2016

CITY OF RED WING, MINNESOTA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor	Pass-through Grantor	Program Title	Federal Domestic Assistance Number	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Department of Transportation Direct Programs Highway	20.205	\$ 991,559
U.S. Department of Defense	Minnesota Department of Military Affairs	National Guard Military Operations and Maintenance	12.401	1,631
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	263,833
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	3,270
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	242,950
U.S. Department of Transportation	Minnesota Department of Public Safety	Interagency Hazardous Materials Public Sector Training	20.703	3,485
U.S. Department of Education	Minnesota Department of Employment and Economic Development	Rehabilitation Services - Vocational Rehabilitation Grants	84.126	905
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	560
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance	97.036	71
U.S. Department of Homeland Security	Direct	Assistance to Firefighters Grant	97.044	<u>6,892</u>
	Total expended			<u>\$ 1,515,156</u>

CITY OF RED WING, MINNESOTA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**1. Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Red Wing, Minnesota (the City) under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of significant accounting policies for expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

**3. Pass-through entity identifying numbers**

Pass-through entity identifying numbers are presented where available.

**4. Subrecipients**

No federal expenditures presented in this schedule were provided to subrecipients.

**5. Indirect cost rate**

During the year ended December 31, 2015, the City did not elect to use the 10 percent de minimis indirect cost rate.

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CITY OF RED WING, MINNESOTA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

**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 the Uniform Guidance?	No

**Identification of Major Programs/Projects**

	<b>CFDA No.</b>
Department of Transportation Direct Programs Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
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 the Uniform Guidance.

**Other Issues**

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