

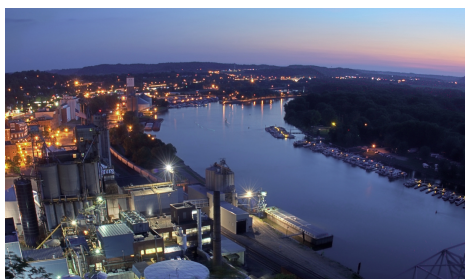


*City of Red Wing, Minnesota*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

*For the Fiscal Year Ended  
December 31, 2020*

*Photo courtesy of Ceri Everett*



*315 West 4th Street  
Red Wing, MN 55066*

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CITY OF RED WING  
RED WING, MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2020

PREPARED BY:  
ADMINISTRATIVE BUSINESS DEPARTMENT

MARSHALL HALLOCK  
Administrative Business Director

SUE IVERSON  
Finance and Accounting Manager

Member GFOA of U.S. and Canada Published  
June 29, 2021

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Red Wing, Minnesota  
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Red Wing, Minnesota  
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INTRODUCTORY SECTION

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



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June 29, 2021

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, 2020.

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 Administrative Business Department 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, 2020 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, 2020, 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. The City adopts an annual appropriated budget for its General fund, PERA Perpetual fund, and other various special revenue funds including Airport, Library, DEED Loan, Sister Cities, Tax Increment District #7.1 and Inspection funds.

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.

With a staff of approximately 199 regular, full-time equivalent employees, the City provides its residents and businesses with a 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. It also operates seven enterprises: refuse collection and recycling, a public water and wastewater utility, a solid waste campus, a marina ambulance services, and a storm water utility. These enterprises 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 estimated 2020 population of the City according to the U.S. Census Bureau is 16,416, which is a 1.9 percent increase over the 2000 U.S. Census of 16,116 and a 0.003 percent decrease from the 2010 U.S. Census of 16,459.

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, a chief fire official, an administrative services director, a community development director, and a public works director. 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 Administrative Business Department in June. These requests, along with projected revenue, are the starting point for developing the proposed budget. The Council Administrator and Administrative Business Director present a preliminary budget to the Council on, or before, 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 30. 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 10,976 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 undertaking strategic planning, 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"....*the City has assessed its own specific circumstance and chosen to be conservative in the General fund's unreserved fund balance it maintains which has enabled the City to address reductions in State-paid local government aids and provide planning certainty.

The City's economic indicators for residential and multi-unit residential construction in 2020 remained relatively consistent with the 2015 - 2019 fiscal years. In 2020, the City issued 86 residential and multi-unit residential permits with a valuation of \$17,808,550 compared to 134 in 2019 with a valuation of \$19,851,615. The 86 residential and multi-unit residential permits issued in 2020 are above the five-year average of 69 residential and multi-unit residential permits and slightly below the five-year average valuation of \$18,351,736.

In 2020, the City issued 45 civic, institutional, commercial and industrial permits with a valuation of \$4,108,662 compared to 131 in 2019 with a valuation of \$16,549,316. The 45 civic, institutional and commercial and industrial permits issued in 2020 are below the five-year average of 126 civic, institutional, commercial and industrial permits. The valuation of the 45 civic, institutional and commercial permits issued in 2020 is below the five-year average valuation of \$13,928,990.

A total of 131 residential and multi-unit residential, civic, institutional commercial and industrial permits were issued in 2020 with a combined valuation of \$21,917,212. The 131 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2020 are below the five-year average of 195 residential and multi-unit residential, civic, institutional commercial and industrial permits.



The valuation of the 131 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2020 is below the five-year average valuation of \$32,280,726.

Significant ongoing investments at Xcel Energy's Prairie Island Nuclear Generating Plant also continue to contribute to local tax base growth. The Prairie Island Nuclear Generating Plant's taxable market value is shown below for the past five years:

Year	Valuation
2016	\$759,326,600
2017	842,017,800
2018	905,159,800
2019	762,502,400
2020	806,102,700

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 supports achievement of the City's long-term strategic goals of providing and maintaining public facilities and infrastructure for its citizens and businesses balanced against the constraint of available resources. The capital improvement plan is updated annually and 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 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 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. To add to planning capacity beyond the standard asset management program the City begun implementation of a pavement management program. 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 \$15.7 million of street related transportation improvements are being planned over the next 5 years with approximately \$4.9 million for 2021.

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 2021 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.

In 2019, the City's "Red Wing 2040" Comprehensive Plan was adopted. The plan included significant public engagement, participation and input. In lockstep with the Comprehensive Planning process, the City is in the initial stages of updating its Strategic Plan which specifically guides more near-term planning and decision making. The Comprehensive and Strategic Planning process are significant as when they are linked they will ultimately assist in guiding the government's organizational management, use of resources, development and capital investments.

Work and planning continued in 2020 on Memorial and Barn Bluff Parks including safety enhancements, trail improvements, overlook areas, and other substantive improvements. These improvements are made possible in large part by state grants and generous local philanthropic contributions.

Planning continued in 2020 on the Sturgeon Lake Road Rail Grade Separation project. The project is intended to address rail safety and access concerns. During Minnesota's 2017 legislative session the project was awarded \$14.762 million in funding. During Minnesota's 2020 legislative session the project was awarded and additional \$10 million in funding.

Work was largely completed in March of 2020 at Solid Waste Campus. The work resulted in the conversion from incinerating municipal solid waste to processing residual municipal waste. The improvements have enhanced the opportunity for increased throughput, improved the recapture of recyclable materials, and provided the opportunity to process residual municipal solid waste into a form that can be utilized as a renewable energy source. The opportunity to convert incinerator operations was made possible through a partnership with Xcel Energy.

Work was largely completed in 2020 on the Levee Park River Boat Transient Dockage and Improvement Project. The project area is situated on the banks of the Mississippi River and provided for safely accommodating the increasing commercial riverboat traffic the City is receiving. The project improved accommodations in Levee Park to assist in meeting the service requirements of the commercial riverboats. The opportunity to undertake this project was made possible through a partnership with the State of Minnesota. During Minnesota's 2017 legislative session the project was awarded \$2.2 million in funding.

Planning and public engagement commenced or continued in 2020 on the Old West Main Street and River Renaissance projects. These projects will assist the redevelopment of Old West Main Street Business District, Bay Point Park, and a section of the riverfront. On December 14, 2020 a \$1.6 million contract for the construction of the Old West Main Street Pedestrian Bridge Improvements and initial phase of the larger overall project was awarded. This project will provide will create a safe, easy, accessible connection for all people to get between the Old West Main Street Business District and Bay Point Park and its marinas and other amenities.

There were other projects commenced or completed in 2020 which enhanced the quality of life, livability, beauty and recreational opportunities for our community. Improvements were made to regional trails, neighborhood park apparatuses and facilities, as well as to numerous other public buildings and critical public infrastructure. These improvements 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 law over the past years have resulted in funding changes for both schools and local governments. Trends of the past decade, changes in state 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 and other intergovernmental grants 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 for the fiscal year ended December 31, 2019. The City has received this prestigious award each year since 2008. 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGMENTS**

The timely preparation and completion of this report are due to the efficient and dedicated services of the Administrative Business 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 Keith Schlichting, Judie Maas, and Sue Iverson. 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,

A handwritten signature in dark ink, appearing to read 'M. Hallock', is positioned above the printed name.

Marshall Hallock, CPA  
Administrative Business Director

**CITY OF RED WING  
LIST OF ELECTED AND APPOINTED OFFICIALS**

**COUNCIL MEMBERS AND MAYOR**



(Left back row) Red Wing City Council Vice-President Evan Brown, Council President Dean Hove, Mayor Sean Dowse, Council Member John Becker, Council Member Kim Beise, (Left front row) Council Member Becky Norton, Council Member Laurel Stinson, and Council Member Erin Buss.

**APPOINTED OFFICIALS**

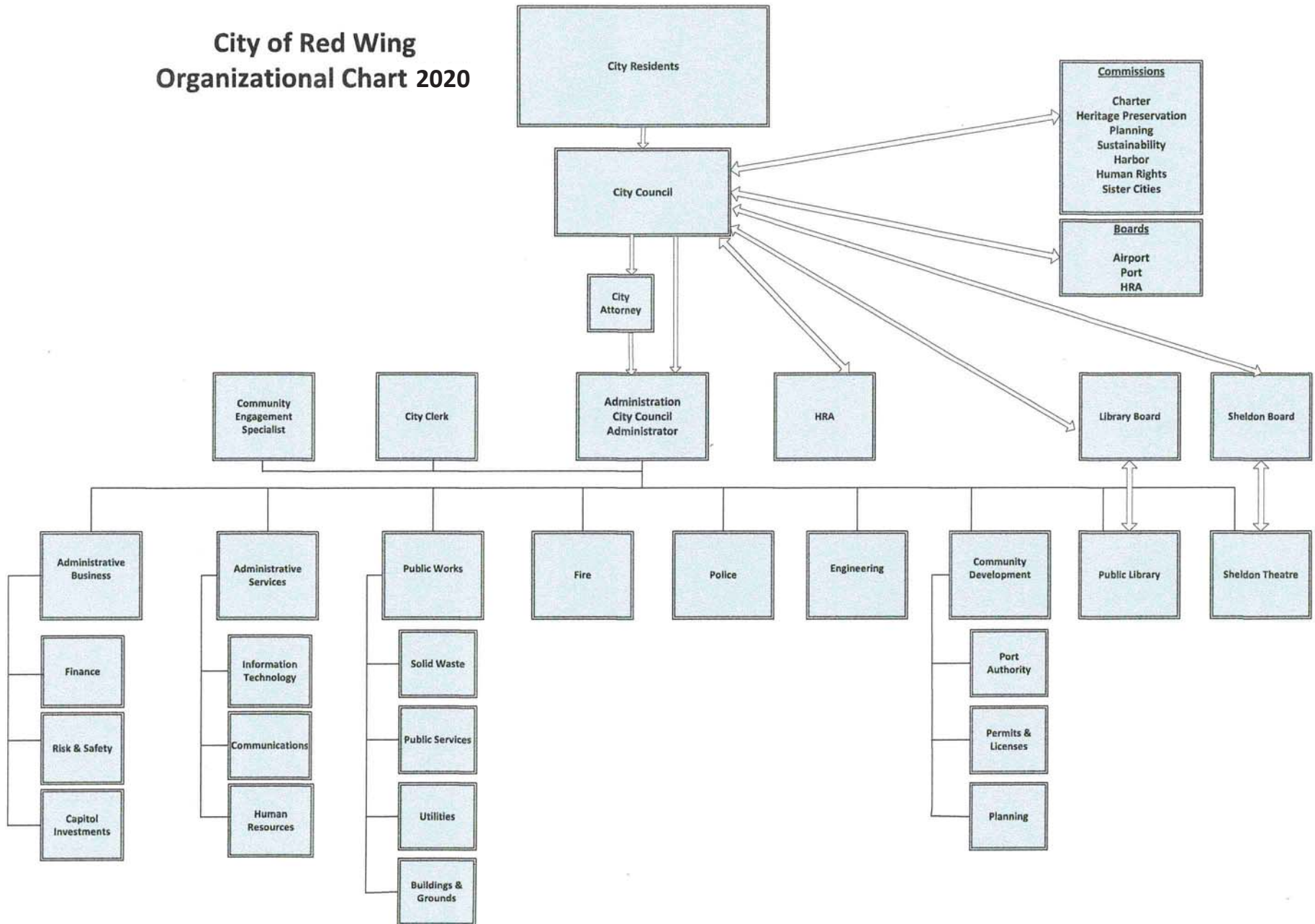
Council Administrator - Kay Kuhlmann  
Administrative Business Director - Marshall Hallock, C.P.A.  
Administrative Services Director - Laura Blair Johnson  
City Clerk - Teri Swanson  
City Attorney - Rupp, Anderson, Squires & Waldspurger, P.A.  
Public Works Director - Rick Moskwa  
Engineering Director – Jay Owens  
Community Development Director - Dan Rogness  
Interim Police Chief – Gordon Rohr  
Fire Chief – Mike Warner

**OTHER CITY OFFICIALS**

Library Director - Jessica McGee  
T.B. Sheldon Executive Director – Jeff Larson



# City of Red Wing Organizational Chart 2020





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, 2019

*Christopher P. Morill*

Executive Director/CEO

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FINANCIAL SECTION  
CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

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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, 2020, 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, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General fund and PERA Perpetual special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## Other Matters

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 31 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 Changes in the Total OPEB Liability and Related Ratios starting on page 120 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**

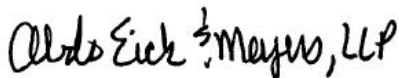
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplementary information and statistical section are presented 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 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
June 29, 2021



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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, 2020. 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 11 of this report.

### Financial Highlights

- 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 \$196,982,482 (net position). Of this amount, \$35,685,996 (*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 \$10,574,032, compared to an increase of \$12,385,972 in the previous year. Governmental activities accounted for 76.1 percent of the total increase while business-type activities accounted for a 23.9 percent of the total increase. Expenses in both governmental and business-type activities increase during the year, but consistent revenue collections enabled both types to report a positive net position. The increase in governmental property taxes and business-type capital grants and contributions helped cover the increased public safety costs and sewer, ambulance, and solid waste expenses..
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,440,138, an increase of \$292,061 in comparison with the prior year. Revenues decrease slightly but this was offset by a significant decrease in public works capital outlay expenses. Approximately 39.9 percent of this total amount, \$22,919,027, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$34,521,111) is not available for new spending because it is either 1) nonspendable (\$2,785,049), 2) restricted (\$16,634,398), 3) committed (\$9,801,435), or 4) assigned (\$5,300,229) 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 \$39,493,005 compared to \$39,785,066 generated in revenues and other financing sources for governmental programs.
- The General fund reported an increase in fund balance this year of \$711,130. Revenues were more than budget by \$1,124,182 and expenditures were less than the final budget by \$1,104,058. Substantially all this increase is attributable to the City's planned operations, sound fiscal control, and the timing of planned capital improvement projects and acquisitions.
- At the end of the current year, unassigned fund balance of the General fund was \$23,844,117, or 128.0 percent of total General fund expenditures.
- The City's total bonded debt decreased by \$5,796,000, or 11.8 percent during the current fiscal year. This was a result of the City retiring principal of \$5,796,000 during the year.

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.

**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>Government-wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary 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	Activities of the City held in trust for others
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>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</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	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	All assets and liabilities, both financial 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	None reported
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	None reported

**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 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 45 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 numerous individual governmental funds, many of which are Debt Service funds which are combined for reporting. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the PERA Perpetual fund, the Debt Service funds (which are considered one fund for financial reporting), and the Capital Improvement Assessment fund, all of which are considered to be major funds. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

**Proprietary Funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its refuse collection and recycling, water, sewer, 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, information services, 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, and ambulance, 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 70 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 Other Than MD&A.** Governments have an option of including the budgetary comparison statements for the General fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, this report also presents certain *required supplementary information* concerning the City's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees starting on page 120 of this report. The City has disclosed this information in Notes 4 and 7 to the financial statements and as separate required supplementary information.

**Supplementary Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 130 of this report.

**Statistical Section.** 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 198 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 \$196,982,482 at the close of the most recent fiscal year. A large portion of the City's net position (72.3 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Current and Other Assets	\$ 69,093,987	\$ 69,218,160	\$ (124,173)	\$ 8,923,249	\$ 9,385,311	\$ (462,062)
Capital Assets	119,052,572	116,181,203	2,871,369	68,951,746	68,314,431	637,315
Total Assets	188,146,559	185,399,363	2,747,196	77,874,995	77,699,742	175,253
Deferred Outflows of Resources	3,358,455	4,824,188	(1,465,733)	1,453,904	2,008,866	(554,962)
Long-term Liabilities						
outstanding	43,038,274	46,579,006	(3,540,732)	21,142,766	22,170,081	(1,027,315)
Other Liabilities	3,159,562	3,595,974	(436,412)	1,571,579	1,395,776	175,803
Total Liabilities	46,197,836	50,174,980	(3,977,144)	22,714,345	23,565,857	(851,512)
Deferred Inflows of Resources	3,758,386	6,546,330	(2,787,944)	1,180,864	2,449,839	(1,268,975)
Net Position						
Net investment in						
capital assets	86,519,771	80,102,509	6,417,262	55,900,420	53,690,749	2,209,671
Restricted	18,876,295	18,292,106	584,189	-	490,600	(490,600)
Unrestricted	36,152,726	35,107,626	1,045,100	(466,730)	(488,437)	21,707
Total Net Position	\$ 141,548,792	\$ 133,502,241	\$ 8,046,551	\$ 55,433,690	\$ 53,692,912	\$ 1,740,778

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* (18.1 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.

**Governmental Activities.** Governmental activities increased the City's net position by \$8,046,551, accounting for 76.1 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		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,591,236	\$ 2,154,109	\$ (562,873)	\$ 19,895,087	\$ 21,259,101	\$ (1,364,014)
Operating grants and contributions	2,617,452	1,985,988	631,464	182,918	345,628	(162,710)
Capital grants and contributions	4,681,547	5,660,185	(978,638)	1,999,500	52,568	1,946,932
General Revenues						
Property taxes	23,363,694	20,286,889	3,076,805	-	-	-
Other taxes	577,680	687,263	(109,583)	-	-	-
Grants and contributions not restricted to specific programs	767,552	888,367	(120,815)	-	-	-
Unrestricted investment earnings (loss)	655,744	1,843,522	(1,187,778)	60,588	252,317	(191,729)
Other	289,428	72,111	217,317	-	-	-
Gain on sale of capital assets	70,263	105,334	(35,071)	73,621	1,978	71,643
Total Revenues	34,614,596	33,683,768	930,828	22,211,714	21,911,592	300,122
Expenses						
General government	2,378,800	2,302,696	76,104	-	-	-
Public safety	9,299,639	7,999,708	1,299,931	-	-	-
Public works	7,236,954	6,339,104	897,850	-	-	-
Sanitation	62,237	70,548	(8,311)	-	-	-
Culture and recreation	4,438,605	4,453,930	(15,325)	-	-	-
Economic development	2,052,125	1,961,397	90,728	-	-	-
Airport	314,972	788,599	(473,627)	-	-	-
Transit	31,181	30,305	876	-	-	-
Cemeteries	439,843	411,340	28,503	-	-	-
Interest and fiscal charges	721,999	849,877	(127,878)	-	-	-
Ambulance	-	-	-	2,637,394	2,427,424	209,970
Refuse collection and recycling	-	-	-	2,938,594	2,751,975	186,619
Water	-	-	-	3,142,303	3,083,037	59,266
Sewer	-	-	-	4,752,683	4,308,018	444,665
Storm water	-	-	-	928,302	917,945	10,357
Solid waste campus	-	-	-	4,249,011	3,863,171	385,840
Marina	-	-	-	627,636	650,314	(22,678)
Total Expenses	26,976,355	25,207,504	1,768,851	19,275,923	18,001,884	1,274,039
Increase (decrease) in net position before transfers	7,638,241	8,476,264	(838,023)	2,935,791	3,909,708	(973,917)
Transfers	408,310	2,354,897	(1,946,587)	(408,310)	(2,354,897)	1,946,587
Change in Net Position	8,046,551	10,831,161	(2,784,610)	2,527,481	1,554,811	972,670
Net Position - January 1 as Restated*	133,502,241	122,671,080	10,831,161	53,692,912	52,138,101	1,554,811
Prior Period Adjustment	-	-	-	(786,703)	-	(786,703)
Net Position - December 31	\$ 141,548,792	\$ 133,502,241	\$ 8,046,551	\$ 55,433,690	\$ 53,692,912	\$ 1,740,778

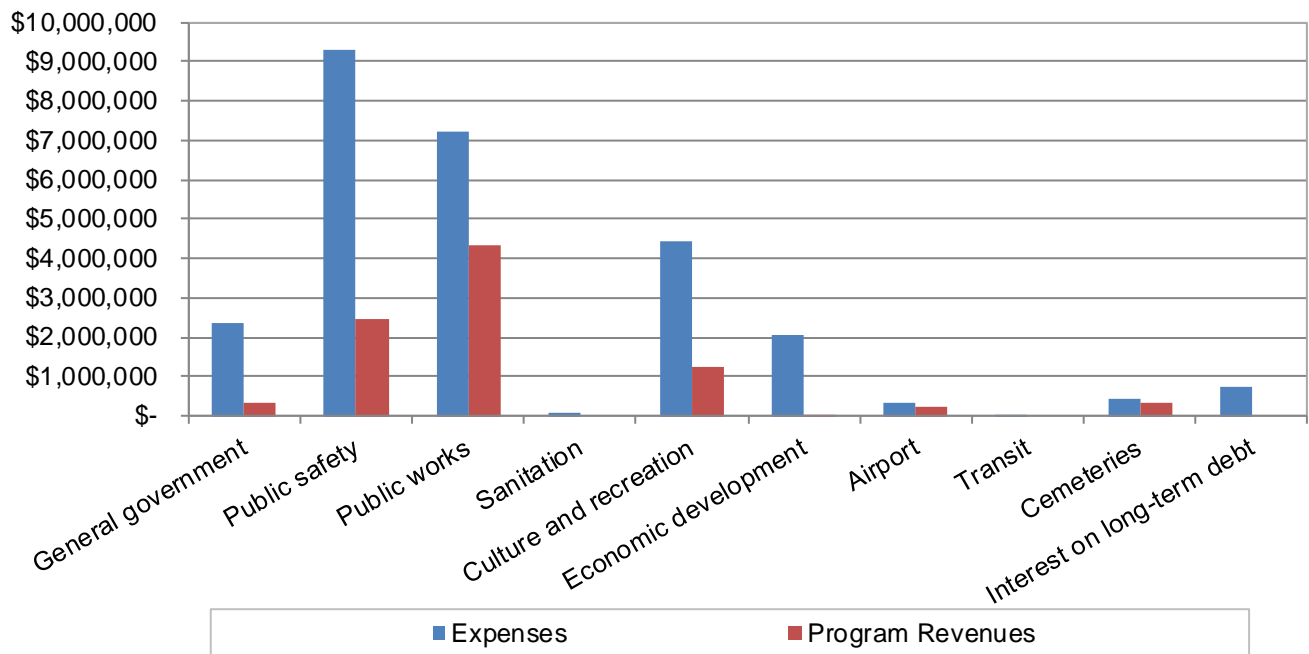
\* GASB Statement No. 84 was implemented for the year ended December 31, 2019 and required a \$1,589 restatement of beginning governmental net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2018 and beginning net position on January 1, 2019.  
See Note 10 to the financial statements for further information.

- The 2020 general levy was \$23,363,588 compared to the 2019 general levy of \$20,281,443.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

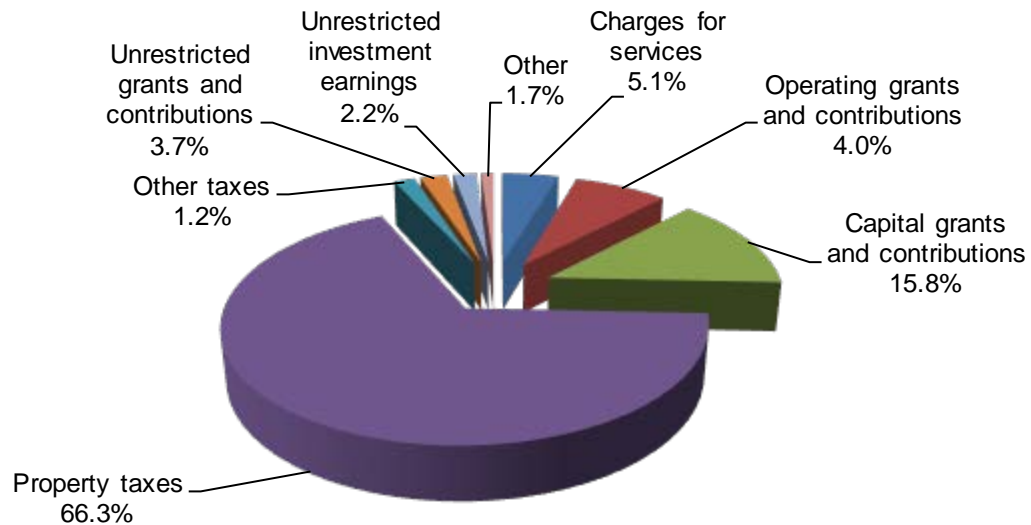


The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

### Expenses and Program Revenues - Governmental Activities



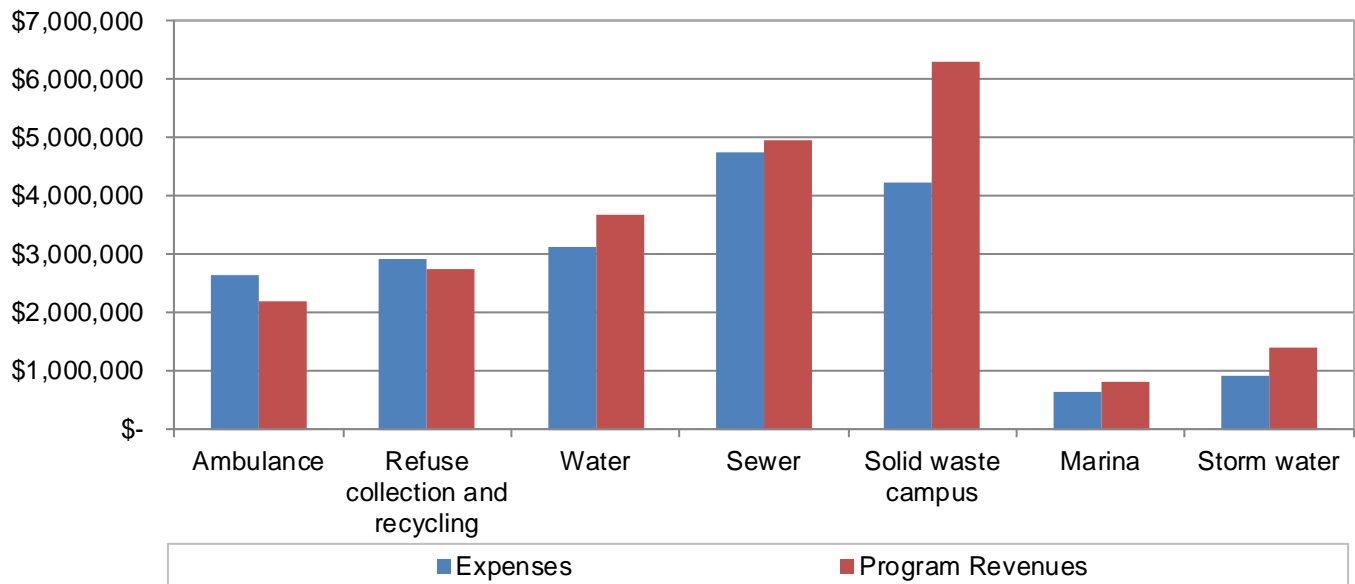
### Revenues by Source - Governmental Activities



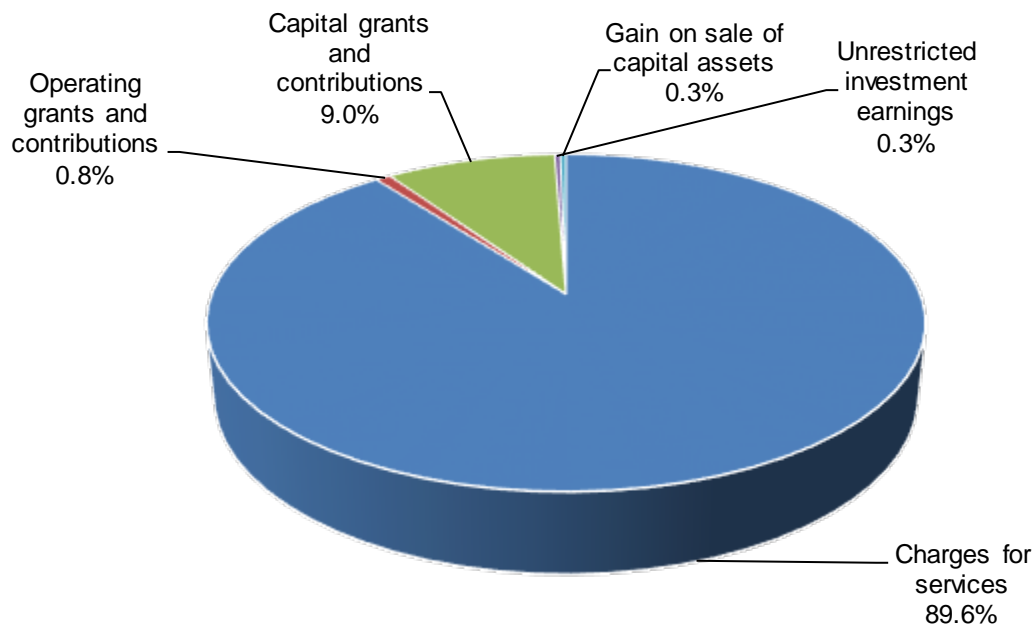
**Business-type Activities.** Business-type activities increased the City's net position by \$2,527,481, accounting for a 23.9 percent increase in the total growth in the City's net position. Key elements of this increase are as follows:

- Charges for services for business-type activities decreased by \$1,364,014 or 6.4 percent. This decrease can be attributed to lower commercial usage due to COVID-19 mandatory closures and no late fee charges due to the pandemic.
- Capital grants and contributions increased by \$1,946,932 due to revenue received from Xcel Energy for the refuse derived dual grant.

### 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 \$57,440,138, an increase of \$292,061 in comparison with the prior year. Approximately 39.9 percent of this total amount, \$22,919,027, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$34,521,111) is not available for new spending because it is either 1) nonspendable (\$2,785,049), 2) restricted (\$16,634,398), 3) committed (\$9,801,435), or 4) assigned (\$5,300,229) 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 \$23,844,117, while total fund balance reached \$28,148,151. 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 128.0 percent of total General fund expenditures, while total fund balance represents 151.1 percent of that same amount.

The fund balance of the City's General fund increased by \$711,130 during the current fiscal year. This increase can be attributed to property tax increases of \$3,527,156 and Coronavirus Relief Aid received of \$1,244,772 which were partially offset by decreases in other state aids and charges for services. Current expenditures increased approximately, with the largest increases being in police and fire supplies for fighting off the COVID-19 outbreak. Capital outlay expenditures decreased due to less culture and recreation costs. Prior year had expenditures relating to the Goodhue County Historical Society HVAC and improvements.

The *PERA Perpetual fund* has a total fund balance of \$9,220,056, 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 \$34,754. The increase is a result of investment income net of transfers to the General fund.

The *Debt Service fund* has a total fund balance of \$6,058,575, 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 \$362,798. 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 \$3,916,876. The net decrease in fund balance during the current year in the Capital Improvement Assessment fund was \$467,871. The decrease is a result of transfers out of \$1,582,950 outweighing assessment and intergovernmental revenues.

**Proprietary Funds.** Unrestricted net position of the enterprise funds at the end of the year amounted to \$465,882. Total increase in net position for enterprise funds was \$2,785,360. 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 made \$25,112 in net adjustments increasing intergovernmental revenues, \$520 in net adjustments increasing contributions and donations, and \$244,989 in net adjustments increasing other revenues.
- \$1,331,049 in net adjustments increasing capital expenditures, \$152,628 in net adjustments increasing general government expenditures, \$53,981 in net adjustments increasing public safety expenditures, \$121,550 in net adjustments increase public works expenditures, \$292,993 in net adjustments increasing culture and recreation expenditures, \$263,360 in net adjustments increasing economic development expenditures and \$411,936 in net adjustments decreasing contingencies, and \$576,100 in adjustments decreasing other financing sources and uses.

## 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, 2020 amounts to \$188,004,318 (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:

- Council Chamber audio and visual upgrades costing \$204,827
- 2020 Freightliner Tandem Dump truck costing \$234,685
- Well #7-2 at Twin Bluff Road totaled \$200,209
- Vasa Lift Station totaled \$462,199
- Levee Road Sewer Reconstruction Improvements totaling \$455,284
- Ash Landfill Closure Construction totaled \$1,075,207
- 2020 John Deere loader/plow costing \$194,451
- 2020 Ford F550 ambulance totaling \$104,752
- Additions to the Solid Waste Refurbing and Solid Waste Fire project totaled \$570,930 and \$425,511, respectively
- Levee Wall Improvements Project additions totaling \$1,247,167
- 2020 St Reconstruction Project additions totaling \$1,192,682
- Barn Bluff Park Improvements Project additions totaling \$1,159,973
- State Aid Street Overlay 2020 Project additions totaling \$1,195,843
- The total additions for all other ongoing projects totaled \$2,535,716

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		
	2020	2019	Increase (Decrease)	2020	2019 As Restated	Increase (Decrease)
Land	\$ 9,654,480	\$ 9,097,551	\$ 556,929	\$ 214,980	\$ 214,980	\$ -
Construction in Progress	37,561,851	50,690,473	(13,128,622)	14,142,661	19,892,171	(5,749,510)
Buildings	19,702,235	10,587,621	9,114,614	22,713,661	23,362,434	(648,773)
Improvements	16,270,784	14,928,330	1,342,454	13,928,320	5,646,425	8,281,895
Machinery and Equipment	1,417,586	1,345,265	72,321	688,151	794,778	(106,627)
Office Equipment	247,300	280,044	(32,744)	-	-	-
Vehicles	4,005,034	4,357,437	(352,403)	2,439,835	2,285,441	154,394
Infrastructure	30,193,302	24,894,482	5,298,820	14,824,138	15,331,499	(507,361)
<b>Total</b>	<b>\$ 119,052,572</b>	<b>\$ 116,181,203</b>	<b>\$ 2,871,369</b>	<b>\$ 68,951,746</b>	<b>\$ 67,527,728</b>	<b>\$ 1,424,018</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$43,266,000. Of this amount, \$12,621,000 comprises revenue related debt backed by the full faith and credit of the City and \$30,645,000 is general obligation debt.

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

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 30,645,000	\$ 34,885,000	\$ (4,240,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	12,621,000	14,177,000	(1,556,000)
<b>Total</b>	<b>\$ 30,645,000</b>	<b>\$ 34,885,000</b>	<b>\$ (4,240,000)</b>	<b>\$ 12,621,000</b>	<b>\$ 14,177,000</b>	<b>\$ (1,556,000)</b>

The City's total bonded debt decreased by \$5,796,000, (11.8 percent) during the current fiscal year. This was a result of the City issuing \$0 in additional debt and retired principal of \$5,796,000 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2020.

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 \$65,164,197, 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 96 of this report.

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

The City's officials considered many factors when setting the fiscal-year 2021 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 Goodhue County is currently 4.1 percent, which is an increase from a rate of 2.7 percent last year. This compares favorably with unemployment rates of 4.6 percent for the State of Minnesota and 6.5 percent for the United States.
- 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 its commitment 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 2021 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 Administrative Business 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, 2020



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City of Red Wing, Minnesota  
Statement of Net Position  
December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
<b>Assets</b>				
Cash and investments	\$ 59,224,498	\$ 7,066,968	\$ 66,291,466	\$ 1,715,887
Assets held in endowment	622,319	-	622,319	-
Receivables				
Accrued interest	79,337	4,049	83,386	-
Delinquent taxes	132,236	-	132,236	2,311
Accounts - net of allowance for doubtful accounts of \$1,226,369	282,616	3,905,308	4,187,924	22,842
Loans - net of allowance for doubtful accounts of \$320,652	125,718	-	125,718	2,067,828
Special assessments	1,885,367	-	1,885,367	-
Intergovernmental	1,022,786	76,396	1,099,182	1,801
Loans to other governments	62,594	-	62,594	-
Internal balances	2,475,106	(2,475,106)	-	-
Due from primary government	-	-	-	3,641
Inventories	100,370	312,152	412,522	-
Prepaid items	2,384	33,482	35,866	-
Land held for resale	2,719,877	-	2,719,877	-
Pension asset	358,779	-	358,779	-
Capital assets				
Nondepreciable	47,216,331	14,357,641	61,573,972	175,042
Depreciable, net of accumulated depreciation	71,836,241	54,594,105	126,430,346	345,644
Total Assets	<u>188,146,559</u>	<u>77,874,995</u>	<u>266,021,554</u>	<u>4,334,996</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	2,886,533	945,663	3,832,196	-
Deferred other postemployment benefit resources	471,922	508,241	980,163	-
Total Deferred Outflows of Resources	<u>3,358,455</u>	<u>1,453,904</u>	<u>4,812,359</u>	<u>-</u>
<b>Liabilities</b>				
Accounts and contracts payable	1,859,640	780,925	2,640,565	2,092
Escrow accounts and deposits payable	78,769	-	78,769	-
Due to component unit	3,641	-	3,641	-
Due to other governments	74,522	88,440	162,962	249,475
Accrued interest payable	410,733	158,421	569,154	-
Salaries payable	654,387	234,189	888,576	-
Unearned revenue	77,870	309,604	387,474	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	5,095,401	2,124,990	7,220,391	-
Due in more than one year				
Long-term liabilities	29,405,882	11,878,636	41,284,518	-
Net pension liability	7,171,312	5,668,356	12,839,668	-
Other postemployment benefit resources	1,365,679	1,470,784	2,836,463	-
Total Liabilities	<u>46,197,836</u>	<u>22,714,345</u>	<u>68,912,181</u>	<u>251,567</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension resources	3,736,426	1,157,215	4,893,641	-
Deferred other postemployment benefit resources	21,960	23,649	45,609	-
Total Deferred Inflows of Resources	<u>3,758,386</u>	<u>1,180,864</u>	<u>4,939,250</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	86,519,771	55,900,420	142,420,191	520,686
Restricted				
Permanently restricted				
Library endowments	622,319	-	622,319	-
Cemetery perpetual	2,098,627	-	2,098,627	-
Temporarily restricted				
Debt service	5,678,483	-	5,678,483	-
Police and fire activities	9,254,049	-	9,254,049	-
DNR snowmobile grant	14,704	-	14,704	-
Future loans	250,201	-	250,201	-
Library activities	26,740	-	26,740	-
Lodging tax	2,407	-	2,407	-
Cemetery operations	928,765	-	928,765	-
Unrestricted	<u>36,152,726</u>	<u>(466,730)</u>	<u>35,685,996</u>	<u>3,562,743</u>
Total Net Position	<u>\$ 141,548,792</u>	<u>\$ 55,433,690</u>	<u>\$ 196,982,482</u>	<u>\$ 4,083,429</u>

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,378,800	\$ 306,285	\$ 8,247	\$ -
Public safety	9,299,639	585,947	1,870,039	-
Public works	7,236,954	142,305	454,136	3,742,138
Sanitation	62,237	-	-	-
Culture and recreation	4,438,605	121,996	226,350	897,757
Economic development	2,052,125	9,037	-	-
Airport	314,972	104,985	58,680	41,652
Transit	31,181	-	-	-
Cemeteries	439,843	320,681	-	-
Interest and fiscal charges	721,999	-	-	-
Total Governmental Activities	<u>26,976,355</u>	<u>1,591,236</u>	<u>2,617,452</u>	<u>4,681,547</u>
Business-Type Activities				
Refuse collection and recycling	2,938,594	2,734,616	7,433	-
Water	3,142,303	3,674,000	2,772	-
Sewer	4,752,683	4,959,154	2,992	-
Solid waste campus	4,249,011	4,318,835	2,397	1,999,500
Marina	627,636	804,175	395	-
Ambulance	2,637,394	2,013,230	166,452	-
Storm water	928,302	1,391,077	477	-
Total Business-type Activities	<u>19,275,923</u>	<u>19,895,087</u>	<u>182,918</u>	<u>1,999,500</u>
Totals Primary Government	<u>\$ 46,252,278</u>	<u>\$ 21,486,323</u>	<u>\$ 2,800,370</u>	<u>\$ 6,681,047</u>
Component Unit				
Port authority	<u>\$ 820,101</u>	<u>\$ 217,789</u>	<u>\$ 150,000</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  
Hotel-motel 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

Prior Period Adjustment (Note 10)

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
\$ (2,064,268)		\$ (2,064,268)	
(6,843,653)		(6,843,653)	
(2,898,375)		(2,898,375)	
(62,237)		(62,237)	
(3,192,502)		(3,192,502)	
(2,043,088)		(2,043,088)	
(109,655)		(109,655)	
(31,181)		(31,181)	
(119,162)		(119,162)	
(721,999)		(721,999)	
<u>(18,086,120)</u>		<u>(18,086,120)</u>	
	\$ (196,545)	(196,545)	
	534,469	534,469	
	209,463	209,463	
	2,071,721	2,071,721	
	176,934	176,934	
	(457,712)	(457,712)	
	463,252	463,252	
	<u>2,801,582</u>	<u>2,801,582</u>	
<u>(18,086,120)</u>	<u>2,801,582</u>	<u>(15,284,538)</u>	
			<u>\$ (452,312)</u>
17,718,266	-	17,718,266	-
-	-	-	400,481
5,645,428	-	5,645,428	-
138,474	-	138,474	-
241,107	-	241,107	-
149,562	-	149,562	-
48,537	-	48,537	771
767,552	-	767,552	48
655,744	60,588	716,332	3,183
289,428	-	289,428	-
70,263	73,621	143,884	-
408,310	(408,310)	-	-
<u>26,132,671</u>	<u>(274,101)</u>	<u>25,858,570</u>	<u>404,483</u>
8,046,551	2,527,481	10,574,032	(47,829)
133,502,241	53,692,912	187,195,153	4,131,258
-	(786,703)	(786,703)	-
<u>\$ 141,548,792</u>	<u>\$ 55,433,690</u>	<u>\$ 196,982,482</u>	<u>\$ 4,083,429</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, 2020

City of Red Wing, Minnesota

Balance Sheet  
Governmental Funds  
December 31, 2020

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment
<b>Assets</b>				
Cash and investments	\$ 25,447,113	\$ 9,738,474	\$ 6,033,438	\$ 746,452
Assets held in endowment	-	-	-	-
Receivables				
Accrued interest	48,283	24,658	-	2,864
Delinquent taxes	101,595	-	30,641	-
Accounts (net of allowance)	145,036	-	-	2,757
Loans (net of allowance)	-	-	-	-
Special assessments	-	-	-	1,885,367
Intergovernmental	188,033	-	25,137	571,688
Loans to other governments	62,594	-	-	-
Due from other funds	3,328,383	-	-	-
Advances to other funds	-	-	-	157,114
Prepaid items	-	-	-	-
Land held for resale	-	-	-	2,719,877
<b>Total Assets</b>	<u><u>\$ 29,321,037</u></u>	<u><u>\$ 9,763,132</u></u>	<u><u>\$ 6,089,216</u></u>	<u><u>\$ 6,086,119</u></u>
<b>Liabilities</b>				
Accounts payable	\$ 545,014	\$ -	\$ -	\$ -
Escrow accounts payable	73,265	-	-	-
Contracts payable	-	-	-	-
Due to other funds	-	543,076	-	-
Due to other governments	1,845	-	-	-
Salaries payable	398,001	-	-	-
Deposits payable	5,504	-	-	-
Unearned revenue	47,662	-	-	-
<b>Total Liabilities</b>	<u><u>1,071,291</u></u>	<u><u>543,076</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue				
Taxes	101,595	-	30,641	-
Special assessments	-	-	-	1,885,367
Intergovernmental	-	-	-	283,876
<b>Total Deferred Inflows of Resources</b>	<u><u>101,595</u></u>	<u><u>-</u></u>	<u><u>30,641</u></u>	<u><u>2,169,243</u></u>
<b>Fund Balances</b>				
Nonspendable	62,594	-	-	-
Restricted	48,697	9,220,056	6,058,575	-
Committed	3,600,000	-	-	-
Assigned	592,743	-	-	3,916,876
Unassigned	23,844,117	-	-	-
<b>Total Fund Balances</b>	<u><u>28,148,151</u></u>	<u><u>9,220,056</u></u>	<u><u>6,058,575</u></u>	<u><u>3,916,876</u></u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ 29,321,037</u></u>	<u><u>\$ 9,763,132</u></u>	<u><u>\$ 6,089,216</u></u>	<u><u>\$ 6,086,119</u></u>

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

Other Governmental Funds	Total Governmental Funds
\$ 10,600,480	\$ 52,565,957
622,319	622,319
2,958	78,763
-	132,236
23,492	171,285
120,797	120,797
-	1,885,367
221,578	1,006,436
-	62,594
-	3,328,383
-	157,114
1,509	1,509
-	2,719,877
<u>\$ 11,593,133</u>	<u>\$ 62,852,637</u>
\$ 402,708	\$ 947,722
-	73,265
159,337	159,337
792,348	1,335,424
72,677	74,522
39,375	437,376
-	5,504
30,208	77,870
<u>1,496,653</u>	<u>3,111,020</u>
-	132,236
-	1,885,367
-	283,876
<u>-</u>	<u>2,301,479</u>
2,722,455	2,785,049
1,307,070	16,634,398
6,201,435	9,801,435
790,610	5,300,229
(925,090)	22,919,027
<u>10,096,480</u>	<u>57,440,138</u>
<u>\$ 11,593,133</u>	<u>\$ 62,852,637</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, 2020

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

Total Fund Balances - Governmental Funds	\$ 57,440,138
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	118,715,154
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	(30,645,000)
Unamortized bond premium, net of amortization	(1,986,758)
Other postemployment benefits obligation	(1,365,679)
Net pension liability	(7,171,312)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	132,236
Special assessments	1,885,367
Intergovernmental	283,876
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	358,779
Governmental funds do not report a liability for accrued interest until due and payable.	(410,733)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	2,886,533
Deferred inflows of pension resources	(3,736,426)
Deferred outflows of other postemployment benefit resources	471,922
Deferred inflows of other postemployment benefit resources	(21,960)
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>4,712,655</u>
Total Net Position - Governmental Activities	<u><u>\$ 141,548,792</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, 2020

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment
Revenues				
Taxes	\$ 17,994,780	\$ -	\$ 5,648,274	\$ -
Special assessments	-	-	-	867,216
Licenses and permits	14,818	-	-	-
Intergovernmental	3,200,689	-	-	348,398
Charges for services	649,218	-	10,731	-
Fines and forfeits	42,222	-	-	-
Investment income	358,438	148,685	-	20,587
Miscellaneous	325,158	-	-	9,897
Total Revenues	<u>22,585,323</u>	<u>148,685</u>	<u>5,659,005</u>	<u>1,246,098</u>
Expenditures				
Current				
General government	2,067,986	-	-	-
Public safety	8,028,438	-	-	-
Public works	3,080,888	-	-	131,019
Sanitation	61,124	-	-	-
Culture and recreation	2,290,945	-	-	-
Economic development	1,628,826	-	-	-
Airport	-	-	-	-
Cemeteries	358,080	-	-	-
Transit	31,173	-	-	-
Contingencies and other	98,824	-	-	-
Capital outlay				
General government	204,827	-	-	-
Public safety	258,422	-	-	-
Public works	234,685	-	-	-
Culture and recreation	231,339	-	-	-
Economic development	52,716	-	-	-
Airport	-	-	-	-
Debt service				
Principal retirement	-	-	4,240,000	-
Interest and fiscal charges	-	-	1,056,207	-
Total Expenditures	<u>18,628,273</u>	<u>-</u>	<u>5,296,207</u>	<u>131,019</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,957,050</u>	<u>148,685</u>	<u>362,798</u>	<u>1,115,079</u>
Other Financing Sources (Uses)				
Sale of capital assets	70,263	-	-	-
Transfers in	271,715	-	-	-
Transfers out	(3,587,898)	(113,931)	-	(1,582,950)
Total Other Financing Sources (Uses)	<u>(3,245,920)</u>	<u>(113,931)</u>	<u>-</u>	<u>(1,582,950)</u>
Net Change in Fund Balances	711,130	34,754	362,798	(467,871)
Fund Balances, January 1	<u>27,437,021</u>	<u>9,185,302</u>	<u>5,695,777</u>	<u>4,384,747</u>
Fund Balances, December 31	<u>\$ 28,148,151</u>	<u>\$ 9,220,056</u>	<u>\$ 6,058,575</u>	<u>\$ 3,916,876</u>

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

Other Governmental Funds	Totals
\$ 288,036	\$ 23,931,090
-	867,216
264,079	278,897
3,046,283	6,595,370
135,225	795,174
2,380	44,602
86,262	613,972
503,301	838,356
<u>4,325,566</u>	<u>33,964,677</u>
-	2,067,986
274,569	8,303,007
-	3,211,907
-	61,124
1,316,340	3,607,285
332,254	1,961,080
250,021	250,021
-	358,080
-	31,173
-	98,824
-	204,827
11,426	269,848
5,784,561	6,019,246
1,517,532	1,748,871
-	52,716
17,570	17,570
-	4,240,000
-	1,056,207
<u>9,504,273</u>	<u>33,559,772</u>
<u>(5,178,707)</u>	<u>404,905</u>
-	70,263
5,478,411	5,750,126
(648,454)	(5,933,233)
<u>4,829,957</u>	<u>(112,844)</u>
(348,750)	292,061
<u>10,445,230</u>	<u>57,148,077</u>
<u>\$ 10,096,480</u>	<u>\$ 57,440,138</u>

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

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, 2020

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

Net Change in Fund Balances - Governmental Funds	\$ 292,061
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	8,313,004
Depreciation expense	(5,449,735)
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.	
Principal repayments	4,240,000
Bonds premiums amortization	280,814
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.	53,394
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.	
Property taxes	(447)
Special assessments	288,995
Intergovernmental	212,527
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.	
Other postemployment benefits cost	(53,492)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(47,620)
Direct aid contributions	36,809
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.	(119,759)
Change in Net Position - Governmental Activities	<u>\$ 8,046,551</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  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 18,171,290	\$ 18,171,290	\$ 17,994,780	\$ (176,510)
Licenses and permits	70,701	70,701	14,818	(55,883)
Intergovernmental	1,737,532	1,762,644	3,200,689	1,438,045
Charges for services	799,281	799,281	649,218	(150,063)
Fines and forfeits	77,516	77,516	42,222	(35,294)
Investment income	275,000	275,000	358,438	83,438
Miscellaneous				
Contributions and donations	48,000	48,520	34,381	(14,139)
Refunds	-	-	7,476	7,476
Other	11,200	256,189	283,301	27,112
Total Revenues	<u>21,190,520</u>	<u>21,461,141</u>	<u>22,585,323</u>	<u>1,124,182</u>
Expenditures				
Current				
General government	2,081,539	2,234,167	2,067,986	166,181
Public safety	7,404,829	7,458,810	8,028,438	(569,628)
Public works	2,510,806	2,632,356	3,080,888	(448,532)
Sanitation	51,514	51,514	61,124	(9,610)
Culture and recreation	2,329,354	2,622,347	2,290,945	331,402
Economic development	1,173,770	1,437,130	1,628,826	(191,696)
Cemeteries	390,385	390,385	358,080	32,305
Transit	17,600	17,600	31,173	(13,573)
Contingencies and other	656,914	244,978	98,824	146,154
Capital outlay				
General government	6,150	363,794	204,827	158,967
Public safety	968,075	1,113,107	258,422	854,685
Public works	94,270	359,629	234,685	124,944
Culture and recreation	243,500	676,138	231,339	444,799
Economic development	-	130,376	52,716	77,660
Total Expenditures	<u>17,928,706</u>	<u>19,732,331</u>	<u>18,628,273</u>	<u>1,104,058</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>3,261,814</u>	<u>1,728,810</u>	<u>3,957,050</u>	<u>2,228,240</u>
Other Financing Sources (Uses)				
Sale of capital assets	12,000	12,000	70,263	58,263
Transfers in	305,784	305,784	271,715	(34,069)
Transfers out	<u>(3,579,598)</u>	<u>(4,155,698)</u>	<u>(3,587,898)</u>	<u>567,800</u>
Total Other Financing Sources (Uses)	<u>(3,261,814)</u>	<u>(3,837,914)</u>	<u>(3,245,920)</u>	<u>591,994</u>
Net Change in Fund Balances	-	(2,109,104)	711,130	2,820,234
Fund Balances, January 1	<u>27,437,021</u>	<u>27,437,021</u>	<u>27,437,021</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 27,437,021</u>	<u>\$ 25,327,917</u>	<u>\$ 28,148,151</u>	<u>\$ 2,820,234</u>

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

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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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Investment income	\$ 217,000	\$ 217,000	\$ 148,685	\$ (68,315)
Other Financing Sources (Uses)				
Transfers out	(148,000)	(148,000)	(113,931)	34,069
Net Change in Fund Balances	69,000	69,000	34,754	(34,246)
Fund Balances, January 1	9,185,302	9,185,302	9,185,302	-
Fund Balances, December 31	<u>\$ 9,254,302</u>	<u>\$ 9,254,302</u>	<u>\$ 9,220,056</u>	<u>\$ (34,246)</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, 2020

	Business-type Activities-Enterprise Funds			
	<b>600</b>	<b>601/651/</b>	<b>602/650/317</b>	<b>603/307/326/</b>
	<b>Refuse</b>	<b>319/488</b>	<b>320/322/323/</b>	<b>403/406</b>
	<b>Collection</b>	<b>Water Utility</b>	<b>402/490/492</b>	<b>Solid Waste</b>
	<b>&amp; Recycling</b>		<b>Sewer Utility</b>	<b>Campus</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and investments	\$ 1,241,734	\$ 1,212,805	\$ 1,625,729	\$ 889,333
Receivables				
Accrued interest	-	-	-	-
Accounts - net of allowance for doubtful accounts of \$1,216,369	486,541	516,526	655,624	796,775
Loans	-	-	-	-
Intergovernmental	-	-	-	76,396
Inventories	-	260,094	37,010	-
Prepaid items	-	-	10,628	45
Total Current Assets	<u>1,728,275</u>	<u>1,989,425</u>	<u>2,328,991</u>	<u>1,762,549</u>
<b>Noncurrent Assets</b>				
Capital assets at cost				
Land	-	37,791	134,839	42,350
Construction in progress	-	-	-	14,142,661
Buildings	-	16,736,711	11,321,724	6,789,962
Improvements other than buildings	76,638	5,125,242	12,453,421	2,680,235
Machinery and equipment	647,738	145,732	2,030,347	74,164
Office equipment	-	-	-	-
Vehicles	1,946,123	607,446	1,272,341	1,999,199
Infrastructure	-	12,401,727	16,126,019	-
Less accumulated depreciation	(1,497,066)	(13,510,633)	(20,658,196)	(4,064,377)
Total Noncurrent Assets	<u>1,173,433</u>	<u>21,544,016</u>	<u>22,680,495</u>	<u>21,664,194</u>
Total Assets	<u>2,901,708</u>	<u>23,533,441</u>	<u>25,009,486</u>	<u>23,426,743</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	75,173	78,481	84,700	67,870
Deferred other postemployment benefit resources	109,835	90,438	103,732	53,581
Total Deferred Outflows of Resources	<u>185,008</u>	<u>168,919</u>	<u>188,432</u>	<u>121,451</u>

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

Business-type Activities-Enterprise Funds			Governmental
<b>610</b>	Other		Activities-
Ambulance	Business-type	Total	Internal
	Activities		Service
			Funds
\$ -	\$ 2,097,367	\$ 7,066,968	\$ 6,658,541
-	4,049	4,049	574
1,195,905	253,937	3,905,308	111,331
-	-	-	4,921
-	-	76,396	16,350
-	15,048	312,152	100,370
-	22,809	33,482	875
<u>1,195,905</u>	<u>2,393,210</u>	<u>11,398,355</u>	<u>6,892,962</u>
-	-	214,980	-
-	-	14,142,661	-
-	-	34,848,397	7,825
-	3,256,641	23,592,177	-
260,286	37,269	3,195,536	61,379
-	-	-	448,531
987,956	491,306	7,304,371	363,778
-	-	28,527,746	-
(624,588)	(2,519,262)	(42,874,122)	(544,095)
<u>623,654</u>	<u>1,265,954</u>	<u>68,951,746</u>	<u>337,418</u>
<u>1,819,559</u>	<u>3,659,164</u>	<u>80,350,101</u>	<u>7,230,380</u>
614,738	24,701	945,663	-
<u>127,290</u>	<u>23,365</u>	<u>508,241</u>	<u>-</u>
<u>742,028</u>	<u>48,066</u>	<u>1,453,904</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, 2020

	Business-type Activities-Enterprise Funds			
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/488</b> Water Utility	<b>602/650/317 320/322/323/ 402/490/492</b> Sewer Utility	<b>603/307/326/ 403/406</b> Solid Waste Campus
Liabilities				
Current Liabilities				
Accounts payable	\$ 11,771	\$ 96,733	\$ 285,327	\$ 292,977
Due to other funds	-	-	-	-
Advances from other funds - current portion	-	-	-	-
Due to other governments	27,214	50,866	-	3,766
Accrued interest payable	-	30,330	13,888	114,203
Salaries payable	41,002	40,955	42,666	35,287
Unearned revenue	-	-	-	255,848
Compensated absences payable	60,212	55,774	64,024	48,212
G.O. revenue bonds payable	-	965,000	418,000	415,000
Total Current Liabilities	<u>140,199</u>	<u>1,239,658</u>	<u>823,905</u>	<u>1,165,293</u>
Noncurrent Liabilities				
Compensated absences payable	72,658	155,294	126,948	72,052
Advances from other funds	-	-	-	-
G.O. revenue bonds payable	-	2,012,000	1,101,000	8,140,326
Net pension liability	989,447	1,032,986	1,114,836	893,318
Other postemployment benefits obligation	317,847	261,714	300,187	155,057
Total Noncurrent Liabilities	<u>1,379,952</u>	<u>3,461,994</u>	<u>2,642,971</u>	<u>9,260,753</u>
Total Liabilities	<u>1,520,151</u>	<u>4,701,652</u>	<u>3,466,876</u>	<u>10,426,046</u>
Deferred Inflows of Resources				
Deferred pension resources	54,138	56,520	60,999	48,878
Deferred other postemployment benefit resources	5,111	4,208	4,827	2,493
Total Deferred Inflows of Resources	<u>59,249</u>	<u>60,728</u>	<u>65,826</u>	<u>51,371</u>
Net Position				
Net investment in capital assets	1,173,433	18,567,016	21,161,495	13,108,868
Unrestricted	<u>333,883</u>	<u>372,964</u>	<u>503,721</u>	<u>(38,091)</u>
Total Net Position	<u>\$ 1,507,316</u>	<u>\$ 18,939,980</u>	<u>\$ 21,665,216</u>	<u>\$ 13,070,777</u>

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

Net Position of Business-type Activities

<u>Business-type Activities-Enterprise Funds</u>			Governmental
<b>610</b>	Other		Activities-
<u>Ambulance</u>	<u>Business-type</u>	<u>Total</u>	<u>Internal</u>
	<u>Activities</u>		<u>Service</u>
			<u>Funds</u>
\$ 60,867	\$ 33,250	\$ 780,925	\$ 752,581
1,247,834	137,546	1,385,380	607,579
-	100,000	100,000	-
6,594	-	88,440	-
-	-	158,421	-
62,900	11,379	234,189	217,011
-	53,756	309,604	-
86,387	12,381	326,990	730,401
-	-	1,798,000	-
<u>1,464,582</u>	<u>348,312</u>	<u>5,181,949</u>	<u>2,307,572</u>
158,374	39,984	625,310	1,139,124
-	57,114	57,114	-
-	-	11,253,326	-
1,312,640	325,129	5,668,356	-
368,363	67,616	1,470,784	-
<u>1,839,377</u>	<u>489,843</u>	<u>19,074,890</u>	<u>1,139,124</u>
<u>3,303,959</u>	<u>838,155</u>	<u>24,256,839</u>	<u>3,446,696</u>
918,891	17,789	1,157,215	-
5,923	1,087	23,649	-
<u>924,814</u>	<u>18,876</u>	<u>1,180,864</u>	<u>-</u>
623,654	1,265,954	55,900,420	337,418
(2,290,840)	1,584,245	465,882	3,446,266
<u>\$ (1,667,186)</u>	<u>\$ 2,850,199</u>	<u>\$ 56,366,302</u>	<u>\$ 3,783,684</u>
		<u>(932,612)</u>	
		<u>\$ 55,433,690</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  
For the Year Ended December 31, 2020

	Business-type Activities-Enterprise Funds			
	<b>600</b> Refuse Collection & Recycling	<b>601/651/ 319/488</b> Water Utility	<b>602/650/317 320/322/323/ 402/490/492</b> Sewer Utility	<b>603/307/326/ 403/406</b> Solid Waste Campus
Operating Revenues				
Charges for services	\$ 2,692,759	\$ 3,273,671	\$ 4,721,109	\$ 1,641,272
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	44,513	151,337	97,592	2,397
Total Operating Revenues	<u>2,737,272</u>	<u>3,425,008</u>	<u>4,818,701</u>	<u>1,643,669</u>
Operating Expenses				
Personal services	740,452	816,223	876,166	706,176
Employee benefits	422,074	362,879	331,573	294,525
Supplies	224,801	273,933	754,751	349,057
Cost of merchandise sold	-	-	-	-
Professional services	241,274	244,700	845,381	1,855,033
Rent and leased equipment	-	22,038	5,330	10,962
Repairs and maintenance	154,925	90,507	372,301	160,251
Administration and fiscal charges	896,994	465,270	350,176	123,035
Insurance premiums	14,945	33,624	71,008	30,601
Insurance claims	-	-	-	-
Depreciation	222,198	663,598	1,027,886	381,377
Bad debt expense	-	-	-	-
Miscellaneous	314	5,869	6,104	22,992
Total Operating Expenses	<u>2,917,977</u>	<u>2,978,641</u>	<u>4,640,676</u>	<u>3,934,009</u>
Operating Income (Loss)	<u>(180,705)</u>	<u>446,367</u>	<u>178,025</u>	<u>(2,290,340)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental				
Federal and state grants	4,777	-	-	-
Investment income	5,811	30,252	-	2,083
Rents and leases	-	123,509	-	-
Refunds	-	45	-	15,622
Miscellaneous	-	128,210	143,445	2,645,585
Gain (loss) on sale of capital assets	-	26,200	13,400	32,021
Interest and fiscal charges	-	(100,807)	(45,401)	(278,399)
Amortization expense	-	-	-	16,356
Total Nonoperating Revenues (Expenses)	<u>10,588</u>	<u>207,409</u>	<u>111,444</u>	<u>2,433,268</u>
Income (Loss) Before Contributions and Transfers	(170,117)	653,776	289,469	142,928
Capital Grants and Contributions	-	-	-	1,999,500
Transfers In	-	-	-	-
Transfers Out	<u>(4,416)</u>	<u>(138,815)</u>	<u>(116,616)</u>	<u>-</u>
Change in Net Position	(174,533)	514,961	172,853	2,142,428
Net Position, January 1	1,681,849	18,489,442	22,214,643	10,928,349
Prior Period Adjustment (Note 10)	<u>-</u>	<u>(64,423)</u>	<u>(722,280)</u>	<u>-</u>
Net Position, December 31	<u>\$ 1,507,316</u>	<u>\$ 18,939,980</u>	<u>\$ 21,665,216</u>	<u>\$ 13,070,777</u>

Changes in net position as shown above

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

Changes in net position of business-type activities

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

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
610 Ambulance	Other Business-type Activities	Total	
\$ 5,107,061	\$ 2,066,063	\$ 19,501,935	\$ 13,631,121
-	129,189	129,189	-
-	(94,327)	(94,327)	-
-	872	296,711	136,783
5,107,061	2,101,797	19,833,508	13,767,904
1,302,311	307,286	4,748,614	4,182,477
670,190	126,400	2,207,641	7,586,671
141,339	105,551	1,849,432	490,283
-	-	-	691,815
256,503	635,522	4,078,413	919,471
-	3,134	41,464	23,061
65,074	68,021	911,079	223,084
32,637	54,635	1,922,747	149,666
16,255	2,248	168,681	410,133
-	-	-	23,294
124,028	89,516	2,508,603	69,056
3,109,960	-	3,109,960	-
332	20,475	56,086	18,180
5,718,629	1,412,788	21,602,720	14,787,191
(611,568)	689,009	(1,769,212)	(1,019,287)
166,452	-	171,229	-
-	22,442	60,588	41,772
-	-	123,509	-
1,003	-	16,670	-
15,126	-	2,932,366	-
2,000	-	73,621	-
-	(6,350)	(430,957)	-
-	-	16,356	-
184,581	16,092	2,963,382	41,772
(426,987)	705,101	1,194,170	(977,515)
-	-	1,999,500	-
-	-	-	591,417
-	(148,463)	(408,310)	-
(426,987)	556,638	2,785,360	(386,098)
(1,240,199)	2,293,561	54,367,645	4,169,782
-	-	(786,703)	-
<u>\$ (1,667,186)</u>	<u>\$ 2,850,199</u>	<u>\$ 56,366,302</u>	<u>\$ 3,783,684</u>
		\$ 2,785,360	
		(257,879)	
		<u>\$ 2,527,481</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, 2020

	Business-type Activities-Enterprise Funds			
	<b>600</b>	<b>601/651/</b>	<b>602/650/317</b>	<b>603/307/326/</b>
	<b>Refuse</b>	<b>319/488</b>	<b>320/322/323/</b>	<b>403/406</b>
	<b>Collection</b>	<b>Water Utility</b>	<b>402/490/492</b>	<b>Solid Waste</b>
	<b>&amp; Recycling</b>		<b>Sewer Utility</b>	<b>Campus</b>
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,647,231	\$ 3,245,567	\$ 4,706,063	\$ 1,413,761
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,527,246)	(1,139,988)	(2,417,507)	(2,764,835)
Payments to and on behalf of employees	(1,225,199)	(1,193,070)	(1,288,934)	(995,378)
Other receipts	44,513	403,101	241,037	2,663,604
Net Cash Provided (Used) by Operating Activities	(60,701)	1,315,610	1,240,659	317,152
Cash Flows From Noncapital Financing Activities				
Grants received	4,777	-	-	-
Loan payments received	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	(4,416)	(138,815)	(116,616)	-
Net Cash Provided (Used) by Noncapital Financing Activities	361	(138,815)	(116,616)	-
Cash Flows From Capital and Related Financing Activities				
Capital grants and contributions received	-	-	-	1,923,104
Proceeds from sale of capital assets	-	26,200	13,400	32,021
Principal paid on bonds and leases	-	(938,000)	(408,000)	(210,000)
Interest and fiscal charges paid on bonds and leases	-	(110,364)	(49,348)	(351,012)
Payments for acquisition and construction of capital assets	(43,945)	(322,130)	(759,043)	(2,585,051)
Increase (decrease) in due to other funds	-	-	-	(1,000,000)
Principal paid on advances from other funds	-	-	-	-
Interest paid on advances from other funds	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(43,945)	(1,344,294)	(1,202,991)	(2,190,938)
Cash Flows From Investing Activities				
Interest receipts	6,658	31,011	-	2,083
Net Increase (Decrease) in Cash and Cash Equivalents	(97,627)	(136,488)	(78,948)	(1,871,703)
Cash and Cash Equivalents, January 1	1,339,361	1,349,293	1,704,677	2,761,036
Cash and Cash Equivalents, December 31	\$ 1,241,734	\$ 1,212,805	\$ 1,625,729	\$ 889,333

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

Business-type Activities-Enterprise Funds			Governmental
610	Other		Activities-
Ambulance	Business-type	Total	Internal
	Activities		Service
			Funds
\$ 1,738,165	\$ 2,231,133	\$ 15,981,920	\$ -
-	-	-	13,702,700
(469,774)	(995,079)	(9,314,429)	(2,539,511)
(1,940,313)	(434,343)	(7,077,237)	(11,759,861)
16,129	-	3,368,384	136,783
(655,793)	801,711	2,958,638	(459,889)
155,714	-	160,491	-
-	-	-	5,650
602,831	(160,255)	442,576	253,096
-	-	-	591,417
-	(148,463)	(408,310)	-
758,545	(308,718)	194,757	850,163
-	-	1,923,104	-
2,000	-	73,621	-
-	-	(1,556,000)	-
-	-	(510,724)	-
(104,752)	-	(3,814,921)	(77,156)
-	-	(1,000,000)	-
-	(100,000)	(100,000)	-
-	(6,350)	(6,350)	-
(102,752)	(106,350)	(4,991,270)	(77,156)
-	22,140	61,892	55,651
-	408,783	(1,775,983)	368,769
-	1,688,584	8,842,951	6,289,772
\$ -	\$ 2,097,367	\$ 7,066,968	\$ 6,658,541

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, 2020

	Business-type Activities-Enterprise Funds			
	<b>600</b>	<b>601/651/</b>	<b>602/650/317</b>	<b>603/307/326/</b>
	<b>Refuse</b>	<b>319/488</b>	<b>320/322/323/</b>	<b>403/406</b>
	<b>Collection</b>	<b>Water Utility</b>	<b>402/490/492</b>	<b>Solid Waste</b>
	<b>&amp; Recycling</b>		<b>Sewer Utility</b>	<b>Campus</b>
Reconciliation of Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (180,705)	\$ 446,367	\$ 178,025	\$ (2,290,340)
Adjustments to reconcile operating income (loss) to				
net cash provided (used) by operating activities				
Other income related to operations	-	251,764	143,445	2,661,207
Depreciation	222,198	663,598	1,027,886	381,377
(Increase) decrease in assets				
Accounts receivable	(42,872)	(25,332)	(12,054)	(480,962)
Due from other governments	-	-	-	-
Inventories	-	(26,141)	(456)	-
Prepaid items	-	-	(108)	(15)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	17,483	17,349	23,412	13,355
Deferred other postemployment benefit resources	(2,650)	(2,182)	(2,503)	(1,292)
Increase (decrease) in liabilities				
Accounts payable	5,948	21,935	(11,892)	(212,539)
Due to other governments	59	159	-	(350)
Salaries payable	1,115	3,138	3,908	3,755
Compensated absences payable	(20,495)	20,833	7,107	18,910
Other postemployment benefits obligation	16,121	13,274	15,226	7,864
Net pension liability	50,329	61,697	19,062	70,055
Unearned revenue	-	-	-	255,848
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(126,210)	(130,007)	(149,434)	(109,222)
Deferred other postemployment benefit resources	(1,022)	(842)	(965)	(499)
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,701)</u>	<u>\$ 1,315,610</u>	<u>\$ 1,240,659</u>	<u>\$ 317,152</u>
Schedule of Noncash Financing and Investing Activities				
Capital assets acquired on account	\$ -	\$ -	\$ 228,788	\$ 104,627
Amortization of bond (premium) discount	\$ -	\$ -	\$ -	\$ (16,356)
Bad debt write off	\$ -	\$ -	\$ -	\$ -

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

Business-type Activities-Enterprise Funds			Governmental
610	Other		Activities-
Ambulance	Business-type	Total	Internal
	Activities		Service
			Funds
\$ (611,568)	\$ 689,009	\$ (1,769,212)	\$ (1,019,287)
26,867	-	3,083,283	-
124,028	89,516	2,508,603	69,056
(258,936)	(1,097)	(821,253)	52,075
-	-	-	(16,350)
-	10,470	(16,127)	12,055
-	(1,781)	(1,904)	(109)
490,172	5,452	567,223	-
(3,070)	(564)	(12,261)	-
46,571	(19,855)	(169,832)	298,552
(4,205)	-	(4,337)	-
11,997	778	24,691	23,608
21,339	10,115	57,809	120,511
18,684	3,430	74,599	-
191,982	19,508	412,633	-
-	37,850	293,698	-
(708,469)	(40,902)	(1,264,244)	-
(1,185)	(218)	(4,731)	-
<u>\$ (655,793)</u>	<u>\$ 801,711</u>	<u>\$ 2,958,638</u>	<u>\$ (459,889)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,415</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,356)</u>	<u>\$ -</u>
<u>\$ 3,109,960</u>	<u>\$ -</u>	<u>\$ 3,109,960</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, 2020

	Custodial Funds
Assets	
Cash and investments	\$ 1,466,441
Assets held in endowment	3,584,199
Receivables	
Interest	383
Accounts	61,599
Prepaid items	11,000
Total Assets	<u>5,123,622</u>
Liabilities	
Accounts payable	130,317
Due to other governments	62,722
Salaries payable	9,554
Compensated absences payable	14,097
Unearned revenue	40,022
Total Current Liabilities	<u>256,712</u>
Noncurrent Liabilities	
Compensated absences payable	2,004
Total Liabilities	<u>258,716</u>
Net Position	
Restricted	
Individuals, organizations, endowments and other governments	<u>\$ 4,864,906</u>

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

City of Red Wing, Minnesota  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2020

	<u>Custodial Funds</u>
Additions	
Intergovernmental	\$ 1,523,386
Investment earnings	287,899
Charges for services	320,642
Miscellaneous	458,364
Total Additions	<u>2,590,291</u>
Deductions	
Culture and recreation	
Personal services	388,048
Supplies	62,268
Other services and charges	568,582
Capital outlay	456,745
Miscellaneous	
Other services and charges	143,290
Total Deductions	<u>1,618,933</u>
Net Increase (Decrease) in Fiduciary Net Position	971,358
Net Position, January 1	<u>3,893,548</u>
Net Position, December 31	<u><u>\$ 4,864,906</u></u>

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, 2020

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December 31, 2020

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City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## 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 since the City can impose its will on the entity, the Board makeup of the entity is not substantially the same as the City Commission and no financial benefit exists between the two entities. The Port Authority does not issue separate financial statements.

**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.

### 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.



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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers 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, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

The *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 *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.

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*

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial fund accounts for activities of Cannon Valley Bike, Sheldon Auditorium, Red Wing 2020, Coalition of Utility Cities, and Local Government Utility.

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.

## 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.

### 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, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

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.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 90 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2020:

- Treasury bills and U.S. government agency securities of \$6,548,274 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$7,202,623 are valued using a matrix pricing model (Level 2 inputs)

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 regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

***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.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Property Taxes***

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

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

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

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

***Accounts Receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2020. 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 \$1,216,369 as of December 31, 2020.

***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.

## **Note 1: Summary of Significant Accounting Policies (Continued)**

### ***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.

### ***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.

### ***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.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 1: Summary of Significant Accounting Policies (Continued)**

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 acquisition value of the item at the date of its donation. 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 net 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 two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

## 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	560 hours
Fire Fighters	560 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 75, at January 1, 2019. The General fund is typically used to liquidate governmental other postemployment benefits payable.

### **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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP), DCP and Red Wing Fire Department Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$420,586	\$851,579	\$2,084	\$127,312	\$ 1,401,561



## **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 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 statements of net 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.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

### ***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 60 percent of budgeted operating expenditures for cash-flow timing needs.

## **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".

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.

## **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 \$1,803,625 and an increase of \$6,318 in the Library special revenue fund.

The City does not use encumbrance accounting.

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

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

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 2: Stewardship, Compliance and Accountability (Continued)**

**B. Excess of Expenditures Over Appropriations**

The following budgeted special revenue fund had expenditures in excess of budget for the year ended December 31, 2020:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Tax Increment District # 7.1	\$ 140,000	\$ 181,671	\$ 41,671

Excess expenditures in the above fund were funded by available fund balance.

**C. Deficit Fund Equity**

The following funds had fund equity deficits at December 31, 2020:

Fund	Amount
Governmental Funds	
Nonmajor	
Special revenue	
Airport	\$ 67,443
Capital Projects	
Bush ST Crosswalk and Refurbish 13th and 17th St	8,446
Parkland Acquisition	7,400
2021 Street Reconstruction Project	31,449
2023 Street Reconstruction Project	30,206
Barn Bluff Improvements	117,668
Old West Main Reconstruction	660,969
Proprietary Funds	
Major	
Ambulance	1,667,186
Nonmajor	
Marina	215,367

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

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

It is anticipated the Ambulance fund deficit, which is due to pension and OPEB liabilities, will be eliminated by future charges.

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

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

### **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 fair 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 \$1,738,313, including \$1,195,221 reported in fiduciary funds. The bank balance was \$2,151,550. The bank balance was covered by federal depository insurance of \$255,503 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, 2020

### Note 3: Detailed Notes on All Funds (Continued)

#### Investments

As of December 31, 2020 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)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Minnesota Municipal Money Market (4M) Fund	N/A	less than 1 year	\$ 319		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 1 year	53,981,740		
St. Paul Foundation	N/A	less than 1 year	4,206,518		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	1 to 5 years	883,277	\$ 883,277	\$ -
Government Agency Securities	AAA	more than 5 years	5,664,997	5,664,997	-
Negotiable Certificates of Deposit	N/A	less than 1 year	5,592,164	-	5,592,164
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,610,459	-	1,610,459
Total Investments			\$ 71,939,474	\$ 6,548,274	\$ 7,202,623

(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.

There were no Level 3 investments in current year and therefore was not necessary to include.

N/A indicates not applicable or available.

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 80 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, 2020, 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.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

**Cash on Hand**

Cash in the possession of the City, consisting of petty cash and change funds totals \$2,525.

**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	\$ (282,262)	\$ 825,354	\$ 1,195,221	\$ 1,738,313
Investments	67,194,622	890,533	3,854,319	71,939,474
Cash on Hand	1,425	-	1,100	2,525
Total	<u>\$ 66,913,785</u>	<u>\$ 1,715,887</u>	<u>\$ 5,050,640</u>	<u>\$ 73,680,312</u>
Cash and Investments	\$ 66,291,466	\$ 1,715,887	\$ 1,466,441	\$ 69,473,794
Assets Held in Endowment	622,319	-	3,584,199	4,206,518
Total	<u>\$ 66,913,785</u>	<u>\$ 1,715,887</u>	<u>\$ 5,050,640</u>	<u>\$ 73,680,312</u>

**B. Assets Held in Endowment**

Assets held in endowment at December 31, 2020 were \$4,206,518. The Saint Paul Foundation holds these assets in accounts for the Library special revenue fund and the Sheldon Auditorium custodial fund. The balances at December 31, 2020 are \$622,319 and \$3,584,199, respectively. The net appreciation on these investments totaled \$141,117 for 2020. Assets in the endowment are shown as restricted on the statement of net position. 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. Assets in the endowment are subject to Minnesota Statute 309.745

**C. Loans Receivable**

Specific special revenue funds make installment loans to promote economic development within the City. Economic development loans receivable of \$125,718 and \$2,067,828 are reported as assets in the primary government and component unit, respectively. These loans are reported net of allowances of \$250,000 and \$70,652, respectively:

Fund	Amount
Primary Government	
Special Revenue	
DEED Loan	\$ 120,797
Internal Service	
Risk Management	4,921
Total Governmental Activities	<u>\$ 125,718</u>
Component Unit	
Industrial Loan	\$ 1,684,980
Micro Loan	176,800
Intermediary Relending	206,048
Total Component Unit	<u>\$ 2,067,828</u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

**D. Capital Assets**

**Primary Government**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 9,097,551	\$ 556,929	\$ -	\$ 9,654,480
Construction in progress	50,690,473	6,775,452	(19,904,074)	37,561,851
Total Capital Assets not Being Depreciated	<u>59,788,024</u>	<u>7,332,381</u>	<u>(19,904,074)</u>	<u>47,216,331</u>
Capital Assets Being Depreciated				
Buildings	33,390,860	10,247,166	-	43,638,026
Improvements other than buildings	28,005,608	2,153,623	-	30,159,231
Machinery and equipment	2,797,799	229,986	-	3,027,785
Office equipment	1,322,601	17,000	-	1,339,601
Vehicles	12,896,056	612,163	(219,192)	13,289,027
Infrastructure	60,382,404	7,701,915	-	68,084,319
Total Capital Assets Being Depreciated	<u>138,795,328</u>	<u>20,961,853</u>	<u>(219,192)</u>	<u>159,537,989</u>
Less Accumulated Depreciation for				
Buildings	(22,803,239)	(1,132,552)	-	(23,935,791)
Improvements other than buildings	(13,077,278)	(811,169)	-	(13,888,447)
Machinery and equipment	(1,452,534)	(157,665)	-	(1,610,199)
Office equipment	(1,042,557)	(49,744)	-	(1,092,301)
Vehicles	(8,538,619)	(964,566)	219,192	(9,283,993)
Infrastructure	(35,487,922)	(2,403,095)	-	(37,891,017)
Total Accumulated Depreciation	<u>(82,402,149)</u>	<u>(5,518,791)</u>	<u>219,192</u>	<u>(87,701,748)</u>
Total Capital Assets Being Depreciated, Net	<u>56,393,179</u>	<u>15,443,062</u>	<u>-</u>	<u>71,836,241</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,181,203</u>	<u>\$ 22,775,443</u>	<u>\$ (19,904,074)</u>	<u>\$ 119,052,572</u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 214,980	\$ -	\$ -	\$ 214,980
Construction in progress	19,892,171	996,441	(6,745,951)	14,142,661
Total Capital Assets not Being Depreciated	<u>20,107,151</u>	<u>996,441</u>	<u>(6,745,951)</u>	<u>14,357,641</u>
Capital Assets Being Depreciated				
Buildings	34,803,890	44,507	-	34,848,397
Improvements other than buildings	14,645,567	8,946,610	-	23,592,177
Machinery and equipment	3,195,536	-	-	3,195,536
Vehicles	6,660,526	691,014	(47,169)	7,304,371
Infrastructure	28,527,746	-	-	28,527,746
Total Capital Assets Being Depreciated	<u>87,833,265</u>	<u>9,682,131</u>	<u>(47,169)</u>	<u>97,468,227</u>
Less Accumulated Depreciation for				
Buildings	(11,441,456)	(693,280)	-	(12,134,736)
Improvements other than buildings	(8,999,142)	(664,715)	-	(9,663,857)
Machinery and equipment	(2,400,758)	(106,627)	-	(2,507,385)
Vehicles	(4,375,085)	(536,620)	47,169	(4,864,536)
Infrastructure	(13,196,247)	(507,361)	-	(13,703,608)
Total Accumulated Depreciation	<u>(40,412,688)</u>	<u>(2,508,603)</u>	<u>47,169</u>	<u>(42,874,122)</u>
Total Capital Assets Being Depreciated, Net	<u>47,420,577</u>	<u>7,173,528</u>	<u>-</u>	<u>54,594,105</u>
Business-type Activities Capital Assets, Net	<u>\$ 67,527,728</u>	<u>\$ 8,169,969</u>	<u>\$ (6,745,951)</u>	<u>\$ 68,951,746</u>



City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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	\$ 148,160
Public safety	730,006
Public works	3,547,312
Culture and recreation	793,309
Economic development	93,838
Miscellaneous	
Airport	60,472
Cemeteries	76,638
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>69,056</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,518,791</u></u>

**Business-type Activities**

Refuse collection and recycling	\$ 222,198
Water utility	663,598
Sewer utility	1,027,886
Solid waste campus	381,377
Marina	39,918
Ambulance	124,028
Storm water utility	<u>49,598</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 2,508,603</u></u>

**Component Unit**

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Component Unit Activities</b>				
Capital Assets not Being Depreciated				
Land	<u>\$ 175,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,042</u>
Capital Assets Being Depreciated				
Improvements other than buildings	872,479	-	-	872,479
Less Accumulated Depreciation for				
Improvements other than buildings	<u>(518,827)</u>	<u>(8,008)</u>	<u>-</u>	<u>(526,835)</u>
Total Capital Assets				
Being Depreciated, Net	<u>353,652</u>	<u>(8,008)</u>	<u>-</u>	<u>345,644</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$ 528,694</u></u>	<u><u>\$ (8,008)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 520,686</u></u>

Depreciation expense charged to the component unit was as follows:

**Component Unit Activities**

Port Authority	<u><u>\$ 8,008</u></u>
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City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

**Construction Commitments**

The City has active construction projects as of December 31, 2020. The projects include building improvements, transportation improvements and solid waste improvements. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Levee Wall Improvements	\$ 6,246,713	\$ 86,650
2019 Street Reconstruction Project	1,243,920	156,951
2020 Street Reconstruction Project	938,853	71,669
Red Wing Ave & Hewitt Blvd	235,338	90,341
Barn Bluff Park Improvements	785,815	117,432
Total	<u>\$ 9,450,639</u>	<u>\$ 523,043</u>

**E. Interfund Receivables, Payables and Transfers**

The composition of interfund balances at December 31, 2020 is as follows:

**Due from/to Other Funds**

Primary Government		
Receivable Fund	Payable Fund	Amount
General	PERA Perpetual	\$ 543,076
	Nonmajor Governmental	792,348
	Nonmajor Enterprise	137,546
	Ambulance Enterprise	1,247,834
	Information Services Internal Service	607,579
Total		<u>\$ 3,328,383</u>
Governmental activities - internal balances	Business-type activities - internal balances	<u>\$ 2,475,106</u>
Component Unit		
Receivable Fund	Payable Fund	Amount
Port Authority General	Port Authority Micro Loan	<u>\$ 12,325</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 \$543,076 is for the operating subsidy not yet remitted to the General fund. The remaining balances totaling \$2,785,307 are for temporary advances to cover cash deficits. A portion of the amount due to the governmental activities from the business-type activities (\$932,612) is due to the elimination of internal service fund profits and losses. The balance of \$12,325 in the City's component unit are for temporary advances to cover cash deficits.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

**Advances to/from Other Funds**

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Amount
Capital Improvement Assessment	Nonmajor enterprise	1.80 - 3.30 %	03/24/14	11/01/21	<u>\$ 157,114</u>

The above advance was made for the following purposes:

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

A summary of total future interfund advance repayments follows:

Year Ending December 31	Principal	Interest	Total
2021	<u>\$ 157,114</u>	<u>\$ 1,600</u>	<u>\$ 158,714</u>

**Due to/from Component Unit/Primary Government**

Receivable Entity	Payable Entity	Amount
Component Unit	Primary Government	
Adjustment to reflect the consolidation of internal service fund activities to		
Port Authority - component unit		<u>\$ 3,641</u>

**Interfund Transfers**

The following transfers were made for the year ended December 31, 2020:

Fund	Transfers In				Total
	General	Nonmajor Governmental	Risk Management Internal Service	Engineering Management Internal Service	
Transfers Out					
General	\$ -	\$ 2,996,481	\$ 8,300	\$ 583,117	\$ 3,587,898
PERA Perpetual	113,931	-	-	-	113,931
Capital Improvement Assessment	-	1,582,950	-	-	1,582,950
Nonmajor governmental	140,120	508,334	-	-	648,454
Refuse Collection and Recycling enterprise	4,416	-	-	-	4,416
Water Utility enterprise	4,416	134,399	-	-	138,815
Sewer Utility enterprise	4,416	112,200	-	-	116,616
Nonmajor enterprise	4,416	144,047	-	-	148,463
Total	<u>\$ 271,715</u>	<u>\$ 5,478,411</u>	<u>\$ 8,300</u>	<u>\$ 583,117</u>	<u>\$ 6,341,543</u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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 2020:

- From the General fund to the following funds for operating subsidies: Airport special revenue fund (\$111,437), Library special revenue fund (\$1,141,835), Sister Cities special revenue fund (\$5,500).
- From the PERA Perpetual fund to the General fund for operating subsidy (\$113,931).
- From the Building Inspection special revenue fund to the General fund for operating subsidy (\$140,120).

In the year ended December 31, 2020, the City made the following one-time significant transfers:

- From the General fund to the Risk Management internal service fund for operating expenses (\$8,300).
- From the General fund to the Engineering Management internal service fund for operating and capital expenses (\$583,117).
- From the General fund to various nonmajor governmental funds (\$1,737,709) for operating and capital expenditures.
- From the Capital Improvement Assessment fund to various nonmajor capital project funds for one-time capital improvements (\$1,582,950).
- The Refuse Collection and Recycling, Water Utility, Sewer Utility and other nonmajor enterprise funds transferred \$4,416 each to the General fund for personnel costs.
- From the Water Utility enterprise fund to various nonmajor capital project funds for one-time capital improvements (\$134,399) .
- From the Sewer Utility enterprise fund to a nonmajor capital project funds for one-time capital improvements (\$112,200) .
- From nonmajor enterprise funds to various nonmajor capital project funds one-time capital improvements (\$144,047).

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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	\$ 400,000
G.O. Bonds of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	505,000
G.O. Bonds of 2013A	2,930,000	2.00	04/24/13	02/01/24	1,185,000
G.O. Equipment Certificates of 2014A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	470,000
G.O. Bonds of 2015A	7,735,000	2.00	05/13/15	02/01/26	4,780,000
G.O. Bonds of 2016A	8,525,000	2.00	08/25/16	02/01/27	6,150,000
G.O. Bonds of 2017A	6,740,000	2.00 - 4.00	05/25/17	02/01/27	4,860,000
G.O. Bonds of 2018A	13,535,000	3.00 - 5.00	04/26/18	02/01/28	12,295,000
Total G.O. Bonds					<u>\$ 30,645,000</u>

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

Year Ending December 31	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 4,365,000	\$ 928,720	\$ 5,293,720
2022	4,465,000	806,223	5,271,223
2023	4,400,000	672,033	5,072,033
2024	4,250,000	534,850	4,784,850
2025	4,040,000	398,975	4,438,975
2026 - 2028	9,125,000	406,975	9,531,975
Total	<u>\$ 30,645,000</u>	<u>\$ 3,747,776</u>	<u>\$ 34,392,776</u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**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 2002	\$ 2,100,000	3.74 %	10/11/02	08/20/22	\$ 206,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	2,977,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	1,313,000
G.O. Refunding Revenue Bonds of 2017A	2,585,000	2.00 - 4.00	05/25/17	02/01/29	2,170,000
G.O. Solid Waste Revenue Bonds of 2019A	4,844,000	3.00 - 5.00	03/28/19	02/01/40	5,955,000
Total G.O. Revenue Bonds					<u>\$ 12,621,000</u>

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

Year Ending December 31	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2021	\$ 1,798,000	\$ 389,287	\$ 2,187,287
2022	1,846,000	336,413	2,182,413
2023	1,797,000	282,944	2,079,944
2024	795,000	230,668	1,025,668
2025	475,000	204,162	679,162
2026 - 2030	2,405,000	716,373	3,121,373
2031 - 2035	1,625,000	411,781	2,036,781
2036 - 2040	1,880,000	148,234	2,028,234
Total	<u>\$ 12,621,000</u>	<u>\$ 2,719,862</u>	<u>\$ 15,340,862</u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water Utility, Sewer Utility and Solid Waste Campus funds and are backed by the full faith and credit of the City. 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	\$ 3,425,008	\$ 4,818,701	\$ 1,643,669
Principal and Interest	1,048,364	457,348	561,012
Percentage of Revenues	30.6%	9.5%	34.1%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General Obligation Bonds	\$ 34,885,000	\$ -	\$ (4,240,000)	\$ 30,645,000	\$ 4,365,000
Unamortized Bond Premiums	2,267,572	-	(280,814)	1,986,758	-
Total Bonds Payable	37,152,572	-	(4,520,814)	32,631,758	4,365,000
Compensated Absences Payable	1,749,014	971,424	(850,913)	1,869,525	730,401
Governmental Activity Long-term Liabilities	<u>\$ 38,901,586</u>	<u>\$ 971,424</u>	<u>\$ (5,371,727)</u>	<u>\$ 34,501,283</u>	<u>\$ 5,095,401</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Bonds Payable					
General Obligation Revenue Bonds	\$ 14,177,000	\$ -	\$ (1,556,000)	\$ 12,621,000	\$ 1,798,000
Unamortized Bond Premiums	446,682	-	(16,356)	430,326	-
Total Bonds Payable	14,623,682	-	(1,572,356)	13,051,326	1,798,000
Compensated Absences Payable	894,491	440,262	(382,453)	952,300	326,990
Business-type Activity Long-term Liabilities	<u>\$ 15,518,173</u>	<u>\$ 440,262</u>	<u>\$ (1,954,809)</u>	<u>\$ 14,003,626</u>	<u>\$ 2,124,990</u>

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2020, there were ten series of Industrial Revenue Bonds outstanding, with an aggregate principal of \$54,288,750. The balance on these bonds at December 31, 2020 was \$34,855,605.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 3: Detailed Notes on All Funds (Continued)**

**G. Components of Fund Balance**

At December 31, 2020, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment	Other Governmental Funds	Total
<b>Nonspendable</b>						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 1,509	\$ 1,509
Loans to other governments	62,594	-	-	-	-	62,594
Library endowment	-	-	-	-	622,319	622,319
Permanent principal endowments	-	-	-	-	2,098,627	2,098,627
<b>Total Nonspendable</b>	<b>\$ 62,594</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,722,455</b>	<b>\$ 2,785,049</b>
<b>Restricted</b>						
Debt service	\$ -	\$ -	\$ 6,058,575	\$ -	\$ -	\$ 6,058,575
DNR grant	14,704	-	-	-	-	14,704
Library activities	-	-	-	-	26,740	26,740
Lodging	-	-	-	-	2,407	2,407
Capital projects (unspent bond proceeds)	-	-	-	-	98,957	98,957
Police and fire activities	33,993	9,220,056	-	-	-	9,254,049
Future loans	-	-	-	-	250,201	250,201
Cemetery perpetual	-	-	-	-	928,765	928,765
<b>Total Restricted</b>	<b>\$ 48,697</b>	<b>\$ 9,220,056</b>	<b>\$ 6,058,575</b>	<b>\$ -</b>	<b>\$ 1,307,070</b>	<b>\$ 16,634,398</b>
<b>Committed</b>						
Capital improvements	\$ 3,600,000	\$ -	\$ -	\$ -	\$ 6,201,435	\$ 9,801,435
<b>Assigned</b>						
General improvements	\$ 592,743	\$ -	\$ -	\$ -	\$ -	\$ 592,743
Future operations	-	-	-	-	790,610	790,610
Capital improvements	-	-	-	3,916,876	-	3,916,876
<b>Total Assigned</b>	<b>\$ 592,743</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,916,876</b>	<b>\$ 790,610</b>	<b>\$ 5,300,229</b>
<b>Unassigned</b>	<b>\$ 23,844,117</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (925,090)</b>	<b>\$ 22,919,027</b>



## **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 Plan

All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

#### Public Employees Police and Fire Plan

The Police and Fire Plan, 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 Police and Fire Plan 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 state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

#### General Employee Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

## **Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

### Police and Fire Plan Benefits

Benefits for Police and Fire Plan 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 Police and Fire Plan 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 Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

### **C. Contributions**

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

#### General Employees Fund Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$664,004, \$668,150 and \$645,793, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

#### Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$832,241, \$797,818 and \$766,041, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

### **D. Pension Costs**

#### General Employees Fund Pension Costs

At December 31, 2020, the City of Red Wing reported a liability of \$7,410,385 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$228,489. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1236 percent which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2019.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

City's Proportionate Share of the Net Pension Liability	\$ 7,410,385
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>228,489</u>
Total	<u><u>\$ 7,638,874</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$400,700 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$19,886 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 68,890	\$ 33,141
Changes in Actuarial Assumptions	2,120	278,197
Net Difference Between Projected and Actual Earnings on Plan Investments	122,582	-
Changes in Proportion	37,337	94,125
Contributions Paid to PERA Subsequent to the Measurement Date	<u>332,075</u>	<u>-</u>
Total	<u><u>\$ 563,004</u></u>	<u><u>\$ 405,463</u></u>

The \$332,075 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (464,383)
2022	(8,489)
2023	119,300
2024	179,038

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$5,429,283 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.4119 percent which was a 0.0320 percent decrease from its proportion measured June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$851,579 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$39,350 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

City of Red Wing, Minnesota  
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**Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

At December 31, 2020, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 250,773	\$ 318,482
Changes in Actuarial Assumptions	2,032,537	3,659,828
Net Difference Between Projected and Actual Earnings on Plan Investments	139,322	-
Changes in Proportion	236,083	456,630
Contributions Paid to PERA Subsequent to the Measurement Date	443,491	-
	<u>\$ 3,102,206</u>	<u>\$ 4,434,940</u>
Total		

The \$443,491 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (450,728)
2022	(1,603,710)
2023	188,416
2024	176,435
2025	(86,638)

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disability rates were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

#### **Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2020:

##### General Employees Fund

###### Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

###### Changes in Plan Provisions

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

##### Police and Fire Fund

###### Changes in Actuarial Assumptions

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

###### Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
Total	<u>100.0 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plan - Statewide (Continued)**

**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 one percentage point lower or one percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 11,876,277	\$ 7,410,385	\$ 3,726,383
Police and Fire Fund	10,821,342	5,429,283	968,299

**H. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Elected officials of the City are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The DCP 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 five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. 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 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,084	\$ 2,084	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were \$2,084, \$2,077, and \$1,295, respectively.



## **Note 6: Defined Benefit Pension Plans - Fire Relief Association**

### **A. Plan Description**

All Fire Relief Association 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, 2020, the plan covered 18 active firefighters and 7 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.

### **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 \$125,113 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2020 were \$125,113. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2020, the City reported a net pension liability (asset) of (\$358,779) for the plan. The net pension liability (asset) was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance January 1, 2020	\$ 1,092,728	\$ 1,417,534	\$ (324,806)
Changes for the Year			
Service cost	33,954	-	33,954
Interest cost	59,468	-	59,468
Plan changes	206,951	-	206,951
Nonemployer contributions	-	121,074	(121,074)
Projected investment return	-	81,079	(81,079)
(Gain)/loss	-	143,413	(143,413)
Benefit payments	(350,400)	(350,400)	-
Administrative expenses	-	(11,220)	11,220
Total Net Changes	<u>(50,027)</u>	<u>(16,054)</u>	<u>(33,973)</u>
Ending Balance December 31, 2020	<u>\$ 1,042,701</u>	<u>\$ 1,401,480</u>	<u>\$ (358,779)</u>

For the year ended December 31, 2020, the City recognized pension expense of \$127,312 for the plan.

At December 31, 2020, 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
Differences Between Expected and Actual Experience	\$ -	\$ 19,033
Changes in Actuarial Assumptions	41,873	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	34,205
Contributions to Plan Subsequent to the Measurement Date	<u>125,113</u>	<u>-</u>
Total	<u>\$ 166,986</u>	<u>\$ 53,238</u>

Deferred outflows of resources totaling \$125,113 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, 2021. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

2021	\$ (11,750)
2022	(130)
2023	17,774
2024	(24,875)
2025	3,806
Thereafter	3,810

**E. Actuarial Assumptions**

The total pension liability at December 31, 2020 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	6.25% per year
Investment Rate of Return	6.25%
20 Year Municipal Bond Yield	3.50%

The following changes in benefit changes occurred in 2020:

- A benefit level increase from \$5,200 to \$6,500 was reflected in the active liability.

The 6.25 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	77.0 %	7.00 %
Cash	6.0	2.25
Fixed Income	13.0	4.00
Other	4.0	6.00
Total	<u>100.0 %</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.25 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.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**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 (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined Benefit Plan	\$ (310,107)	\$ (358,779)	\$ (403,170)

**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.

**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.

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	12
Active Plan Members	<u>183</u>
Total Plan Members	<u><u>195</u></u>

**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 the year ended December 31, 2020, the City had no direct contributions to the Plan, while implicit contributions totaled \$259,245.

City of Red Wing, Minnesota  
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## Note 7: Post-Employment Benefits Other Than Pensions (Continued)

### C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,836,463 was measured as of January 1, 2020. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.90%
20-Year Municipal Bond Yield	2.90%
Dental Rate	4.00%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.25% grading to 5.00% over 5 years

The discount rate used to measure the total OPEB liability was 2.90 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2020 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

### D. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning Balance January 1, 2020	\$ 2,692,594
Changes for the Year	
Service cost	119,910
Interest	102,986
Assumption changes	127,577
Benefit payments	(206,604)
Total Net Changes	143,869
Ending Balance December 31, 2020	\$ 2,836,463

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.80% to 2.90%.

Since the prior measurement date, there were no changes in benefit terms.

City of Red Wing, Minnesota  
Notes to the Financial Statements  
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**Note 7: Post-Employment Benefits Other Than Pensions (Continued)**

**E. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.90 percent) or 1-percentage-point higher (3.90 percent) than the current discount rate:

1 Percent Decrease (1.90%)	Current (2.90%)	1 Percent Increase (3.90%)
\$ 3,008,699	\$ 2,836,463	\$ 2,675,875

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.25 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.25 percent increasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.25% Decreasing to 4.00%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.00%)	1 Percent Increase (7.25% Decreasing to 6.00%)
\$ 2,606,269	\$ 2,836,463	\$ 3,103,768

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$111,099. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 611,568	\$ -
Changes in Actuarial Assumptions	109,351	45,609
Contributions to OPEB Subsequent to the Measurement Date	259,244	-
Total	<u>\$ 980,163</u>	<u>\$ 45,609</u>

Deferred outflows of resources totaling \$259,244 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2021	\$ 131,417
2022	131,417
2023	131,417
2024	131,417
2025	131,417
Thereafter	18,225

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## 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 where members selected one of four maximum per-loss occurrence retention limits, which were \$500,000, \$1,000,000, \$2,000,000 and \$5,000,000 in 2020. Should the LMCIT Workers' Compensation Division liabilities exceed assets, LMCIT may assess the City in a method and amount to be determined by LMCIT.

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

All funds of the City participate in the program and make payments to the Risk Management internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for future claims. The fund has net position of at December 31, 2020 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, 2020 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
2020	\$ -	\$ 3,235,217	\$ 3,235,217	\$ -
2019	-	2,859,027	2,859,027	-
2018	-	2,918,677	2,918,677	-

## **Note 8: Other Information (Continued)**

### **B. Contingent Liabilities**

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

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The City Attorney estimates that the unrecorded potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

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

The City acquired a number a properties for a road project. The City asserted the value of the properties was \$400,000, while the property owner asserts the value is \$2,400,000. The matter will be going to district court in 2022.

### **C. Legal Debt Margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2020, the City is under the legal debt margin.

### **D. Principal Taxpayer**

Property owned by Xcel Energy located in Red Wing represents approximately 51.0 percent of the City's 2020 net tax capacity. Xcel Energy's Prairie Island Nuclear Power Plant, located in the western half of the City, became fully operational in February 1975 and produces 1,100 megawatts of electricity, making it one of the largest generating facilities in the Xcel Energy's four-state system.

### **E. Tax Increment Districts**

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

### **F. Landfill Closure and Post Closure Care Costs**

In 2020, the County took over the operation of the Ash Landfill. There is no remaining obligation for the City of Red Wing.



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December 31, 2020

**Note 9: Tax Abatements**

As of December 31, 2020, the City has five agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax increment financing agreement on September 17, 2001 with a Target Corporation in which the developer incurs costs for development of a retail store. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$2,325,000 plus interest at a rate of 8% per annum over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.175) with a maximum duration of 19 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on March 28, 2005 with Central Park Condominiums, LLC in which the developer incurs costs for property improvements for condominiums. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$780,741 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1813) with a maximum duration of 15 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on June 23, 2014 with Capital Safety USA in which the developer incurs costs for a 60,000 square foot expansion of an existing business within the City. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$284,677 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812 through 469.1816) with a maximum duration of 9 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on October 11, 2010 with Red Wing Shoe Company in which the developer incurs costs for creating a museum for and retail store. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$372,975 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812 through 469.1815) with a maximum duration of 15 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

Lost revenue as it relates to tax abatements for the year ended December 31, 2020 was as follows:

	<u>City Tax Rate (Year of Establishment)</u>	<u>District Tax Capacity</u>	<u>Amount of Taxes Abated During the Year</u>
Tax Abatement Agreements			
Central Park Condominiums			\$ 30,632
Capital Safety USA			31,631
Red Wing Shoe Company			24,563
Tax Increment Districts (PAYGO)			
TIF District #7.1	37.270%	\$ 142,718	<u>53,191</u>
Total			<u><u>\$ 140,017</u></u>

City of Red Wing, Minnesota  
Notes to the Financial Statements  
December 31, 2020

**Note 10: Prior Period Adjustment**

A prior period adjustment was required in business-type funds to record beginning accumulated depreciation on projects that were placed into service in prior years, but not capitalized until 2020. There was also a prior period adjustment in the Industrial Loan Port Authority fund to record interest that was accruing on a deferred loan for the past 14 years.

As a result of the adjustment of beginning balances, the following schedule reconciles the previously reported December 31, 2019 balances to the January 1, 2020 financial statement balances:

Fund	Net Position December 31, 2019 as Previously Reported	Prior Period Adjustment 1	Net Position January 1, 2020 as Restated
Business-Type Activities	\$ 53,692,912	\$ (786,703)	\$ 52,906,209
Business-Type Funds			
Water Utility	\$ 18,489,442	\$ (64,423)	\$ 18,425,019
Sewer Utility	22,214,643	(722,280)	21,492,363
Total Business-Type Funds	\$ 40,704,085	\$ (786,703)	\$ 39,917,382
Component Unit - Port Authority			
Industrial Loan	\$ 1,408,778	\$ 758,957	\$ 2,167,735

**Note 11: COVID-19**

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Red Wing, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2020

**Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund**

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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.1236 %	\$ 7,410,385	\$ 228,489	\$ 7,638,874	\$ 8,817,787	84.0 %	79.0 %
06/30/19	0.1250	6,910,970	214,824	7,125,794	8,848,704	78.1	80.2
06/30/18	0.1238	6,867,916	225,349	7,093,265	8,323,151	82.5	79.5
06/30/17	0.1256	8,018,221	100,845	8,119,066	8,083,262	99.2	75.9
06/30/16	0.1199	9,735,285	127,182	9,862,467	7,441,188	130.8	68.9
06/30/15	0.1243	6,441,871	-	6,441,871	7,304,651	88.2	78.2

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions - General Employees Fund**

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)
12/31/20	\$ 664,004	\$ 664,004	\$ -	\$ 8,853,386	7.5 %
12/31/19	668,150	668,150	-	8,908,672	7.5
12/31/18	645,793	645,793	-	8,610,576	7.5
12/31/17	599,003	599,003	-	7,986,712	7.5
12/31/16	572,477	572,477	-	7,633,023	7.5
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, 2020

**Notes to the Required Supplementary Information - General Employee Retirement Fund**

Changes in Actuarial Assumptions

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Notes to the Required Supplementary Information - General Employee Retirement Fund (Continued)**

Changes in Plan Provisions

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 - None noted.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund**

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/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.4119 %	\$ 5,429,283	\$ 127,903	\$ 5,557,186	\$ 4,653,487	116.7 %	87.2 %
06/30/19	0.4439	4,725,764	-	4,725,764	4,686,281	100.8	89.3
06/30/18	0.4326	4,611,070	-	4,611,070	4,559,588	101.1	88.8
06/30/17	0.4240	5,724,505	-	5,724,505	4,352,266	131.5	85.4
06/30/16	0.4190	16,815,199	-	16,815,199	4,034,376	416.8	63.9
06/30/15	0.4210	4,783,545	-	4,783,545	3,793,022	126.1	86.6

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's PERA Contributions - Police and Fire Fund**

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)
12/31/20	\$ 832,241	\$ 832,241	\$ -	\$ 4,701,927	17.7 %
12/31/19	797,818	797,818	-	4,706,891	16.9
12/31/18	766,041	766,041	-	4,728,647	16.2
12/31/17	698,764	698,764	-	4,313,361	16.2
12/31/16	669,647	669,647	-	4,133,623	16.2
12/31/15	664,038	664,038	-	4,099,002	16.2

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*



City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Notes to the Required Supplementary Information - Public Employees Police and Fire Fund**

Changes in Actuarial Assumptions

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2020 - None noted.

2019 - None noted.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Notes to the Required Supplementary Information - Public Employees Police and Fire Fund (Continued)**

2017- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - None noted.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios**

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>						
Service cost	\$ 33,954	\$ 35,899	\$ 35,023	\$ 31,215	\$ 32,281	\$ 29,711
Interest	59,468	52,986	55,953	54,805	50,164	52,081
Assumption changes	-	55,833	-	-	-	-
Plan changes	206,951	114,640	-	85,400	-	-
Gain (loss)	-	(13,838)	-	(14,431)	-	-
Benefit payments	(350,400)	-	(282,600)	(729)	(71,869)	(52,955)
<b>Net Change in Total Pension Liability</b>	<b>(50,027)</b>	<b>245,520</b>	<b>(191,624)</b>	<b>156,260</b>	<b>10,576</b>	<b>28,837</b>
<b>Total Pension Liability - January 1</b>	<b>1,092,728</b>	<b>847,208</b>	<b>1,038,832</b>	<b>882,572</b>	<b>871,996</b>	<b>843,159</b>
<b>Total Pension Liability - December 31 (A)</b>	<b>\$ 1,042,701</b>	<b>\$ 1,092,728</b>	<b>\$ 847,208</b>	<b>\$ 1,038,832</b>	<b>\$ 882,572</b>	<b>\$ 871,996</b>
<b>Plan Fiduciary Net Position</b>						
Nonemployer contributions	121,074	117,144	115,830	112,854	111,577	103,082
Projected investment return	81,079	89,249	81,049	75,252	76,878	73,047
Gain (loss)	143,413	(213,263)	89,546	58,084	(168,310)	(44,168)
Benefit payments, including refunds of employee contributions	(350,400)	-	(282,600)	(729)	(71,869)	(52,955)
Administrative expenses	(11,220)	(9,029)	(9,201)	(9,580)	(13,593)	(6,307)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(16,054)</b>	<b>(15,899)</b>	<b>(5,376)</b>	<b>235,881</b>	<b>(65,317)</b>	<b>72,699</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>1,417,534</b>	<b>1,433,433</b>	<b>1,438,809</b>	<b>1,202,928</b>	<b>1,268,245</b>	<b>1,195,546</b>
<b>Plan Fiduciary Net Position - December 31 (B)</b>	<b>\$ 1,401,480</b>	<b>\$ 1,417,534</b>	<b>\$ 1,433,433</b>	<b>\$ 1,438,809</b>	<b>\$ 1,202,928</b>	<b>\$ 1,268,245</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)</b>	<b>\$ (358,779)</b>	<b>\$ (324,806)</b>	<b>\$ (586,225)</b>	<b>\$ (399,977)</b>	<b>\$ (320,356)</b>	<b>\$ (396,249)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)</b>	<b>134.41%</b>	<b>129.72%</b>	<b>169.19%</b>	<b>138.50%</b>	<b>136.30%</b>	<b>145.44%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Notes to the Required Supplementary Information - Fire Relief Association's Net Pension Liability (Asset)**

Changes in Plan Provisions

2020 - The benefit level increased from \$5,200 to \$6,500.

2019 - The benefit level increased from \$4,400 to \$5,200.

2018 - None noted.

2017 - The benefit level increased from \$4,000 to \$4,400.

2016 - None noted.

2015 - None noted.

City of Red Wing, Minnesota  
Required Supplementary Information (Continued)  
For the Year Ended December 31, 2020

**Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios (Continued)**

Changes in Assumptions

2020 - None noted

2019 - The discount rate changed from 6.00% to 6.25%. The deferred benefit increases changed from 4.00% to 6.25%.

2018 - None noted.

2017 - None noted.

2016 - None noted.

2015 - None noted.

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 119,910	\$ 100,072	\$ 99,068
Interest	102,986	67,501	65,835
Assumption changes	127,577	(63,853)	-
Plan changes	-	(147,835)	-
Differences between expected and actual experience	-	856,195	-
Benefit payments	(206,604)	(128,761)	(102,305)
<b>Net Change in Total OPEB Liability</b>	<b>143,869</b>	<b>683,319</b>	<b>62,598</b>
<b>Total OPEB Liability - January 1</b>	<b>2,692,594</b>	<b>2,009,275</b>	<b>1,946,677</b>
<b>Total OPEB Liability - December 31</b>	<b>\$ 2,836,463</b>	<b>\$ 2,692,594</b>	<b>\$ 2,009,275</b>
<b>Covered-Employee Payroll</b>	<b>\$ 13,719,204</b>	<b>\$ 13,319,616</b>	<b>\$ 11,803,086</b>
<b>City's Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>20.68%</b>	<b>20.22%</b>	<b>17.02%</b>

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Notes to the Required Supplementary Information - Total OPEB Liability**

Changes in Actuarial Assumptions

2020 - The discount rate was changed from 3.80% to 2.90%.

2019 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated. The discount rate was changed from 3.30% to 3.80%.

2018 - The discount rate was changed from 3.50% to 3.30%. The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

Changes in Benefit Terms

2020 - None noted.

2019 - The City no longer contributes to an HRA for inactive employees other than those on disability.

2018 - None noted.

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COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Red Wing, Minnesota  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
<b>Assets</b>				
Cash and investments	\$ 1,133,737	\$ 6,442,309	\$ 3,024,434	\$ 10,600,480
Assets held in endowment	622,319	-	-	622,319
Receivables				
Accrued interest	-	-	2,958	2,958
Accounts	23,492	-	-	23,492
Loans (net of allowance)	120,797	-	-	120,797
Intergovernmental	45,367	176,211	-	221,578
Prepaid items	1,509	-	-	1,509
<b>Total Assets</b>	<b>\$ 1,947,221</b>	<b>\$ 6,618,520</b>	<b>\$ 3,027,392</b>	<b>\$ 11,593,133</b>
<b>Liabilities</b>				
Accounts payable	\$ 95,622	\$ 307,086	\$ -	\$ 402,708
Contracts payable	-	159,337	-	159,337
Due to other funds	84,505	707,843	-	792,348
Due to other governments	72,677	-	-	72,677
Salaries payable	39,375	-	-	39,375
Unearned revenue	30,208	-	-	30,208
<b>Total Liabilities</b>	<b>322,387</b>	<b>1,174,266</b>	<b>-</b>	<b>1,496,653</b>
<b>Fund Balances</b>				
Nonspendable	623,828	-	2,098,627	2,722,455
Restricted	279,348	98,957	928,765	1,307,070
Committed	-	6,201,435	-	6,201,435
Assigned	790,610	-	-	790,610
Unassigned	(68,952)	(856,138)	-	(925,090)
<b>Total Fund Balances</b>	<b>1,624,834</b>	<b>5,444,254</b>	<b>3,027,392</b>	<b>10,096,480</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,947,221</b>	<b>\$ 6,618,520</b>	<b>\$ 3,027,392</b>	<b>\$ 11,593,133</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, 2020

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Revenues				
Taxes	\$ 288,036	\$ -	\$ -	\$ 288,036
Licenses and permits	264,079	-	-	264,079
Intergovernmental	202,366	2,843,917	-	3,046,283
Charges for services	135,225	-	-	135,225
Fines and forfeits	2,380	-	-	2,380
Investment income	47,657	-	38,605	86,262
Miscellaneous	105,041	281,355	116,905	503,301
Total Revenues	<u>1,044,784</u>	<u>3,125,272</u>	<u>155,510</u>	<u>4,325,566</u>
Expenditures				
Current				
Public safety	274,569	-	-	274,569
Culture and recreation	1,316,340	-	-	1,316,340
Economic development	332,254	-	-	332,254
Airport	250,021	-	-	250,021
Capital outlay				
Public safety	-	11,426	-	11,426
Public works	-	5,784,561	-	5,784,561
Culture and recreation	-	1,517,532	-	1,517,532
Airport	-	17,570	-	17,570
Total Expenditures	<u>2,173,184</u>	<u>7,331,089</u>	<u>-</u>	<u>9,504,273</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(1,128,400)</u>	<u>(4,205,817)</u>	<u>155,510</u>	<u>(5,178,707)</u>
Other Financing Sources (Uses)				
Transfers in	1,338,121	4,140,290	-	5,478,411
Transfers out	(140,120)	(508,334)	-	(648,454)
Total Other Financing Sources (Uses)	<u>1,198,001</u>	<u>3,631,956</u>	<u>-</u>	<u>4,829,957</u>
Net Change in Fund Balances	69,601	(573,861)	155,510	(348,750)
Fund Balances, January 1	<u>1,555,233</u>	<u>6,018,115</u>	<u>2,871,882</u>	<u>10,445,230</u>
Fund Balances, December 31	<u>\$ 1,624,834</u>	<u>\$ 5,444,254</u>	<u>\$ 3,027,392</u>	<u>\$ 10,096,480</u>



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## 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.

**South Park Skating Rink** - This fund is used to account for the operations of the South Park Skating Rink program.

**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.

**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.

**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.

City of Red Wing, Minnesota  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2020

	203	204	209	211	243
	Health Initiatives	South Park Skating Rink	Airport	Library	DEED Loan
Assets					
Cash and investments	\$ 11,098	\$ 58,763	\$ -	\$ 571,665	\$ 203,227
Assets held in endowment	-	-	-	622,319	-
Receivables					
Accounts	-	-	15,812	-	-
Loans (net of allowance)	-	-	-	-	120,797
Intergovernmental	-	-	45,367	-	-
Prepaid items	-	-	1,509	-	-
Total Assets	<u>\$ 11,098</u>	<u>\$ 58,763</u>	<u>\$ 62,688</u>	<u>\$ 1,193,984</u>	<u>\$ 324,024</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 13,840	\$ 16,850	\$ 1,380
Due to other funds	-	-	84,505	-	-
Due to other governments	-	-	-	234	72,443
Salaries payable	-	-	1,578	30,340	-
Unearned revenue	-	-	30,208	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>130,131</u>	<u>47,424</u>	<u>73,823</u>
Fund Balances					
Nonspendable	-	-	1,509	622,319	-
Restricted	-	-	-	-	250,201
Assigned	11,098	58,763	-	524,241	-
Unassigned	-	-	(68,952)	-	-
Total Fund Balances	<u>11,098</u>	<u>58,763</u>	<u>(67,443)</u>	<u>1,146,560</u>	<u>250,201</u>
Total Liabilities and Fund Balances	<u>\$ 11,098</u>	<u>\$ 58,763</u>	<u>\$ 62,688</u>	<u>\$ 1,193,984</u>	<u>\$ 324,024</u>

<b>248</b>	<b>279</b>	<b>291</b>	<b>299</b>	<b>806</b>	
Sister Cities	Tax Increment District # 7.1	Inspection	Library Memorial	Lodging Tax	Total
\$ 11,482	\$ 50,121	\$ 197,919	\$ 26,740	\$ 2,722	\$ 1,133,737
-	-	-	-	-	622,319
-	-	629	-	7,051	23,492
-	-	-	-	-	120,797
-	-	-	-	-	45,367
-	-	-	-	-	1,509
<u>\$ 11,482</u>	<u>\$ 50,121</u>	<u>\$ 198,548</u>	<u>\$ 26,740</u>	<u>\$ 9,773</u>	<u>\$ 1,947,221</u>
\$ -	\$ 50,121	\$ 6,065	\$ -	\$ 7,366	\$ 95,622
-	-	-	-	-	84,505
-	-	-	-	-	72,677
-	-	7,457	-	-	39,375
-	-	-	-	-	30,208
<u>-</u>	<u>50,121</u>	<u>13,522</u>	<u>-</u>	<u>7,366</u>	<u>322,387</u>
-	-	-	-	-	623,828
-	-	-	26,740	2,407	279,348
11,482	-	185,026	-	-	790,610
-	-	-	-	-	(68,952)
<u>11,482</u>	<u>-</u>	<u>185,026</u>	<u>26,740</u>	<u>2,407</u>	<u>1,624,834</u>
<u>\$ 11,482</u>	<u>\$ 50,121</u>	<u>\$ 198,548</u>	<u>\$ 26,740</u>	<u>\$ 9,773</u>	<u>\$ 1,947,221</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, 2020

	203	204	209	211	243
	Health Initiatives	South Park Skating Rink	Airport	Library	DEED Loan
Revenues					
Taxes					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel-motel	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental					
State	-	-	58,680	-	-
County	-	-	-	143,686	-
Charges for services					
General government	-	-	-	2,747	-
Public safety	-	-	-	-	-
Culture and recreation	-	256	-	1,419	-
Airport	-	-	80,060	-	-
Fines and forfeits	-	-	-	2,380	-
Investment income	-	-	-	47,657	-
Miscellaneous					
Contributions and donations	-	6,334	-	4,598	-
Other	-	-	24,925	59,551	2,687
Total Revenues	-	6,590	163,665	262,038	2,687
Expenditures					
Current					
Public safety	-	-	-	-	-
Culture and recreation	-	8,438	-	1,307,902	-
Economic development	-	-	-	-	1,745
Airport	-	-	250,021	-	-
Total Expenditures	-	8,438	250,021	1,307,902	1,745
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,848)	(86,356)	(1,045,864)	942
Other Financing Sources (Uses)					
Transfers in	-	-	111,437	1,141,835	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	111,437	1,141,835	-
Net Change in Fund Balances	-	(1,848)	25,081	95,971	942
Fund Balances, January 1	11,098	60,611	(92,524)	1,050,589	249,259
Fund Balances, December 31	\$ 11,098	\$ 58,763	\$ (67,443)	\$ 1,146,560	\$ 250,201

<b>248</b>	<b>279</b>	<b>291</b>	<b>299</b>	<b>806</b>	
Sister Cities	Tax Increment District # 7.1	Inspection	Library Memorial	Lodging Tax	Total
\$ -	\$ 138,474	\$ -	\$ -	\$ -	\$ 138,474
-	-	-	-	149,562	149,562
-	-	264,079	-	-	264,079
-	-	-	-	-	58,680
-	-	-	-	-	143,686
-	-	-	-	-	2,747
-	-	50,743	-	-	50,743
-	-	-	-	-	1,675
-	-	-	-	-	80,060
-	-	-	-	-	2,380
-	-	-	-	-	47,657
6,760	-	-	186	-	17,878
-	-	-	-	-	87,163
<u>6,760</u>	<u>138,474</u>	<u>314,822</u>	<u>186</u>	<u>149,562</u>	<u>1,044,784</u>
-	-	274,569	-	-	274,569
-	-	-	-	-	1,316,340
-	181,671	-	-	148,838	332,254
-	-	-	-	-	250,021
<u>-</u>	<u>181,671</u>	<u>274,569</u>	<u>-</u>	<u>148,838</u>	<u>2,173,184</u>
<u>6,760</u>	<u>(43,197)</u>	<u>40,253</u>	<u>186</u>	<u>724</u>	<u>(1,128,400)</u>
5,500	-	79,349	-	-	1,338,121
-	-	(140,120)	-	-	(140,120)
<u>5,500</u>	<u>-</u>	<u>(60,771)</u>	<u>-</u>	<u>-</u>	<u>1,198,001</u>
12,260	(43,197)	(20,518)	186	724	69,601
<u>(778)</u>	<u>43,197</u>	<u>205,544</u>	<u>26,554</u>	<u>1,683</u>	<u>1,555,233</u>
<u>\$ 11,482</u>	<u>\$ -</u>	<u>\$ 185,026</u>	<u>\$ 26,740</u>	<u>\$ 2,407</u>	<u>\$ 1,624,834</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, 2020  
 (With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental					
State	\$ 45,000	\$ 45,000	\$ 58,680	\$ 13,680	\$ 44,074
Charges for services					
Rents	30,000	30,000	35,000	5,000	30,000
Lease payments received	51,000	51,000	45,060	(5,940)	46,570
Miscellaneous					
Other	19,000	19,000	24,925	5,925	431,674
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>163,665</u>	<u>18,665</u>	<u>552,318</u>
Expenditures					
Current					
Airport					
Personal services	54,353	54,353	55,323	(970)	56,560
Supplies	32,950	32,950	22,641	10,309	36,097
Other services and charges	169,134	169,134	172,057	(2,923)	611,715
Capital outlay					
Airport	-	-	-	-	86,886
Total Expenditures	<u>256,437</u>	<u>256,437</u>	<u>250,021</u>	<u>6,416</u>	<u>791,258</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,437)	(111,437)	(86,356)	25,081	(238,940)
Other Financing Sources (Uses)					
Transfers in	<u>111,437</u>	<u>111,437</u>	<u>111,437</u>	-	<u>146,416</u>
Net Change in Fund Balances	-	-	25,081	25,081	(92,524)
Fund Balances, January 1	<u>(92,524)</u>	<u>(92,524)</u>	<u>(92,524)</u>	-	-
Fund Balances, December 31	<u>\$ (92,524)</u>	<u>\$ (92,524)</u>	<u>\$ (67,443)</u>	<u>\$ 25,081</u>	<u>\$ (92,524)</u>

City of Red Wing, Minnesota  
Library Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Intergovernmental					
County	\$ 143,686	\$ 143,686	\$ 143,686	\$ -	\$ 130,372
Charges for services					
General government	8,000	8,000	2,747	(5,253)	7,521
Culture and recreation	3,500	3,500	1,419	(2,081)	3,173
Fines and forfeits	12,000	12,000	2,380	(9,620)	8,646
Investment income (loss)	40,815	40,815	47,657	6,842	84,355
Miscellaneous					
Contributions and donations	3,350	3,685	4,598	913	6,059
Other	6,000	63,496	59,551	(3,945)	3,913
Total Revenues	<u>217,351</u>	<u>275,182</u>	<u>262,038</u>	<u>(13,144)</u>	<u>244,039</u>
Expenditures					
Current					
Culture and recreation					
Library					
Personal services	948,439	948,439	920,991	27,448	901,684
Supplies	29,118	29,118	18,554	10,564	23,450
Other services and charges	381,629	387,947	368,357	19,590	367,875
Capital outlay					
Culture and recreation	-	-	-	-	55,759
Total Expenditures	<u>1,359,186</u>	<u>1,365,504</u>	<u>1,307,902</u>	<u>57,602</u>	<u>1,348,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,141,835)	(1,090,322)	(1,045,864)	44,458	(1,104,729)
Other Financing Sources (Uses)					
Transfers in	<u>1,141,835</u>	<u>1,141,835</u>	<u>1,141,835</u>	<u>-</u>	<u>1,154,536</u>
Net Change in Fund Balances	-	51,513	95,971	44,458	49,807
Fund Balances, January 1	<u>1,050,589</u>	<u>1,050,589</u>	<u>1,050,589</u>	<u>-</u>	<u>1,000,782</u>
Fund Balances, December 31	<u>\$ 1,050,589</u>	<u>\$ 1,102,102</u>	<u>\$ 1,146,560</u>	<u>\$ 44,458</u>	<u>\$ 1,050,589</u>



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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous					
Other	\$ 4,000	\$ 4,000	\$ 2,687	\$ (1,313)	\$ 3,180
Investment income	-	-	-	-	228
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>2,687</u>	<u>(1,313)</u>	<u>3,408</u>
Expenditures					
Current					
Economic development					
Other services and charges	<u>2,000</u>	<u>2,000</u>	<u>1,745</u>	<u>255</u>	<u>1,740</u>
Net Change in Fund Balances	2,000	2,000	942	(1,058)	1,668
Fund Balances, January 1	<u>249,259</u>	<u>249,259</u>	<u>249,259</u>	<u>-</u>	<u>247,591</u>
Fund Balances, December 31	<u>\$ 251,259</u>	<u>\$ 251,259</u>	<u>\$ 250,201</u>	<u>\$ (1,058)</u>	<u>\$ 249,259</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous					
Contributions and donations	\$ 11,000	\$ 11,000	\$ 6,760	\$ (4,240)	\$ 9,920
Expenditures					
Current					
Culture and recreation					
Other services and charges	16,000	16,000	-	16,000	13,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	6,760	(11,760)	(3,155)
Other Financing Sources (Uses)					
Transfers in	5,500	5,500	5,500	-	1,102
Net Change in Fund Balances	500	500	12,260	11,760	(2,053)
Fund Balances, January 1	(778)	(778)	(778)	-	1,275
Fund Balances, December 31	<u>\$ (278)</u>	<u>\$ (278)</u>	<u>\$ 11,482</u>	<u>\$ 11,760</u>	<u>\$ (778)</u>

City of Red Wing, Minnesota  
Tax Increment District # 7.1 Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual  
For the Year Ended December 31, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Tax increments	\$ 140,000	\$ 140,000	\$ 138,474	\$ (1,526)	\$ 128,248
Expenditures					
Current					
Economic development					
Other services and charges	140,000	140,000	181,671	(41,671)	122,649
Net Change in Fund Balances	-	-	(43,197)	(43,197)	5,599
Fund Balances, January 1	43,197	43,197	43,197	-	37,598
Fund Balances, December 31	<u>\$ 43,197</u>	<u>\$ 43,197</u>	<u>\$ -</u>	<u>\$ (43,197)</u>	<u>\$ 43,197</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Licenses and permits	\$ 333,000	\$ 333,000	\$ 264,079	\$ (68,921)	\$ 301,338
Charges for services					
Public safety	70,000	70,000	50,743	(19,257)	81,242
Investment income	-	-	-	-	571
Total Revenues	<u>403,000</u>	<u>403,000</u>	<u>314,822</u>	<u>(88,178)</u>	<u>383,151</u>
Expenditures					
Current					
Public safety					
Inspection					
Personal services	288,517	288,517	224,813	63,704	225,564
Supplies	5,600	5,600	7,103	(1,503)	6,288
Other services and charges	48,112	48,112	42,653	5,459	42,425
Total Expenditures	<u>342,229</u>	<u>342,229</u>	<u>274,569</u>	<u>67,660</u>	<u>274,277</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>60,771</u>	<u>60,771</u>	<u>40,253</u>	<u>(20,518)</u>	<u>108,874</u>
Other Financing Sources (Uses)					
Transfers in	79,349	79,349	79,349	-	-
Transfers out	<u>(140,120)</u>	<u>(140,120)</u>	<u>(140,120)</u>	<u>-</u>	<u>(147,606)</u>
Total Other Financing Sources (Uses)	<u>(60,771)</u>	<u>(60,771)</u>	<u>(60,771)</u>	<u>-</u>	<u>(147,606)</u>
Net Change in Fund Balances	-	-	(20,518)	(20,518)	(38,732)
Fund Balances, January 1	<u>205,544</u>	<u>205,544</u>	<u>205,544</u>	<u>-</u>	<u>244,276</u>
Fund Balances, December 31	<u>\$ 205,544</u>	<u>\$ 205,544</u>	<u>\$ 185,026</u>	<u>\$ (20,518)</u>	<u>\$ 205,544</u>

## 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.

**Capital Reserve** - leftover funds from completed projects are transferred here and disbursed for future capital uses.

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

**CSO-PBF Building** - This fund is used to account for funds received and capital expenditures incurred in the construction of a downtown operations building.

**Bush St Crosswalk and Refurbish 13<sup>th</sup> & 17<sup>th</sup> St** - This fund is used to account for funds received and capital expenditures incurred in the construction of the Bush Street crosswalk and to refurbish 13<sup>th</sup> & 17<sup>th</sup> Street.

**Old West Main Withers Drive Intersection** - This fund is used to account for funds received and capital expenditures incurred in the construction of the Old West Main and Withers Drive intersection.

**Levee Wall Improvements** - This fund is used to account for funds received and capital expenditures incurred relating to the Levee Wall improvements.

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

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

**River Renaissance Phase III** - This fund is used to account for funds received and capital expenditures incurred in the Pottery Pond improvements, a pedestrian bridge, and construction of a building.

**Old West Main Project** - This fund is used to account for funds received and capital expenditures incurred from the redevelopment stimulus and parking areas improvement of Old West Main Street.

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

**2018 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement of 2018 streets.

**2019 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement of 2019 streets.

**2020 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement of 2020 streets.

## NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

**2021 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement of 2021 streets.

**2023 Street Reconstruction Project** - This fund is used to account for funds received and capital expenditures incurred in the improvement of 2023 streets.

**Highway 19 Turn Lane** - This fund is used to account for funds received and capital expenditures incurred for the Highway 19 Turn Lane project.

**Red Wing Avenue and Hewitt Boulevard** - This fund is used to account for funds received and capital expenditures incurred for the Red Wing Avenue and Hewitt Boulevard project.

**Memorial Park Project** - 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.

**Fire Station #1 Renovation Project** - This fund is used to account for funds received and capital expenditures incurred in the renovation of the Fire Station #1 building.

**Spring Creek and Highway 61 Access** - This fund is used to account for funds received and capital expenditures incurred in the Spring Creek and Highway 61 Access projects.

**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.

**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.

**Old West Main Reconstruction** - This fund is used to account for funds received and capital expenditures incurred in the improvement of Old West Main Street.

**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.

**State Aid Street Overlay Improvements** - This fund is used to account for funds received and capital expenditures incurred in the improvement of various State Aid streets overlays.

**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.

City of Red Wing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
(Continued on the Following Pages)  
December 31, 2020

	<b>400</b>	<b>401</b>	<b>404</b>	<b>407</b>	<b>408</b>	<b>409</b>	<b>410</b>
	Capital Reserve	Public Safety Center	CSO-PBF Building	Bush St Crosswalk and Refurbish 13th and 17th St	Old West Main Withers Drive Intersection	Levee Wall Improvements	Airport Projects
Assets							
Cash and investments	\$ 501,000	\$ -	\$ 725,226	\$ -	\$ -	\$ 295,665	\$ 321,548
Receivables							
Intergovernmental	-	-	-	-	-	163,309	-
Total Assets	<u>\$ 501,000</u>	<u>\$ -</u>	<u>\$ 725,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,974</u>	<u>\$ 321,548</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 22,032	\$ -	\$ -	\$ -	\$ 17,570
Contracts payable	-	-	-	-	-	31,391	-
Due to other funds	-	-	-	8,446	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>22,032</u>	<u>8,446</u>	<u>-</u>	<u>31,391</u>	<u>17,570</u>
Fund Balances							
Restricted	-	-	98,957	-	-	-	-
Committed	501,000	-	604,237	-	-	427,583	303,978
Unassigned	-	-	-	(8,446)	-	-	-
Total Fund Balances	<u>501,000</u>	<u>-</u>	<u>703,194</u>	<u>(8,446)</u>	<u>-</u>	<u>427,583</u>	<u>303,978</u>
Total Liabilities and Fund Balances	<u>\$ 501,000</u>	<u>\$ -</u>	<u>\$ 725,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,974</u>	<u>\$ 321,548</u>

<b>419</b>	<b>420</b>	<b>421</b>	<b>426</b>	<b>437</b>	<b>438</b>	<b>439</b>	<b>440</b>	<b>442</b>
River Renaissance Phase II	River Renaissance Phase III	Old West Main Project	Parkland Acquisition	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	2021 Street Reconstruction Project	2023 Street Reconstruction Project
\$ 522,854	\$ 536,440	\$ 294,135	\$ -	\$ 294,181	\$ 194,888	\$ 71,552	\$ -	\$ -
-	-	-	-	-	-	-	-	-
<u>\$ 522,854</u>	<u>\$ 536,440</u>	<u>\$ 294,135</u>	<u>\$ -</u>	<u>\$ 294,181</u>	<u>\$ 194,888</u>	<u>\$ 71,552</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 913	\$ 246	\$ 658	\$ -	\$ 9,035	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	24,788	49,413	-	-
-	-	-	7,400	-	-	-	31,449	30,206
<u>913</u>	<u>246</u>	<u>658</u>	<u>7,400</u>	<u>9,035</u>	<u>24,788</u>	<u>49,413</u>	<u>31,449</u>	<u>30,206</u>
-	-	-	-	-	-	-	-	-
521,941	536,194	293,477	-	285,146	170,100	22,139	-	-
-	-	-	(7,400)	-	-	-	(31,449)	(30,206)
<u>521,941</u>	<u>536,194</u>	<u>293,477</u>	<u>(7,400)</u>	<u>285,146</u>	<u>170,100</u>	<u>22,139</u>	<u>(31,449)</u>	<u>(30,206)</u>
<u>\$ 522,854</u>	<u>\$ 536,440</u>	<u>\$ 294,135</u>	<u>\$ -</u>	<u>\$ 294,181</u>	<u>\$ 194,888</u>	<u>\$ 71,552</u>	<u>\$ -</u>	<u>\$ -</u>



City of Red Wing, Minnesota  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
(Continued)  
December 31, 2020

	454	455	458	459	460	461	466
	Highway 19 Turn Lane	Red Wing Avenue and Hewitt Boulevard	Memorial Park Project	Safe Routes to School Project	Barn Bluff Improvements	Fire Station #1 Renovation Project	Spring Creek and Highway 61 Access
Assets							
Cash and investments	\$ 435,350	\$ 991,411	\$ 55,695	\$ -	\$ 6,539	\$ -	\$ 170,133
Receivables							
Intergovernmental	-	-	-	-	-	-	12,902
Total Assets	<u>\$ 435,350</u>	<u>\$ 991,411</u>	<u>\$ 55,695</u>	<u>\$ -</u>	<u>\$ 6,539</u>	<u>\$ -</u>	<u>\$ 183,035</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 82,848	\$ -	\$ 4,026
Contracts payable	-	12,386	-	-	41,359	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>12,386</u>	<u>-</u>	<u>-</u>	<u>124,207</u>	<u>-</u>	<u>4,026</u>
Fund Balances							
Restricted	-	-	-	-	-	-	-
Committed	435,350	979,025	55,695	-	-	-	179,009
Unassigned	-	-	-	-	(117,668)	-	-
Total Fund Balances	<u>435,350</u>	<u>979,025</u>	<u>55,695</u>	<u>-</u>	<u>(117,668)</u>	<u>-</u>	<u>179,009</u>
Total Liabilities and Fund Balances	<u>\$ 435,350</u>	<u>\$ 991,411</u>	<u>\$ 55,695</u>	<u>\$ -</u>	<u>\$ 6,539</u>	<u>\$ -</u>	<u>\$ 183,035</u>

<b>467</b>	<b>470</b>	<b>475</b>	<b>477</b>	<b>497</b>	<b>498</b>	<b>499</b>	
Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge	Old West Main Reconstruction	Street Reclamation/ Reconditioning	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ 14,841	\$ 159,114	\$ -	\$ 3,831	\$ 769,410	\$ 321	\$ 78,175	\$ 6,442,309
-	-	-	-	-	-	-	176,211
<u>\$ 14,841</u>	<u>\$ 159,114</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 769,410</u>	<u>\$ 321</u>	<u>\$ 78,175</u>	<u>\$ 6,618,520</u>
\$ -	\$ -	\$ 30,627	\$ -	\$ 136,465	\$ -	\$ 2,666	\$ 307,086
-	-	-	-	-	-	-	159,337
-	-	630,342	-	-	-	-	707,843
-	-	660,969	-	136,465	-	2,666	1,174,266
-	-	-	-	-	-	-	98,957
14,841	159,114	-	3,831	632,945	321	75,509	6,201,435
-	-	(660,969)	-	-	-	-	(856,138)
<u>14,841</u>	<u>159,114</u>	<u>(660,969)</u>	<u>3,831</u>	<u>632,945</u>	<u>321</u>	<u>75,509</u>	<u>5,444,254</u>
<u>\$ 14,841</u>	<u>\$ 159,114</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 769,410</u>	<u>\$ 321</u>	<u>\$ 78,175</u>	<u>\$ 6,618,520</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, 2020

	400	401	404	407	408	409	410
	Capital Reserve	Public Safety Center	CSO-PBF Building	Bush St Crosswalk and Refurbish 13th and 17th St	Old West Main Withers Drive Intersection	Levee Wall Improvements	Airport Projects
Revenues							
Intergovernmental							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,765	\$ 41,652
State	-	-	-	-	-	856,567	-
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	52,070	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,338,402</u>	<u>41,652</u>
Expenditures							
Capital outlay							
Public safety	-	11,426	-	-	-	-	-
Public works	-	-	351,037	8,446	1,394	1,247,169	-
Culture and recreation	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	17,570
Total Expenditures	<u>-</u>	<u>11,426</u>	<u>351,037</u>	<u>8,446</u>	<u>1,394</u>	<u>1,247,169</u>	<u>17,570</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(11,426)</u>	<u>(351,037)</u>	<u>(8,446)</u>	<u>(1,394)</u>	<u>91,233</u>	<u>24,082</u>
Other Financing Sources (Uses)							
Transfers in	504,667	-	96,480	-	1,394	61,646	202,500
Transfers out	(3,667)	(472,880)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>501,000</u>	<u>(472,880)</u>	<u>96,480</u>	<u>-</u>	<u>1,394</u>	<u>61,646</u>	<u>202,500</u>
Net Change in Fund Balances	501,000	(484,306)	(254,557)	(8,446)	-	152,879	226,582
Fund Balances, January 1	<u>-</u>	<u>484,306</u>	<u>957,751</u>	<u>-</u>	<u>-</u>	<u>274,704</u>	<u>77,396</u>
Fund Balances, December 31	<u>\$ 501,000</u>	<u>\$ -</u>	<u>\$ 703,194</u>	<u>\$ (8,446)</u>	<u>\$ -</u>	<u>\$ 427,583</u>	<u>\$ 303,978</u>

419	420	421	426	437	438	439	440	442
River Renaissance Phase II	River Renaissance Phase III	Old West Main Project	Parkland Acquisition	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	2021 Street Reconstruction Project	2023 Street Reconstruction Project
\$ 141,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	50,000	-	-	-	-	-	-	-
-	-	-	-	79,622	-	-	-	-
141,567	50,000	-	-	79,622	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	462,095	-	23,028	16,731	1,192,682	31,449	30,206
168,570	125,754	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
168,570	125,754	462,095	-	23,028	16,731	1,192,682	31,449	30,206
(27,003)	(75,754)	(462,095)	-	56,594	(16,731)	(1,192,682)	(31,449)	(30,206)
-	232,230	-	-	583,524	-	1,262,500	-	-
-	-	-	-	-	-	-	-	-
-	232,230	-	-	583,524	-	1,262,500	-	-
(27,003)	156,476	(462,095)	-	640,118	(16,731)	69,818	(31,449)	(30,206)
548,944	379,718	755,572	(7,400)	(354,972)	186,831	(47,679)	-	-
\$ 521,941	\$ 536,194	\$ 293,477	\$ (7,400)	\$ 285,146	\$ 170,100	\$ 22,139	\$ (31,449)	\$ (30,206)

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, 2020

	454	455	458	459	460	461	466
	Highway 19 Turn Lane	Red Wing Avenue and Hewitt Boulevard	Memorial Park Project	Safe Routes to School Project	Barn Bluff Improvements	Fire Station #1 Renovation Project	Spring Creek and Highway 61 Access
Revenues							
Intergovernmental							
Federal	\$ -	\$ -	\$ -	\$ 5,329	\$ -	\$ -	\$ -
State	-	-	-	-	735,219	-	12,902
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Other	-	-	-	6,661	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,990</u>	<u>735,219</u>	<u>-</u>	<u>12,902</u>
Expenditures							
Capital outlay							
Public safety	-	-	-	-	-	-	-
Public works	-	325,058	-	23,295	-	-	155,326
Culture and recreation	-	-	63,233	-	1,159,975	-	-
Airport	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>325,058</u>	<u>63,233</u>	<u>23,295</u>	<u>1,159,975</u>	<u>-</u>	<u>155,326</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(325,058)</u>	<u>(63,233)</u>	<u>(11,305)</u>	<u>(424,756)</u>	<u>-</u>	<u>(142,424)</u>
Other Financing Sources (Uses)							
Transfers in	-	766,326	147,500	-	-	2,273	-
Transfers out	-	-	-	(31,787)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>766,326</u>	<u>147,500</u>	<u>(31,787)</u>	<u>-</u>	<u>2,273</u>	<u>-</u>
Net Change in Fund Balances	-	441,268	84,267	(43,092)	(424,756)	2,273	(142,424)
Fund Balances, January 1	<u>435,350</u>	<u>537,757</u>	<u>(28,572)</u>	<u>43,092</u>	<u>307,088</u>	<u>(2,273)</u>	<u>321,433</u>
Fund Balances, December 31	<u>\$ 435,350</u>	<u>\$ 979,025</u>	<u>\$ 55,695</u>	<u>\$ -</u>	<u>\$ (117,668)</u>	<u>\$ -</u>	<u>\$ 179,009</u>

<b>467</b>	<b>470</b>	<b>475</b>	<b>477</b>	<b>497</b>	<b>498</b>	<b>499</b>	
Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge	Old West Main Reconstruction	Street Reclamation/ Reconditioning	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,313
60,000	-	-	-	560,916	-	-	2,225,604
-	91,250	-	-	-	-	-	141,250
-	-	-	-	1,752	-	-	140,105
<u>60,000</u>	<u>91,250</u>	<u>-</u>	<u>-</u>	<u>562,668</u>	<u>-</u>	<u>-</u>	<u>3,125,272</u>
-	-	-	-	-	-	-	11,426
89,998	32,150	447,741	-	1,195,844	987	149,925	5,784,561
-	-	-	-	-	-	-	1,517,532
-	-	-	-	-	-	-	17,570
<u>89,998</u>	<u>32,150</u>	<u>447,741</u>	<u>-</u>	<u>1,195,844</u>	<u>987</u>	<u>149,925</u>	<u>7,331,089</u>
<u>(29,998)</u>	<u>59,100</u>	<u>(447,741)</u>	<u>-</u>	<u>(633,176)</u>	<u>(987)</u>	<u>(149,925)</u>	<u>(4,205,817)</u>
50,000	20,000	-	-	-	-	209,250	4,140,290
-	-	-	-	-	-	-	(508,334)
<u>50,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,250</u>	<u>3,631,956</u>
20,002	79,100	(447,741)	-	(633,176)	(987)	59,325	(573,861)
<u>(5,161)</u>	<u>80,014</u>	<u>(213,228)</u>	<u>3,831</u>	<u>1,266,121</u>	<u>1,308</u>	<u>16,184</u>	<u>6,018,115</u>
<u>\$ 14,841</u>	<u>\$ 159,114</u>	<u>\$ (660,969)</u>	<u>\$ 3,831</u>	<u>\$ 632,945</u>	<u>\$ 321</u>	<u>\$ 75,509</u>	<u>\$ 5,444,254</u>

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## NONMAJOR PERMANENT FUNDS

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

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

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

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

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



City of Red Wing, Minnesota  
Nonmajor Permanent Funds  
Combining Balance Sheet  
December 31, 2020

	<b>851</b> Oakwood Care	<b>852</b> Oakwood Flower	<b>853</b> Burnside Care	<b>854</b> Burnside Flower	Total
Assets					
Cash and investments	\$ 1,546,347	\$ 935,535	\$ 388,088	\$ 154,464	\$ 3,024,434
Receivables					
Accrued interest	<u>547</u>	<u>2,411</u>	<u>-</u>	<u>-</u>	<u>2,958</u>
Total Assets	<u><u>\$ 1,546,894</u></u>	<u><u>\$ 937,946</u></u>	<u><u>\$ 388,088</u></u>	<u><u>\$ 154,464</u></u>	<u><u>\$ 3,027,392</u></u>
Fund Balances					
Nonspendable	\$ 1,123,434	\$ 583,153	\$ 285,495	\$ 106,545	\$ 2,098,627
Restricted	<u>423,460</u>	<u>354,793</u>	<u>102,593</u>	<u>47,919</u>	<u>928,765</u>
Total Fund Balances	<u><u>\$ 1,546,894</u></u>	<u><u>\$ 937,946</u></u>	<u><u>\$ 388,088</u></u>	<u><u>\$ 154,464</u></u>	<u><u>\$ 3,027,392</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, 2020

	<b>851</b> Oakwood Care	<b>852</b> Oakwood Flower	<b>853</b> Burnside Care	<b>854</b> Burnside Flower	Total
Revenues					
Investment income	\$ 18,980	\$ 13,199	\$ 4,582	\$ 1,844	\$ 38,605
Miscellaneous					
Burial plot sales	78,775	-	12,930	-	91,705
Perpetual contract sales	-	21,600	-	3,600	25,200
Total Revenues	<u>97,755</u>	<u>34,799</u>	<u>17,512</u>	<u>5,444</u>	<u>155,510</u>
Fund Balances, January 1	<u>1,449,139</u>	<u>903,147</u>	<u>370,576</u>	<u>149,020</u>	<u>2,871,882</u>
Fund Balances, December 31	<u>\$ 1,546,894</u>	<u>\$ 937,946</u>	<u>\$ 388,088</u>	<u>\$ 154,464</u>	<u>\$ 3,027,392</u>

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## **NONMAJOR PROPRIETARY FUNDS**

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

**Storm Water** - This 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.

City of Red Wing, Minnesota  
Statement of Net Position  
Nonmajor Proprietary Funds  
December 31, 2020

	<b>605</b> Marina	<b>652</b> Storm Water	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ -	\$ 2,097,367	\$ 2,097,367
Receivables			
Accrued interest	-	4,049	4,049
Accounts - net of allowance for doubtful accounts	16,995	236,942	253,937
Inventories	15,048	-	15,048
Prepaid items	22,809	-	22,809
<b>Total Current Assets</b>	<b>54,852</b>	<b>2,338,358</b>	<b>2,393,210</b>
<b>Noncurrent Assets</b>			
Capital assets at cost			
Improvements other than buildings	2,327,400	929,241	3,256,641
Machinery and equipment	37,269	-	37,269
Vehicles	38,525	452,781	491,306
Less accumulated depreciation	(2,122,155)	(397,107)	(2,519,262)
<b>Total Capital Assets</b>	<b>281,039</b>	<b>984,915</b>	<b>1,265,954</b>
<b>Total Assets</b>	<b>335,891</b>	<b>3,323,273</b>	<b>3,659,164</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	11,197	13,504	24,701
Deferred other postemployment benefit resources	12,336	11,029	23,365
<b>Total Deferred Outflows of Resources</b>	<b>23,533</b>	<b>24,533</b>	<b>48,066</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	7,792	25,458	33,250
Due to other funds	137,546	-	137,546
Advances from other funds - current portion	100,000	-	100,000
Salaries payable	5,316	6,063	11,379
Compensated absences payable	12,381	-	12,381
Unearned revenue	53,756	-	53,756
<b>Total Current Liabilities</b>	<b>316,791</b>	<b>31,521</b>	<b>348,312</b>
<b>Noncurrent Liabilities</b>			
Compensated absences payable	9,165	30,819	39,984
Other postemployment benefits obligation	35,699	31,917	67,616
Advances from other funds	57,114	-	57,114
Net pension liability	147,384	177,745	325,129
<b>Total Noncurrent Liabilities</b>	<b>249,362</b>	<b>240,481</b>	<b>489,843</b>
<b>Total Liabilities</b>	<b>566,153</b>	<b>272,002</b>	<b>838,155</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	8,064	9,725	17,789
Deferred other postemployment benefit resources	574	513	1,087
<b>Total Deferred Inflows of Resources</b>	<b>8,638</b>	<b>10,238</b>	<b>18,876</b>
<b>Net Position</b>			
Net investment in capital assets	281,039	984,915	1,265,954
Unrestricted	(496,406)	2,080,651	1,584,245
<b>Total Net Position</b>	<b>\$ (215,367)</b>	<b>\$ 3,065,566</b>	<b>\$ 2,850,199</b>

City of Red Wing, Minnesota  
Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2020

	<b>605</b> Marina	<b>652</b> Storm Water	Total
Operating Revenues			
Charges for services	\$ 674,986	\$ 1,391,077	\$ 2,066,063
Sales	129,189	-	129,189
Cost of goods sold	(94,327)	-	(94,327)
Miscellaneous	395	477	872
Total Operating Revenues	<u>710,243</u>	<u>1,391,554</u>	<u>2,101,797</u>
Operating Expenses			
Personal services	163,510	143,776	307,286
Employee benefits	41,915	84,485	126,400
Supplies	10,247	95,304	105,551
Professional services	112,577	522,945	635,522
Rent and leased equipment	3,134	-	3,134
Repairs and maintenance	68,021	-	68,021
Administration and fiscal charges	54,635	-	54,635
Insurance premiums	2,248	-	2,248
Depreciation	39,918	49,598	89,516
Miscellaneous	20,475	-	20,475
Total Operating Expenses	<u>516,680</u>	<u>896,108</u>	<u>1,412,788</u>
Operating Income (Loss)	<u>193,563</u>	<u>495,446</u>	<u>689,009</u>
Nonoperating Revenues (Expenses)			
Investment income	-	22,442	22,442
Interest and fiscal charges	(6,350)	-	(6,350)
Total Nonoperating Revenues (Expenses)	<u>(6,350)</u>	<u>22,442</u>	<u>16,092</u>
Income (Loss) Before Transfers	187,213	517,888	705,101
Transfers Out	<u>-</u>	<u>(148,463)</u>	<u>(148,463)</u>
Change in Net Position	187,213	369,425	556,638
Net Position, January 1	<u>(402,580)</u>	<u>2,696,141</u>	<u>2,293,561</u>
Net Position, December 31	<u><u>\$ (215,367)</u></u>	<u><u>\$ 3,065,566</u></u>	<u><u>\$ 2,850,199</u></u>

City of Red Wing, Minnesota  
Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended December 31, 2020

	605 Marina	652 Storm Water	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 845,191	\$ 1,385,942	\$ 2,231,133
Payments to vendors and suppliers	(352,037)	(643,042)	(995,079)
Payments to and on behalf of employees	(226,549)	(207,794)	(434,343)
Net Cash Provided (Used) by Operating Activities	<u>266,605</u>	<u>535,106</u>	<u>801,711</u>
Cash Flows From Noncapital Financing Activities			
Increase (decrease) in due to other funds	(160,255)	-	(160,255)
Transfers to other funds	-	(148,463)	(148,463)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(160,255)</u>	<u>(148,463)</u>	<u>(308,718)</u>
Cash Flows From Capital and Related Financing Activities			
Principal paid on advances from other funds	(100,000)	-	(100,000)
Interest paid on advances from other funds	(6,350)	-	(6,350)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(106,350)</u>	<u>-</u>	<u>(106,350)</u>
Cash Flows From Investing Activities			
Interest receipts	-	22,140	22,140
Net Increase (Decrease) in Cash and Cash Equivalents	-	408,783	408,783
Cash and Cash Equivalents, January 1	-	1,688,584	1,688,584
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 2,097,367</u>	<u>\$ 2,097,367</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 193,563	\$ 495,446	\$ 689,009
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	39,918	49,598	89,516
(Increase) decrease in assets			
Accounts receivable	3,561	(4,658)	(1,097)
Inventories	10,470	-	10,470
Prepaid items	(1,781)	-	(1,781)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	4,158	1,294	5,452
Deferred other postemployment benefit resources	(298)	(266)	(564)
Increase (decrease) in liabilities			
Accounts payable	4,938	(24,793)	(19,855)
Salaries payable	322	456	778
Compensated absences payable	2,278	7,837	10,115
Other postemployment benefits obligation	1,811	1,619	3,430
Net pension liability	(8,247)	27,755	19,508
Unearned revenue	37,850	-	37,850
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(21,823)	(19,079)	(40,902)
Deferred other postemployment benefit resources	(115)	(103)	(218)
Net Cash Provided (Used) by Operating Activities	<u>\$ 266,605</u>	<u>\$ 535,106</u>	<u>\$ 801,711</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.



City of Red Wing, Minnesota  
General Fund  
Comparative Balance Sheets  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and investments	\$ 25,447,113	\$ 23,969,334
Receivables		
Accrued interest	48,283	81,647
Delinquent taxes	101,595	99,283
Accounts (net of allowance)	145,036	114,443
Intergovernmental	188,033	741,452
Loans to custodial fund	62,594	64,270
Due from other funds	3,328,383	2,493,120
Advances to other funds	-	1,000,000
	<u>                    </u>	<u>                    </u>
Total Assets	<u><u>\$ 29,321,037</u></u>	<u><u>\$ 28,563,549</u></u>
<b>Liabilities</b>		
Accounts payable	\$ 545,014	\$ 645,726
Escrow accounts payable	73,265	73,265
Due to other governments	1,845	3,643
Salaries payable	398,001	251,406
Deposits payable	5,504	5,543
Unearned revenue	47,662	47,662
Total Liabilities	<u>1,071,291</u>	<u>1,027,245</u>
<b>Deferred Inflows of Resources</b>		
Unavailable revenue		
Taxes	<u>101,595</u>	<u>99,283</u>
<b>Fund Balances</b>		
Nonspendable	62,594	1,064,270
Restricted	48,697	98,424
Committed	3,600,000	3,600,000
Assigned	592,743	742,741
Unassigned	<u>23,844,117</u>	<u>21,931,586</u>
Total Fund Balances	<u>28,148,151</u>	<u>27,437,021</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 29,321,037</u></u>	<u><u>\$ 28,563,549</u></u>

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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Taxes				
Property taxes	\$ 17,887,790	\$ 17,887,790	\$ 17,715,954	\$ 14,188,798
Franchise taxes	250,000	250,000	241,107	251,768
Other taxes	33,500	33,500	37,719	32,505
Total taxes	<u>18,171,290</u>	<u>18,171,290</u>	<u>17,994,780</u>	<u>14,473,071</u>
Licenses and permits				
Business	58,530	58,530	-	55,194
Nonbusiness	12,171	12,171	14,818	12,245
Total licenses and permits	<u>70,701</u>	<u>70,701</u>	<u>14,818</u>	<u>67,439</u>
Intergovernmental				
Federal				
CARES	-	-	1,244,772	-
Other	-	-	83,216	201,725
Total Federal	<u>-</u>	<u>-</u>	<u>1,327,988</u>	<u>201,725</u>
State				
Local government aid	794,066	794,066	794,066	794,066
Property tax credits	-	-	5,411	4,866
Police aid	224,075	224,075	258,328	269,443
Fire aid	117,143	117,143	125,113	120,074
Other	383,658	408,770	476,180	1,069,892
Total state	<u>1,518,942</u>	<u>1,544,054</u>	<u>1,659,098</u>	<u>2,258,341</u>
County				
Other County aids	<u>60,000</u>	<u>60,000</u>	<u>55,056</u>	<u>55,817</u>
Local				
Other local aid	<u>158,590</u>	<u>158,590</u>	<u>158,547</u>	<u>151,101</u>
Total intergovernmental	<u>1,737,532</u>	<u>1,762,644</u>	<u>3,200,689</u>	<u>2,666,984</u>
Charges for services				
General government	42,973	42,973	37,164	46,732
Public safety	249,060	249,060	218,125	232,171
Public works	100,392	100,392	77,185	136,365
Culture and recreation	134,854	134,854	-	105,372
Cemeteries	125,522	125,522	203,926	137,722
Rents	146,480	146,480	112,818	138,133
Total charges for services	<u>799,281</u>	<u>799,281</u>	<u>649,218</u>	<u>796,495</u>
Fines and forfeits	<u>77,516</u>	<u>77,516</u>	<u>42,222</u>	<u>73,310</u>
Investment income	<u>275,000</u>	<u>275,000</u>	<u>358,438</u>	<u>1,074,423</u>
Miscellaneous				
Contributions and donations	48,000	48,520	34,381	37,927
Refunds	-	-	7,476	16,692
Other	11,200	256,189	283,301	50,134
Total miscellaneous	<u>59,200</u>	<u>304,709</u>	<u>325,158</u>	<u>104,753</u>
Total Revenues	<u>21,190,520</u>	<u>21,461,141</u>	<u>22,585,323</u>	<u>19,256,475</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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City Council					
Personal services	\$ 59,805	\$ 59,805	\$ 60,764	\$ (959)	\$ 60,556
Supplies	1,075	1,075	2,145	(1,070)	2,957
Other services and charges	57,433	73,976	34,901	39,075	44,903
Total City Council	118,313	134,856	97,810	37,046	108,416
Mayor					
Personal services	8,612	8,612	8,679	(67)	8,645
Supplies	100	100	-	100	-
Other services and charges	8,838	8,838	7,355	1,483	7,624
Total mayor	17,550	17,550	16,034	1,516	16,269
Council administration					
Other services and charges	147,819	147,819	144,093	3,726	149,080
Administrative customer services					
Other services and charges	64,034	64,034	97,877	(33,843)	96,060
Boards and commissions					
Personal services	281	5,281	5,424	(143)	12,325
Supplies	1,350	1,350	845	505	652
Other services and charges	73,750	113,168	71,245	41,923	38,915
Total boards and commissions	75,381	119,799	77,514	42,285	51,892
City clerk					
Personal services	69,658	69,658	67,796	1,862	62,712
Other services and charges	74,929	74,929	72,536	2,393	75,084
Total city clerk	144,587	144,587	140,332	4,255	137,796
Elections					
Personal services	77,116	77,116	33,360	43,756	-
Supplies	7,228	7,228	1,680	5,548	11
Other services and charges	25,883	25,883	13,760	12,123	3,492
Total elections	110,227	110,227	48,800	61,427	3,503
Finance					
Personal services	297,699	297,699	289,740	7,959	341,568
Supplies	-	-	11,446	(11,446)	18,378
Other services and charges	109,289	180,740	171,274	9,466	86,880
Total finance	406,988	478,439	472,460	5,979	446,826
Audit					
Other services and charges	45,550	45,550	42,676	2,874	46,435
Attorney					
Other services and charges	254,397	262,113	266,205	(4,092)	283,083
Communications					
Personal services	46,117	46,117	51,513	(5,396)	67,488
Other services and charges	40,393	40,393	39,224	1,169	42,576
Total communications	86,510	86,510	90,737	(4,227)	110,064

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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Community engagement					
Personal services	\$ 117,917	\$ 117,917	\$ 116,740	\$ 1,177	\$ 113,494
Supplies	500	500	1,743	(1,243)	794
Other services and charges	29,856	42,356	27,307	15,049	20,473
Total community engagement	148,273	160,773	145,790	14,983	134,761
Employee services					
Personal services	158,345	158,345	154,111	4,234	158,496
Other services and charges	108,823	108,823	105,756	3,067	105,240
Total employee services	267,168	267,168	259,867	7,301	263,736
Government buildings					
Personal services	11,453	11,453	9,290	2,163	16,928
Supplies	18,400	18,400	23,746	(5,346)	16,830
Other services and charges	164,889	164,889	134,755	30,134	182,555
Total general government buildings	194,742	194,742	167,791	26,951	216,313
Total general government	2,081,539	2,234,167	2,067,986	166,181	2,064,234
Public safety					
Police					
Personal services	4,141,122	4,141,122	3,898,585	242,537	3,831,562
Supplies	134,650	139,830	557,443	(417,613)	163,920
Other services and charges	564,291	602,882	568,591	34,291	561,479
Total police	4,840,063	4,883,834	5,024,619	(140,785)	4,556,961
Fire					
Personal services	2,001,498	2,001,498	2,005,223	(3,725)	1,940,168
Supplies	123,450	123,450	468,572	(345,122)	94,319
Other services and charges	359,205	369,415	399,050	(29,635)	391,619
Total fire	2,484,153	2,494,363	2,872,845	(378,482)	2,426,106
Fire station building - Plum Street					
Personal services	1,123	1,123	928	195	1,332
Supplies	2,500	2,500	6,678	(4,178)	6,706
Other services and charges	40,261	40,261	65,788	(25,527)	100,063
Total fire station building - plum street	43,884	43,884	73,394	(29,510)	108,101
Fire station building - West					
Supplies	2,800	2,800	3,086	(286)	2,473
Other services and charges	28,307	28,307	43,792	(15,485)	46,021
Total fire station building - west	31,107	31,107	46,878	(15,771)	48,494
Civil defense					
Supplies	2,050	2,050	6,502	(4,452)	21,626
Other services and charges	3,572	3,572	4,200	(628)	19,514
Total civil defense	5,622	5,622	10,702	(5,080)	41,140
Total public safety	7,404,829	7,458,810	8,028,438	(569,628)	7,180,802
Public works					
Administration					
Personal services	177,860	177,860	183,336	(5,476)	168,640
Supplies	42,750	42,750	60,567	(17,817)	37,799
Other services and charges	319,919	319,919	621,485	(301,566)	423,855
Total administration	540,529	540,529	865,388	(324,859)	630,294

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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street maintenance					
Personal services	\$ 31,873	\$ 31,873	\$ 31,419	\$ 454	\$ 38,452
Supplies	349,749	471,299	414,226	57,073	324,612
Other services and charges	635,137	635,137	856,204	(221,067)	729,166
Total street maintenance	1,016,759	1,138,309	1,301,849	(163,540)	1,092,230
Snow and ice removal					
Personal services	-	-	-	-	4,113
Supplies	201,800	201,800	149,489	52,311	196,909
Other services and charges	276,897	276,897	291,847	(14,950)	564,371
Total snow and ice removal	478,697	478,697	441,336	37,361	765,393
Street lighting					
Personal services	5,606	5,606	4,644	962	6,666
Supplies	85,090	85,090	84,118	972	63,463
Other services and charges	256,523	256,523	243,688	12,835	277,305
Total street lighting	347,219	347,219	332,450	14,769	347,434
Parking ramps					
Personal services	10,467	10,467	12,243	(1,776)	12,153
Supplies	11,500	11,500	5,822	5,678	9,972
Other services and charges	105,635	105,635	121,800	(16,165)	137,256
Total parking ramps	127,602	127,602	139,865	(12,263)	159,381
Total public works	2,510,806	2,632,356	3,080,888	(448,532)	2,994,732
Sanitation					
Composting					
Personal services	32,668	32,668	30,111	2,557	30,530
Supplies	4,555	4,555	1,162	3,393	9,651
Other services and charges	14,291	14,291	29,851	(15,560)	20,588
Total sanitation	51,514	51,514	61,124	(9,610)	60,769
Culture and recreation					
Parks and boulevards					
Personal services	181,480	181,480	136,466	45,014	188,064
Supplies	254,995	254,995	211,263	43,732	295,525
Other services and charges	839,514	1,132,507	1,256,712	(124,205)	892,025
Total parks and boulevards	1,275,989	1,568,982	1,604,441	(35,459)	1,375,614
Recreational activities and facilities					
Personal services	21,758	21,758	14,016	7,742	25,529
Supplies	92,205	92,205	39,788	52,417	81,806
Other services and charges	939,402	939,402	632,700	306,702	932,714
Total recreational activities and facilities	1,053,365	1,053,365	686,504	366,861	1,040,049
Total culture and recreation	2,329,354	2,622,347	2,290,945	331,402	2,415,663

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, 2020  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Economic development				
Community development				
Personal services	\$ 701,589	\$ 701,589	\$ 708,665	\$ 719,323
Supplies	22,000	22,000	6,085	19,462
Other services and charges	188,884	238,884	194,156	204,589
Total community development	<u>912,473</u>	<u>962,473</u>	<u>908,906</u>	<u>943,374</u>
Planning				
Personal services	245	245	-	288
Supplies	6,130	6,130	7,204	4,107
Other services and charges	254,922	468,282	712,716	418,735
Total planning	<u>261,297</u>	<u>474,657</u>	<u>719,920</u>	<u>423,130</u>
Total economic development	<u>1,173,770</u>	<u>1,437,130</u>	<u>1,628,826</u>	<u>1,366,504</u>
Cemeteries				
Personal services	167,476	167,476	200,460	174,243
Supplies	77,950	77,950	70,770	71,890
Other services and charges	144,959	144,959	86,850	114,049
Total cemeteries	<u>390,385</u>	<u>390,385</u>	<u>358,080</u>	<u>360,182</u>
Transit				
Other services and charges	<u>17,600</u>	<u>17,600</u>	<u>31,173</u>	<u>30,381</u>
Contingencies and other				
Other services and charges	<u>656,914</u>	<u>244,978</u>	<u>98,824</u>	<u>133,297</u>
Total current	<u>16,616,711</u>	<u>17,089,287</u>	<u>17,646,284</u>	<u>16,606,564</u>
Capital outlay				
General government	6,150	363,794	204,827	24,637
Public safety	968,075	1,113,107	258,422	22,829
Public works	94,270	359,629	234,685	656,009
Culture and recreation	243,500	676,138	231,339	1,236,297
Economic development	-	130,376	52,716	69,624
Cemeteries	-	-	-	73,387
Total capital outlay	<u>1,311,995</u>	<u>2,643,044</u>	<u>981,989</u>	<u>2,082,783</u>
Total Expenditures	<u>17,928,706</u>	<u>19,732,331</u>	<u>18,628,273</u>	<u>18,689,347</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>3,261,814</u>	<u>1,728,810</u>	<u>3,957,050</u>	<u>567,128</u>
Other Financing Sources (Uses)				
Sale of capital assets	12,000	12,000	70,263	107,839
Transfers in	305,784	305,784	271,715	425,967
Transfers out	<u>(3,579,598)</u>	<u>(4,155,698)</u>	<u>(3,587,898)</u>	<u>(4,025,255)</u>
Total Other Financing Sources (Uses)	<u>(3,261,814)</u>	<u>(3,837,914)</u>	<u>(3,245,920)</u>	<u>(3,491,449)</u>
Net Change in Fund Balances	-	(2,109,104)	711,130	(2,924,321)
Fund Balances, January 1	<u>27,437,021</u>	<u>27,437,021</u>	<u>27,437,021</u>	<u>30,361,342</u>
Fund Balances, December 31	<u>\$ 27,437,021</u>	<u>\$ 25,327,917</u>	<u>\$ 28,148,151</u>	<u>\$ 27,437,021</u>

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## DEBT SERVICE FUNDS

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

**\$1,835,000 G.O. 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.

**\$8,525,000 G.O. Improvement Bonds, Series 2016A** - 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.

**\$6,740,000 G.O. Improvement Bonds, Series 2017A** - 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.

**\$13,535,000 G.O. Improvement Bonds, Series 2018A** - 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.



City of Red Wing, Minnesota  
Debt Service Funds  
Combining Balance Sheet  
December 31, 2020

	<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>305</b> \$1,115,000 G.O. Equipment Certificates 2014A
Assets				
Cash and investments	\$ 250,781	\$ 338,335	\$ 435,986	\$ 155,315
Receivables				
Delinquent taxes	1,208	1,017	1,908	702
Intergovernmental	<u>963</u>	<u>824</u>	<u>1,615</u>	<u>586</u>
Total Assets	<u><u>\$ 252,952</u></u>	<u><u>\$ 340,176</u></u>	<u><u>\$ 439,509</u></u>	<u><u>\$ 156,603</u></u>
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	1,208	1,017	1,908	702
Fund Balances				
Restricted				
Debt service	<u>251,744</u>	<u>339,159</u>	<u>437,601</u>	<u>155,901</u>
Total Deferred Inflows of Resources and Fund Balances	<u><u>\$ 252,952</u></u>	<u><u>\$ 340,176</u></u>	<u><u>\$ 439,509</u></u>	<u><u>\$ 156,603</u></u>

<b>306</b> \$7,735,000 G.O. Improvement Bonds 2015A	<b>308</b> \$8,525,000 G.O. Improvement Bonds 2016A	<b>309</b> \$6,740,000 G.O. Improvement Bonds 2017A	<b>310</b> \$13,535,000 G.O. Improvement Bonds 2018A	Total
\$ 1,045,405	\$ 1,216,094	\$ 801,383	\$ 1,790,139	\$ 6,033,438
4,995	5,575	4,536	10,700	30,641
4,113	4,571	3,701	8,764	25,137
<u>\$ 1,054,513</u>	<u>\$ 1,226,240</u>	<u>\$ 809,620</u>	<u>\$ 1,809,603</u>	<u>\$ 6,089,216</u>
4,995	5,575	4,536	10,700	30,641
<u>1,049,518</u>	<u>1,220,665</u>	<u>805,084</u>	<u>1,798,903</u>	<u>6,058,575</u>
<u>\$ 1,054,513</u>	<u>\$ 1,226,240</u>	<u>\$ 809,620</u>	<u>\$ 1,809,603</u>	<u>\$ 6,089,216</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, 2020

	<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>305</b> \$1,115,000 G.O. Equipment Certificates 2014A
Revenues				
Taxes				
Property taxes	\$ 215,342	\$ 212,057	\$ 361,021	\$ 130,927
Charges for services	411	352	689	250
Total Revenues	<u>215,753</u>	<u>212,409</u>	<u>361,710</u>	<u>131,177</u>
Expenditures				
Debt service				
Principal retirement	195,000	165,000	315,000	110,000
Interest and fiscal charges	12,155	12,258	27,350	11,245
Total Expenditures	<u>207,155</u>	<u>177,258</u>	<u>342,350</u>	<u>121,245</u>
Net Change in Fund Balances	8,598	35,151	19,360	9,932
Fund Balances, January 1	<u>243,146</u>	<u>304,008</u>	<u>418,241</u>	<u>145,969</u>
Fund Balances, December 31	<u><u>\$ 251,744</u></u>	<u><u>\$ 339,159</u></u>	<u><u>\$ 437,601</u></u>	<u><u>\$ 155,901</u></u>

<b>306</b> \$7,735,000 G.O. Improvement Bonds 2015A	<b>308</b> \$8,525,000 G.O. Improvement Bonds 2016A	<b>309</b> \$6,740,000 G.O. Improvement Bonds 2017A	<b>310</b> \$13,535,000 G.O. Improvement Bonds 2018A	Total
\$ 919,725	\$ 1,022,034	\$ 827,501	\$ 1,959,667	\$ 5,648,274
1,756	1,951	1,580	3,742	10,731
<u>921,481</u>	<u>1,023,985</u>	<u>829,081</u>	<u>1,963,409</u>	<u>5,659,005</u>
760,000	830,000	625,000	1,240,000	4,240,000
106,800	131,750	157,499	597,150	1,056,207
<u>866,800</u>	<u>961,750</u>	<u>782,499</u>	<u>1,837,150</u>	<u>5,296,207</u>
54,681	62,235	46,582	126,259	362,798
<u>994,837</u>	<u>1,158,430</u>	<u>758,502</u>	<u>1,672,644</u>	<u>5,695,777</u>
<u>\$ 1,049,518</u>	<u>\$ 1,220,665</u>	<u>\$ 805,084</u>	<u>\$ 1,798,903</u>	<u>\$ 6,058,575</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 Services** - 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.

City of Red Wing, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2020

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 410,007	\$ 1,015,657	\$ 3,738,528
Receivables			
Accrued interest	-	54	520
Accounts	-	2,997	102,708
Loans	-	-	4,921
Intergovernmental	16,350	-	-
Inventories	-	94,648	5,722
Prepaid items	-	-	875
<b>Total Current Assets</b>	<u>426,357</u>	<u>1,113,356</u>	<u>3,853,274</u>
<b>Capital Assets</b>			
Buildings	-	7,825	-
Machinery and equipment	-	61,379	-
Office equipment	-	-	-
Vehicles	-	255,743	-
Less accumulated depreciation	-	(231,440)	-
<b>Net Capital Assets</b>	<u>-</u>	<u>93,507</u>	<u>-</u>
<b>Total Assets</b>	<u>426,357</u>	<u>1,206,863</u>	<u>3,853,274</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	62,051	75,027	589,061
Due to other funds	-	-	-
Salaries payable	71,932	98,310	3,812
Compensated absences payable	85,428	138,481	4,609
<b>Total Current Liabilities</b>	<u>219,411</u>	<u>311,818</u>	<u>597,482</u>
<b>Noncurrent Liabilities</b>			
Compensated absences payable	<u>206,946</u>	<u>243,647</u>	<u>4,179</u>
<b>Total Liabilities</b>	<u>426,357</u>	<u>555,465</u>	<u>601,661</u>
<b>Net Position</b>			
Investment in capital assets	-	93,507	-
Unrestricted	<u>-</u>	<u>557,891</u>	<u>3,251,613</u>
<b>Total Net Position</b>	<u>\$ -</u>	<u>\$ 651,398</u>	<u>\$ 3,251,613</u>

<b>710</b> Information Services	<b>715</b> Postemployment Benefits	<b>728</b> Engineering	Total
\$ -	\$ 1,004,653	\$ 489,696	\$ 6,658,541
-	-	-	574
-	-	5,626	111,331
-	-	-	4,921
-	-	-	16,350
-	-	-	100,370
-	-	-	875
-	1,004,653	495,322	6,892,962
-	-	-	7,825
-	-	-	61,379
357,773	-	90,758	448,531
-	-	108,035	363,778
(143,248)	-	(169,407)	(544,095)
214,525	-	29,386	337,418
214,525	1,004,653	524,708	7,230,380
20,131	-	6,311	752,581
607,579	-	-	607,579
17,798	-	25,159	217,011
18,284	444,873	38,726	730,401
663,792	444,873	70,196	2,307,572
65,017	557,128	62,207	1,139,124
728,809	1,002,001	132,403	3,446,696
214,525	-	29,386	337,418
(728,809)	2,652	362,919	3,446,266
\$ (514,284)	\$ 2,652	\$ 392,305	\$ 3,783,684



City of Red Wing, Minnesota  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2020

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management
Operating Revenues			
Charges for services	\$ 2,085,988	\$ 3,959,276	\$ 6,069,165
Miscellaneous	8,300	6,584	116,966
Total Operating Revenues	<u>2,094,288</u>	<u>3,965,860</u>	<u>6,186,131</u>
Operating Expenses			
Personal services	1,345,276	1,810,735	74,177
Employee benefits	500,049	1,014,742	5,669,283
Supplies	32,053	278,793	49,370
Cost of merchandise sold	-	691,815	-
Professional services	277,656	241,019	8,290
Rent and leased equipment	861	-	-
Repairs and maintenance	1,070	3,637	34
Administration and fiscal charges	39,234	7,505	31,466
Insurance premiums	5,836	11,609	383,563
Insurance claims	-	-	23,294
Depreciation	-	9,890	-
Miscellaneous	5,529	-	12,323
Total Operating Expenses	<u>2,207,564</u>	<u>4,069,745</u>	<u>6,251,800</u>
Operating Income (Loss)	(113,276)	(103,885)	(65,669)
Nonoperating Revenues (Expenses)			
Investment income (loss)	<u>-</u>	<u>992</u>	<u>40,664</u>
Income (Loss) Before Transfers	(113,276)	(102,893)	(25,005)
Transfers In	<u>-</u>	<u>-</u>	<u>8,300</u>
Change in Net Position	(113,276)	(102,893)	(16,705)
Net Position, January 1	<u>113,276</u>	<u>754,291</u>	<u>3,268,318</u>
Net Position, December 31	<u><u>\$ -</u></u>	<u><u>\$ 651,398</u></u>	<u><u>\$ 3,251,613</u></u>

<b>710</b> Information Services	<b>715</b> Postemployment Benefits	<b>728</b> Engineering	Total
\$ 661,301	\$ -	\$ 855,391	\$ 13,631,121
1,929	-	3,004	136,783
<u>663,230</u>	<u>-</u>	<u>858,395</u>	<u>13,767,904</u>
378,726	-	573,563	4,182,477
169,966	-	232,631	7,586,671
103,484	-	26,583	490,283
-	-	-	691,815
49,294	-	343,212	919,471
22,200	-	-	23,061
217,365	-	978	223,084
15,459	-	56,002	149,666
4,517	-	4,608	410,133
-	-	-	23,294
41,381	-	17,785	69,056
328	-	-	18,180
<u>1,002,720</u>	<u>-</u>	<u>1,255,362</u>	<u>14,787,191</u>
(339,490)	-	(396,967)	(1,019,287)
-	-	116	41,772
(339,490)	-	(396,851)	(977,515)
-	-	583,117	591,417
(339,490)	-	186,266	(386,098)
(174,794)	2,652	206,039	4,169,782
<u>\$ (514,284)</u>	<u>\$ 2,652</u>	<u>\$ 392,305</u>	<u>\$ 3,783,684</u>

City of Red Wing, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2020  
(With Comparative Totals for the Year Ended December 31, 2019)

	<b>701</b> Administrative Services	<b>702</b> Central Services	<b>705/708</b> Risk Management
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 2,069,638	\$ 3,959,633	\$ 6,125,972
Payments to vendors and suppliers	(330,796)	(1,289,348)	(97,755)
Payments to and on behalf of employees	(1,768,936)	(2,802,921)	(5,832,869)
Other receipts	8,300	6,584	116,966
Net Cash Provided (Used) by Operating Activities	<u>(21,794)</u>	<u>(126,052)</u>	<u>312,314</u>
Cash Flows from Noncapital Financing Activities			
Loan payments received	-	-	5,650
Increase (decrease) in due to other funds	-	-	-
Transfers from other funds	-	-	8,300
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>13,950</u>
Cash Flows from Capital and Related Financing Activities			
Payments for acquisition and construction of capital assets	<u>-</u>	<u>(60,156)</u>	<u>-</u>
Cash Flows From Investing Activities			
Interest receipts	<u>-</u>	<u>1,007</u>	<u>54,528</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,794)	(185,201)	380,792
Cash and Cash Equivalents, January 1	<u>431,801</u>	<u>1,200,858</u>	<u>3,357,736</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 410,007</u></u>	<u><u>\$ 1,015,657</u></u>	<u><u>\$ 3,738,528</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (113,276)	\$ (103,885)	\$ (65,669)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	9,890	-
(Increase) decrease in assets			
Accounts receivable	-	357	56,807
Due from other governments	(16,350)	-	-
Inventories	-	8,218	3,837
Prepaid items	-	-	(109)
Increase (decrease) in liabilities			
Accounts payable	31,443	(63,188)	312,396
Salaries payable	12,815	6,440	297
Compensated absences payable	63,574	16,116	4,755
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (21,794)</u></u>	<u><u>\$ (126,052)</u></u>	<u><u>\$ 312,314</u></u>

<b>710</b> Information Services	<b>715</b> Postemployment Benefits	<b>728</b> Engineering	Total
\$ 661,301	\$ 35,854	\$ 850,302	\$ 13,702,700
(394,896)	-	(426,716)	(2,539,511)
(521,430)	-	(833,705)	(11,759,861)
1,929	-	3,004	136,783
<u>(253,096)</u>	<u>35,854</u>	<u>(407,115)</u>	<u>(459,889)</u>
-	-	-	5,650
253,096	-	-	253,096
-	-	583,117	591,417
<u>253,096</u>	<u>-</u>	<u>583,117</u>	<u>850,163</u>
-	-	(17,000)	(77,156)
-	-	116	55,651
-	35,854	159,118	368,769
-	968,799	330,578	6,289,772
<u>\$ -</u>	<u>\$ 1,004,653</u>	<u>\$ 489,696</u>	<u>\$ 6,658,541</u>
\$ (339,490)	\$ -	\$ (396,967)	\$ (1,019,287)
41,381	-	17,785	69,056
-	-	(5,089)	52,075
-	-	-	(16,350)
-	-	-	12,055
-	-	-	(109)
13,234	-	4,667	298,552
1,218	-	2,838	23,608
<u>30,561</u>	<u>35,854</u>	<u>(30,349)</u>	<u>120,511</u>
<u>\$ (253,096)</u>	<u>\$ 35,854</u>	<u>\$ (407,115)</u>	<u>\$ (459,889)</u>

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## **CUSTODIAL FUNDS**

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

**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.

City of Red Wing, Minnesota  
Combining Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2020

	<b>808</b>	<b>810</b>	<b>825</b>
	<u>Cannon Valley Bike</u>	<u>Sheldon Auditorium</u>	<u>Red Wing 2020</u>
Assets			
Current Assets			
Cash and temporary investments	\$ 1,032,100	\$ 358,676	\$ 1,061
Assets held in endowment	-	3,584,199	-
Receivables			
Accrued interest	383	-	-
Accounts	-	28,000	-
Prepaid items	-	11,000	-
Total Assets	<u>1,032,483</u>	<u>3,981,875</u>	<u>1,061</u>
Liabilities			
Current Liabilities			
Accounts payable	111,930	5,521	-
Due to other governments	37	62,685	-
Salaries payable	-	9,554	-
Compensated absences payable	-	14,097	-
Unearned revenue	-	40,022	-
Total Current Liabilities	<u>111,967</u>	<u>131,879</u>	<u>-</u>
Noncurrent Liabilities			
Compensated absences payable	<u>-</u>	<u>2,004</u>	<u>-</u>
Total Liabilities	<u>111,967</u>	<u>133,883</u>	<u>-</u>
Net Position			
Restricted			
Individuals, Organizations, Endowments and Other Governments	<u>\$ 920,516</u>	<u>\$ 3,847,992</u>	<u>\$ 1,061</u>

<b>840</b>	<b>845</b>	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
<u>\$ 73,475</u>	<u>\$ 1,129</u>	<u>\$ 1,466,441</u>
-	-	3,584,199
-	-	383
33,599	-	61,599
-	-	11,000
<u>107,074</u>	<u>1,129</u>	<u>5,123,622</u>
12,866	-	130,317
-	-	62,722
-	-	9,554
-	-	14,097
-	-	40,022
<u>12,866</u>	<u>-</u>	<u>256,712</u>
-	-	2,004
<u>12,866</u>	<u>-</u>	<u>258,716</u>
<u>\$ 94,208</u>	<u>\$ 1,129</u>	<u>\$ 4,864,906</u>



City of Red Wing, Minnesota  
Combining Statement of Changes in Fiduciary Net Position  
Custodial Funds  
For the Year Ended December 31, 2020

	<b>808</b>	<b>810</b>	<b>825</b>
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020
Additions			
Intergovernmental	\$ 1,297,014	\$ 226,372	\$ -
Investment earnings	4,577	283,322	-
Charges for services	213,935	106,707	-
Miscellaneous	22,521	310,843	-
Total Additions	<u>1,538,047</u>	<u>927,244</u>	<u>-</u>
Deductions			
Culture and recreation			
Personal services	20,144	367,904	-
Supplies	36,351	25,917	-
Other services and charges	226,836	341,746	-
Capital outlay	446,764	9,981	-
Miscellaneous			
Other services and charges	-	-	-
Total Deductions	<u>730,095</u>	<u>745,548</u>	<u>-</u>
Net Increase (Decrease) in Fiduciary Net Position	807,952	181,696	-
Net Position, January 1	<u>112,564</u>	<u>3,666,296</u>	<u>1,061</u>
Net Position, December 31	<u><u>\$ 920,516</u></u>	<u><u>\$ 3,847,992</u></u>	<u><u>\$ 1,061</u></u>

<b>840</b>	<b>845</b>	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
\$ -	\$ -	\$ 1,523,386
-	-	287,899
-	-	320,642
125,000	-	458,364
<u>125,000</u>	<u>-</u>	<u>2,590,291</u>
-	-	388,048
-	-	62,268
-	-	568,582
-	-	456,745
143,290	-	143,290
<u>143,290</u>	<u>-</u>	<u>1,618,933</u>
(18,290)	-	971,358
112,498	1,129	3,893,548
<u>\$ 94,208</u>	<u>\$ 1,129</u>	<u>\$ 4,864,906</u>

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DISCRETELY PRESENTED COMPONENT UNIT  
PORT AUTHORITY

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020

City of Red Wing, Minnesota  
Discretely Presented Component Unit - Port Authority  
Combining Balance Sheet  
December 31, 2020

		Special Revenue			
	<b>236</b>	<b>231</b>	<b>232</b>	<b>233</b>	
	Port Authority	Industrial	Micro	Intermediary	
	General	Loan	Loan	Relending	Total
Assets					
Cash and cash equivalents	\$ 976,304	\$ 229,614	\$ -	\$ 509,969	\$ 1,715,887
Receivables					
Delinquent taxes	2,311	-	-	-	2,311
Accounts	16,825	2,017	-	4,000	22,842
Notes and loans (net of allowance)	-	1,684,980	176,800	206,048	2,067,828
Intergovernmental	1,801	-	-	-	1,801
Due from other funds	12,325	-	-	-	12,325
Total Assets	<u>\$ 1,009,566</u>	<u>\$ 1,916,611</u>	<u>\$ 176,800</u>	<u>\$ 720,017</u>	<u>\$ 3,822,994</u>
Liabilities					
Accounts payable	\$ 2,092	\$ -	\$ -	\$ -	\$ 2,092
Due to other governments	-	-	-	249,475	249,475
Due to other funds	-	-	12,325	-	12,325
Total Liabilities	<u>2,092</u>	<u>-</u>	<u>12,325</u>	<u>249,475</u>	<u>263,892</u>
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	2,311	-	-	-	2,311
Fund Balances					
Restricted	-	-	-	470,542	470,542
Committed	-	1,916,611	164,475	-	2,081,086
Assigned	1,005,163	-	-	-	1,005,163
Total Fund Balances	<u>1,005,163</u>	<u>1,916,611</u>	<u>164,475</u>	<u>470,542</u>	<u>3,556,791</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,009,566</u>	<u>\$ 1,916,611</u>	<u>\$ 176,800</u>	<u>\$ 720,017</u>	<u>\$ 3,822,994</u>

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

Fund Balances - governmental funds from above	\$ 3,556,791
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	520,686
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,311
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.	3,641
Total Net Position - Governmental Activities	<u>\$ 4,083,429</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, 2020

		Special Revenue			
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	Total
Revenues					
Taxes					
Property taxes	\$ 400,495	\$ -	\$ -	\$ -	\$ 400,495
Other taxes	771	-	-	-	771
Intergovernmental					
State	48	-	-	-	48
Charges for services	163,817	-	-	-	163,817
Investment income	311	-	-	2,872	3,183
Miscellaneous					
Interest on notes and loans	-	43,876	298	6,687	50,861
Refunds	1,681	-	-	-	1,681
Other	1,430	-	-	-	1,430
Contribution from primary government	-	-	50,000	-	50,000
Total Revenues	<u>568,553</u>	<u>43,876</u>	<u>50,298</u>	<u>9,559</u>	<u>672,286</u>
Expenditures					
Current					
Economic development					
Personal services	4,880	-	-	-	4,880
Supplies	2,540	-	-	-	2,540
Other services and charges	178,978	-	-	-	178,978
Miscellaneous	158,590	295,000	57,500	3,352	514,442
Debt service					
Interest and fiscal charges	-	-	-	2,793	2,793
Total Expenditures	<u>344,988</u>	<u>295,000</u>	<u>57,500</u>	<u>6,145</u>	<u>703,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>223,565</u>	<u>(251,124)</u>	<u>(7,202)</u>	<u>3,414</u>	<u>(31,347)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	100,000	-	100,000
Transfers out	(100,000)	-	-	-	(100,000)
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	123,565	(251,124)	92,798	3,414	(31,347)
Fund Balances, January 1	881,598	1,408,778	71,677	467,128	2,829,181
Prior Period Adjustment (Note 10)	-	758,957	-	-	758,957
Fund Balances, December 31	<u>\$ 1,005,163</u>	<u>\$ 1,916,611</u>	<u>\$ 164,475</u>	<u>\$ 470,542</u>	<u>\$ 3,556,791</u>

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

Net Change in Fund Balances - Governmental Funds from Above \$ (31,347)

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 (8,008)

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 (14)

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.

(8,460)

Change in Net Position - Governmental Activities \$ (47,829)

City of Red Wing, Minnesota  
Summary Financial Report  
Revenues and Expenditures For General Operations  
Governmental Funds  
For the Years Ended December 31, 2020 and 2019

	Totals		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 23,931,090	\$ 20,976,818	14.08 %
Special assessments	867,216	430,028	101.67
Licenses and permits	278,897	368,777	(24.37)
Intergovernmental	6,595,370	8,647,517	(23.73)
Charges for services	795,174	976,522	(18.57)
Fines and forfeits	44,602	81,956	(45.58)
Investment earnings	613,972	1,657,766	(62.96)
Miscellaneous	838,356	908,341	(7.70)
Total Revenues	<u>\$ 33,964,677</u>	<u>\$ 34,047,725</u>	(0.24) %
Per Capita	<u>\$ 2,066</u>	<u>\$ 2,061</u>	0.24 %
Expenditures			
Current			
General government	\$ 2,067,986	\$ 2,064,234	0.18 %
Public safety	8,303,007	7,455,079	11.37
Public works	3,211,907	2,995,786	7.21
Sanitation	61,124	60,769	0.58
Culture and recreation	3,607,285	3,732,936	(3.37)
Economic development	1,961,080	1,753,077	11.87
Airport	250,021	704,372	(64.50)
Transit	31,173	30,381	2.61
Cemeteries	358,080	360,182	(0.58)
Unallocated	98,824	133,297	(25.86)
Capital outlay			
General government	204,827	24,637	731.38
Public safety	269,848	850,463	(68.27)
Public works	6,019,246	12,371,797	(51.35)
Culture and recreation	1,748,871	2,325,751	(24.80)
Economic development	52,716	69,624	(24.28)
Airport	17,570	86,886	(79.78)
Cemeteries	-	73,387	(100.00)
Debt service			
Principal	4,240,000	2,935,000	44.46
Interest and fiscal charges	1,056,207	1,320,598	(20.02)
Total Expenditures	<u>\$ 33,559,772</u>	<u>\$ 39,348,256</u>	(14.71) %
Per Capita	<u>\$ 2,041</u>	<u>\$ 2,382</u>	(14.30) %
Total Long-term Indebtedness	\$ 30,645,000	\$ 34,885,000	(12.15) %
Per Capita	1,864	2,111	(11.73)
General Fund Balance - December 31	\$ 28,148,151	\$ 27,437,021	2.59 %
Per Capita	1,712	1,661	3.08

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 Sue Iverson at (651) 385-3613.

STATISTICAL SECTION (UNAUDITED)

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



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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.

City of Red Wing, Minnesota  
Net Position By Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities					
Net investment in capital assets	\$ 86,519,771	\$ 80,102,509	\$ 74,558,012	\$ 65,465,148	\$ 58,051,200
Restricted	18,876,295	18,292,106	15,669,640	15,331,092	14,254,984
Unrestricted	36,152,726	35,107,626	32,445,017	30,800,095	28,121,151
Total Governmental Activities Net Position	<u>\$ 141,548,792</u>	<u>\$ 133,502,241</u>	<u>\$ 122,672,669</u>	<u>\$ 111,596,335</u>	<u>\$ 100,427,335</u>
Business-type Activities					
Net investment in capital assets	\$ 55,900,420	\$ 53,690,749	\$ 50,671,411	\$ 48,252,911	\$ 44,944,878
Restricted	-	490,600	472,538	454,476	436,414
Unrestricted	(466,730)	(488,437)	994,152	797,066	2,894,021
Total Business-type Activities Net Position	<u>\$ 55,433,690</u>	<u>\$ 53,692,912</u>	<u>\$ 52,138,101</u>	<u>\$ 49,504,453</u>	<u>\$ 48,275,313</u>
Primary Government					
Net investment in capital assets	\$ 142,420,191	\$ 133,793,258	\$ 125,229,423	\$ 113,718,059	\$ 102,996,078
Restricted	18,876,295	18,782,706	16,142,178	15,785,568	14,691,398
Unrestricted	35,685,996	34,619,189	33,439,169	31,597,161	31,015,172
Total Primary Government Net Position	<u>\$ 196,982,482</u>	<u>\$ 187,195,153</u>	<u>\$ 174,810,770</u>	<u>\$ 161,100,788</u>	<u>\$ 148,702,648</u>

Table 1

Fiscal Year				
2015	2014	2013	2012	2011
\$ 49,648,560	\$ 46,262,064	\$ 41,825,328	\$ 38,453,702	\$ 35,820,191
13,309,298	12,812,857	11,964,453	13,650,753	15,311,936
32,917,382	31,756,579	30,881,953	31,159,022	30,782,252
<u>\$ 95,875,240</u>	<u>\$ 90,831,500</u>	<u>\$ 84,671,734</u>	<u>\$ 83,263,477</u>	<u>\$ 81,914,379</u>
\$ 44,265,403	\$ 41,964,192	\$ 40,517,978	\$ 35,251,711	\$ 32,865,281
418,352	400,290	382,228	364,166	346,104
2,404,032	7,743,886	10,649,128	15,314,254	14,168,386
<u>\$ 47,087,787</u>	<u>\$ 50,108,368</u>	<u>\$ 51,549,334</u>	<u>\$ 50,930,131</u>	<u>\$ 47,379,771</u>
\$ 93,913,963	\$ 88,226,256	\$ 82,343,306	\$ 73,705,413	\$ 68,685,472
13,727,650	13,213,147	12,346,681	14,014,919	15,658,040
35,321,414	39,500,465	41,531,081	46,473,276	44,950,638
<u>\$ 142,963,027</u>	<u>\$ 140,939,868</u>	<u>\$ 136,221,068</u>	<u>\$ 134,193,608</u>	<u>\$ 129,294,150</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				
	2020	2019	2018	2017	2016
<b>Expenses</b>					
Governmental Activities					
General government	\$ 2,378,800	\$ 2,302,696	\$ 2,197,544	\$ 1,978,680	\$ 2,186,067
Public safety	9,299,639	7,999,708	7,403,798	7,458,841	8,359,216
Public works	7,236,954	6,339,104	6,310,412	5,616,530	5,502,852
Sanitation	62,237	70,548	89,269	96,063	66,457
Culture and recreation	4,438,605	4,453,930	4,187,586	4,223,786	4,091,398
Economic development	2,052,125	1,961,397	1,967,863	1,116,449	526,193
Airport	314,972	788,599	405,650	354,440	375,284
Cemeteries	439,843	411,340	415,040	368,286	494,246
Transit	31,181	30,305	206	236	27,885
Interest and fiscal charges	721,999	849,877	1,023,906	567,690	411,189
Total Governmental Activities Expenses	<u>26,976,355</u>	<u>25,207,504</u>	<u>24,001,274</u>	<u>21,781,001</u>	<u>22,040,787</u>
Business-Type Activities					
Ambulance	2,637,394	2,427,424	2,053,098	2,186,069	2,385,807
Refuse collection and recycling	2,938,594	2,751,975	2,564,204	2,450,536	2,377,624
Water	3,142,303	3,083,037	3,100,054	3,250,721	3,291,289
Sewer	4,752,683	4,308,018	4,695,023	4,246,080	4,720,564
Storm water	928,302	917,945	656,048	801,777	639,856
Solid waste campus	4,249,011	3,863,171	3,254,076	3,242,387	2,575,882
Marina	627,636	650,314	591,098	550,923	564,350
Total Business-type Activities Expenses	<u>19,275,923</u>	<u>18,001,884</u>	<u>16,913,601</u>	<u>16,728,493</u>	<u>16,555,372</u>
Total Primary Government Expenses	<u>\$ 46,252,278</u>	<u>\$ 43,209,388</u>	<u>\$ 40,914,875</u>	<u>\$ 38,509,494</u>	<u>\$ 38,596,159</u>
<b>Program Revenue</b>					
Governmental Activities					
Charges for services					
General government	\$ 306,285	\$ 360,160	\$ 401,318	\$ 242,075	\$ 220,509
Public safety	585,947	697,271	752,079	717,634	446,891
Public works	142,305	196,529	121,458	205,902	106,649
Storm water	-	-	-	-	-
Culture and recreation	121,996	163,828	217,036	204,738	201,576
Economic development	9,037	10,905	14,051	20,474	19,641
Airport	104,985	508,244	118,063	102,222	104,043
Cemeteries	320,681	217,172	175,621	183,357	196,675
Transit	-	-	-	-	-
Operating grants and contributions	2,617,452	1,985,988	1,642,979	1,130,771	1,157,393
Capital grants and contributions	4,681,547	5,660,185	5,517,336	5,726,499	3,509,448
Total Governmental Activities Program Revenues	<u>8,890,235</u>	<u>9,800,282</u>	<u>8,959,941</u>	<u>8,533,672</u>	<u>5,962,825</u>
Business-type Activities					
Charges for services					
Ambulance	2,013,230	2,165,995	2,091,102	1,817,922	1,770,147
Refuse collection and recycling	2,734,616	2,581,246	2,536,707	2,494,292	2,474,252
Water	3,674,000	3,674,091	3,579,496	3,435,180	3,349,471
Sewer	4,959,154	4,999,087	5,040,547	4,593,955	4,397,573
Storm water	1,391,077	1,357,185	1,334,966	1,303,006	1,325,296
Solid waste campus	4,318,835	5,793,406	4,260,460	3,618,528	2,713,880
Marina	804,175	688,091	691,877	665,935	550,365
Operating grants and contributions	182,918	345,628	40,735	19,346	36,059
Capital grants and contributions	1,999,500	52,568	368,812	-	-
Total Business-type Activities Program Revenues	<u>22,077,505</u>	<u>21,657,297</u>	<u>19,944,702</u>	<u>17,948,164</u>	<u>16,617,043</u>
Total Primary Government Program Revenues	<u>\$ 30,967,740</u>	<u>\$ 31,457,579</u>	<u>\$ 28,904,643</u>	<u>\$ 26,481,836</u>	<u>\$ 22,579,868</u>
<b>Net (Expense) Revenue</b>					
Governmental Activities	\$ (18,086,120)	\$ (15,407,222)	\$ (15,041,333)	\$ (13,247,329)	\$ (16,077,962)
Business-type Activities	<u>2,801,582</u>	<u>3,655,413</u>	<u>3,031,101</u>	<u>1,219,671</u>	<u>61,671</u>
Total Primary Government Net Expense	<u>\$ 15,284,538</u>	<u>\$ 11,751,809</u>	<u>\$ 12,010,232</u>	<u>\$ 12,027,658</u>	<u>\$ 16,016,291</u>

Table 2

Fiscal Year				
2015	2014	2013	2012	2011
\$ 2,014,182	\$ 1,928,550	\$ 1,950,660	\$ 1,904,155	\$ 2,120,072
6,037,426	6,033,337	5,556,816	5,405,760	5,364,753
4,967,050	5,291,324	5,560,184	5,269,097	5,358,673
38,978	48,969	94,652	36,645	48,509
3,308,523	3,791,583	4,000,733	3,235,924	3,422,720
861,913	562,704	553,909	1,238,660	429,599
375,939	358,401	872,190	645,686	663,642
371,341	368,248	326,916	291,059	273,316
48,200	22,904	45,120	10,269	13,869
324,976	153,007	108,675	141,251	168,349
<u>18,348,528</u>	<u>18,559,027</u>	<u>19,069,855</u>	<u>18,178,506</u>	<u>17,863,502</u>
1,865,373	1,842,459	1,667,481	1,590,032	1,531,222
2,452,011	2,050,561	2,086,819	1,934,248	1,810,551
3,176,793	3,127,351	2,901,369	3,013,293	2,913,991
4,341,896	4,216,823	3,972,286	3,680,551	4,124,679
719,183	622,651	660,862	674,328	-
2,647,529	2,272,893	2,678,199	3,078,048	3,268,700
620,148	711,761	617,166	671,424	728,269
<u>15,822,933</u>	<u>14,844,499</u>	<u>14,584,182</u>	<u>14,641,924</u>	<u>14,377,412</u>
<u>\$ 34,171,461</u>	<u>\$ 33,403,526</u>	<u>\$ 33,654,037</u>	<u>\$ 32,820,430</u>	<u>\$ 32,240,914</u>
\$ 213,967	\$ 222,553	\$ 262,776	\$ 188,538	\$ 137,823
445,281	487,672	372,731	412,246	395,215
116,943	222,671	81,070	92,462	52,905
-	-	-	-	-
205,901	171,026	948,035	557,739	336,254
18,891	31,460	22,497	22,821	24,293
117,471	107,625	88,226	82,923	81,033
186,409	159,976	191,814	172,325	169,300
-	-	16,496	-	-
1,676,665	1,306,110	2,714,394	2,096,584	1,428,308
8,248,980	2,493,704	2,280,238	2,932,743	888,223
<u>11,230,508</u>	<u>5,202,797</u>	<u>6,978,277</u>	<u>6,558,381</u>	<u>3,513,354</u>
1,732,331	1,700,329	1,757,302	1,743,601	1,631,812
2,401,294	2,245,610	2,297,080	2,117,154	2,014,532
3,313,412	3,305,736	3,271,779	3,341,564	3,175,525
3,819,287	3,808,506	3,606,266	3,389,196	3,471,031
1,274,544	1,110,841	880,982	723,152	557,890
2,695,806	2,435,248	2,652,499	2,735,126	2,649,929
554,370	565,965	553,234	584,739	643,048
28,093	54,787	4,710	6,100	32,650
68,977	-	-	6,011	6,899
<u>15,888,114</u>	<u>15,227,022</u>	<u>15,023,852</u>	<u>14,646,643</u>	<u>14,183,316</u>
<u>\$ 27,118,622</u>	<u>\$ 20,429,819</u>	<u>\$ 22,002,129</u>	<u>\$ 21,205,024</u>	<u>\$ 17,696,670</u>
\$ (7,118,020)	\$ (13,356,230)	\$ (12,091,578)	\$ (11,620,125)	\$ (14,350,148)
65,181	382,523	439,670	4,719	(194,096)
<u>\$ 7,052,839</u>	<u>\$ 12,973,707</u>	<u>\$ 11,651,908</u>	<u>\$ 11,615,406</u>	<u>\$ 14,544,244</u>

City of Red Wing, Minnesota  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 17,718,266	\$ 14,161,673	\$ 19,522,521	\$ 18,570,054	\$ 17,565,362
Property taxes, levied for debt service	5,645,428	6,125,216	3,653,662	3,037,320	2,087,390
Tax increments	138,474	128,248	136,802	130,672	126,293
Franchise taxes	241,107	251,768	247,661	252,374	250,847
Hotel-motel taxes	149,562	263,495	-	-	-
Other taxes	48,537	43,752	39,681	38,728	36,789
Grants and contributions not restricted to specific programs	767,552	888,367	1,305,856	1,215,076	1,350,331
Unrestricted investment earnings (loss)	655,744	1,843,522	783,568	818,561	(29,598)
Other revenues	289,428	72,111	400,875	201,387	54,659
Gain on sale of capital assets	70,263	105,334	176,756	10,316	71,779
Transfers	408,310	2,354,897	135,694	141,841	(883,795)
Total Governmental Activities	<u>26,132,671</u>	<u>26,238,383</u>	<u>26,403,076</u>	<u>24,416,329</u>	<u>20,630,057</u>
Business-type Activities					
Unrestricted investment earnings (loss)	60,588	252,317	82,102	90,603	211,253
Gain on sale of capital assets	73,621	1,978	26,472	60,707	30,807
Transfers	(408,310)	(2,354,897)	(135,694)	(141,841)	883,795
Loss on discontinued operations	-	-	-	-	-
Total Business-type Activities	<u>(274,101)</u>	<u>(2,100,602)</u>	<u>(27,120)</u>	<u>9,469</u>	<u>1,125,855</u>
Total Primary Government	<u>\$ 25,858,570</u>	<u>\$ 24,137,781</u>	<u>\$ 26,375,956</u>	<u>\$ 24,425,798</u>	<u>\$ 21,755,912</u>
<b>Changes in Net Position</b>					
Governmental Activities	\$ 8,046,551	\$ 10,831,161	\$ 11,361,743	\$ 11,169,000	\$ 4,552,095
Business-type Activities	<u>2,527,481</u>	<u>1,554,811</u>	<u>3,003,981</u>	<u>1,229,140</u>	<u>1,187,526</u>
Total Primary Government	<u>\$ 10,574,032</u>	<u>\$ 12,385,972</u>	<u>\$ 14,365,724</u>	<u>\$ 12,398,140</u>	<u>\$ 5,739,621</u>

Table 2 (Continued)

Fiscal Year				
2015	2014	2013	2012	2011
\$ 15,926,127	\$ 13,979,615	\$ 13,737,387	\$ 13,003,532	\$ 12,103,712
1,228,574	612,320	426,594	(64)	-
130,668	119,509	129,926	182,081	172,726
231,315	228,567	216,365	357,416	148,140
-	-	-	-	-
34,934	39,793	58,538	30,405	31,924
1,517,171	1,796,830	1,136,834	1,611,696	1,561,023
528,855	2,190,982	(1,419,916)	657,293	1,257,152
68,355	30,032	101,291	57,700	89,945
105,141	31,854	89,842	149,127	10,300
(1,940,807)	486,494	(977,026)	(3,036,946)	(301,902)
<u>17,830,333</u>	<u>19,515,996</u>	<u>13,499,835</u>	<u>13,012,240</u>	<u>15,073,020</u>
339,807	1,115,146	(919,620)	350,178	739,540
104,459	112,220	122,127	115,500	24,928
1,940,807	(486,494)	977,026	3,036,946	301,902
-	(2,564,361)	-	-	-
<u>2,385,073</u>	<u>(1,823,489)</u>	<u>179,533</u>	<u>3,502,624</u>	<u>1,066,370</u>
<u>\$ 20,215,406</u>	<u>\$ 17,692,507</u>	<u>\$ 13,679,368</u>	<u>\$ 16,514,864</u>	<u>\$ 16,139,390</u>
\$ 10,712,313	\$ 6,159,766	\$ 1,408,257	\$ 1,392,115	\$ 722,872
2,450,254	(1,440,966)	619,203	3,507,343	872,274
<u>\$ 13,162,567</u>	<u>\$ 4,718,800</u>	<u>\$ 2,027,460</u>	<u>\$ 4,899,458</u>	<u>\$ 1,595,146</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	Hotel-Motel Tax	Other Tax	Total
	Levied for General Purposes	Levied for Debt Service					
2020	\$ 17,718,266	\$ 5,645,428	\$ 138,474	\$ 241,107	\$ 149,562	\$ 48,537	\$ 23,941,374
2019	14,161,673	6,125,216	128,248	251,768	263,495	43,752	20,974,152
2018	19,522,521	3,653,662	136,802	247,661	-	39,681	23,600,327
2017	18,570,054	3,037,320	130,672	252,374	-	38,728	22,029,148
2016	17,565,362	2,087,390	126,293	250,847	-	36,789	20,066,681
2015	15,926,127	1,228,574	130,668	231,315	-	34,934	17,551,618
2014	13,979,615	612,320	119,509	228,567	-	39,793	14,979,804
2013	13,737,387	426,594	129,926	216,365	-	58,538	14,568,810
2012	13,003,532	(64)	182,081	357,416	-	30,405	13,573,370
2011	12,103,712	-	172,726	148,140	-	31,924	12,456,502

City of Red Wing, Minnesota  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund					
Nonspendable	\$ 62,594	\$ 1,064,270	\$ 1,064,052	\$ 1,063,817	\$ 142,122
Restricted	48,697	98,424	4,897,102	2,504,393	1,467,860
Committed	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Assigned	592,743	742,741	542,741	542,741	-
Unassigned	23,844,117	21,931,586	20,259,408	18,524,408	17,598,256
Total General Fund	<u>\$ 28,148,151</u>	<u>\$ 27,437,021</u>	<u>\$ 30,363,303</u>	<u>\$ 26,235,359</u>	<u>\$ 22,808,238</u>
All Other Governmental Funds					
Nonspendable	\$ 2,722,455	\$ 2,588,039	\$ 2,454,190	\$ 2,474,046	\$ 2,351,681
Restricted	16,585,701	17,111,630	18,985,163	14,714,608	12,706,743
Committed	6,201,435	5,743,100	2,967,968	3,240,965	3,277,743
Assigned	4,707,486	5,107,669	6,458,925	5,772,009	5,761,280
Unassigned	(925,090)	(839,382)	(1,382,088)	(1,258,162)	(1,931,540)
Total All Other Governmental Funds	<u>\$ 29,291,987</u>	<u>\$ 29,711,056</u>	<u>\$ 29,484,158</u>	<u>\$ 24,943,466</u>	<u>\$ 22,165,907</u>

Table 4

Fiscal Year				
2015	2014	2013	2012	2011
\$ 113,387	\$ 193,687	\$ 252,568	\$ 289,632	\$ 378,256
1,010,204	1,005,870	1,101,363	467,881	179,473
3,600,000	3,600,000	3,400,000	3,200,000	6,900,000
-	-	-	-	-
14,992,326	12,674,073	11,058,961	11,445,368	9,653,893
<u>\$ 19,715,917</u>	<u>\$ 17,473,630</u>	<u>\$ 15,812,892</u>	<u>\$ 15,402,881</u>	<u>\$ 17,111,622</u>
\$ 2,208,470	\$ 4,991,700	\$ 2,113,081	\$ 2,016,704	\$ 1,855,521
11,169,450	10,865,226	10,238,897	11,187,608	12,677,653
5,788,854	767,845	831,826	475,212	50,000
6,483,127	4,389,895	8,441,271	7,189,612	8,029,651
(429,114)	(1,339,709)	(1,177,706)	(143,690)	(866,737)
<u>\$ 25,220,787</u>	<u>\$ 19,674,957</u>	<u>\$ 20,447,369</u>	<u>\$ 20,725,446</u>	<u>\$ 21,746,088</u>

City of Red Wing, Minnesota  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2020	2019	2018	2017	2016
<b>Revenues</b>					
Taxes	\$ 23,931,090	\$ 20,976,818	\$ 23,625,190	\$ 22,016,695	\$ 20,149,887
Special assessments	867,216	430,028	700,994	867,140	491,636
Intergovernmental revenue	6,595,370	8,647,517	7,082,531	6,069,508	5,519,205
Licenses and permits	278,897	368,777	395,487	390,394	234,925
Charges for services	795,174	976,522	814,189	721,865	605,117
Fines and forfeits	44,602	81,956	89,398	82,057	89,599
Interest income (loss)	620,322	1,665,491	722,293	785,340	17,545
Miscellaneous	832,006	900,616	1,377,456	992,282	599,655
Total Revenues	<u>33,964,677</u>	<u>34,047,725</u>	<u>34,807,538</u>	<u>31,925,281</u>	<u>27,707,569</u>
<b>Expenditures</b>					
General government	2,067,986	2,064,234	1,930,751	1,657,839	1,814,476
Public safety	8,303,007	7,455,079	6,999,578	6,329,892	6,339,056
Public works	3,211,907	2,995,786	2,799,613	2,833,260	2,609,653
Storm water	-	-	-	-	-
Sanitation	61,124	60,769	80,256	84,249	49,339
Culture and recreation	3,607,285	3,732,936	3,464,235	3,606,939	3,259,092
Economic development	1,961,080	1,753,077	1,899,496	1,098,068	486,445
Airport	250,021	704,372	299,996	233,749	227,118
Cemeteries	358,080	360,182	340,666	286,930	404,413
Transit	31,173	30,381	-	-	27,720
Contingencies and other	98,824	133,297	112,255	153,065	180,769
Capital outlay	8,313,078	15,802,545	19,992,982	14,255,013	18,711,325
Debt service					
Principal	4,240,000	2,935,000	3,020,000	1,600,000	870,000
Interest and fiscal charges	1,056,207	1,320,598	781,395	515,743	312,479
Bond issuance costs	-	-	-	-	107,617
Total Expenditures	<u>33,559,772</u>	<u>39,348,256</u>	<u>41,721,223</u>	<u>32,654,747</u>	<u>35,399,502</u>
Excess of Revenues Over (Under) Expenditures	<u>404,905</u>	<u>(5,300,531)</u>	<u>(6,913,685)</u>	<u>(729,466)</u>	<u>(7,691,933)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	70,263	107,839	208,008	39,566	148,679
Transfers in	5,750,126	12,072,382	5,491,216	4,587,172	4,349,273
Bonds issued	-	-	13,535,000	6,740,000	8,525,000
Premium on bonds issued	-	-	1,617,340	494,647	339,490
Transfers out	(5,933,233)	(9,577,485)	(5,269,243)	(4,927,239)	(5,633,068)
Total Other Financing Sources (Uses)	<u>(112,844)</u>	<u>2,602,736</u>	<u>15,582,321</u>	<u>6,934,146</u>	<u>7,729,374</u>
Net Change in Fund Balance	<u>\$ 292,061</u>	<u>\$ (2,697,795)</u>	<u>\$ 8,668,636</u>	<u>\$ 6,204,680</u>	<u>\$ 37,441</u>
Debt service as a percentage of noncapital expenditures	20.98%	18.07%	17.51%	11.54%	7.07%
Debt service as a percentage of total expenditures	15.78%	10.82%	9.11%	6.48%	3.34%

Table 5

Fiscal Year				
2015	2014	2013	2012	2011
\$ 17,522,463	\$ 15,027,160	\$ 14,590,910	\$ 13,595,074	\$ 12,475,584
410,235	1,300,387	2,141,695	1,183,707	500,460
11,750,265	5,451,664	5,317,522	4,876,778	3,474,515
251,182	271,741	193,607	207,338	186,541
577,233	535,387	576,692	657,924	556,262
88,125	83,991	88,015	95,804	113,624
494,171	1,891,320	(1,175,216)	611,860	1,201,002
818,731	718,158	1,296,349	973,166	539,205
<u>31,912,405</u>	<u>25,279,808</u>	<u>23,029,574</u>	<u>22,201,651</u>	<u>19,047,193</u>
1,834,768	1,715,823	1,675,393	1,637,430	1,885,793
5,882,501	5,755,448	5,530,808	5,220,262	5,289,918
2,570,328	2,947,103	3,829,994	3,234,677	2,779,132
-	-	-	-	-
43,891	49,680	95,464	36,804	49,213
3,033,293	3,187,335	3,487,693	2,736,273	2,973,146
822,158	525,693	550,841	1,238,660	429,599
251,797	221,686	244,706	219,222	231,346
332,475	323,860	293,358	277,906	260,461
48,200	22,904	20,193	269	13,869
81,536	85,994	154,763	140,355	124,213
14,630,507	8,381,266	7,929,202	7,586,199	3,182,182
845,000	475,000	1,229,778	1,231,939	1,010,415
140,702	165,689	76,905	115,742	185,237
116,103	-	13,399	19,081	-
<u>30,633,259</u>	<u>23,857,481</u>	<u>25,132,497</u>	<u>23,694,819</u>	<u>18,414,524</u>
<u>1,279,146</u>	<u>1,422,327</u>	<u>(2,102,923)</u>	<u>(1,493,168)</u>	<u>632,669</u>
105,141	43,685	89,842	149,127	-
4,723,724	5,231,828	2,324,126	3,936,506	2,274,976
7,735,000	1,115,000	2,930,000	2,375,000	1,835,000
221,357	19,612	115,693	-	-
(6,276,251)	(5,201,062)	(3,224,804)	(7,696,848)	(3,098,264)
<u>6,508,971</u>	<u>1,209,063</u>	<u>2,234,857</u>	<u>(1,236,215)</u>	<u>1,011,712</u>
<u>\$ 7,788,117</u>	<u>\$ 2,631,390</u>	<u>\$ 131,934</u>	<u>\$ (2,729,383)</u>	<u>\$ 1,644,381</u>
6.20%	4.16%	7.59%	8.32%	7.82%
3.22%	2.69%	5.20%	5.69%	6.49%

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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
2020	\$ 23,513,790	\$ 138,474	\$ 241,107	\$ 37,719	\$ 23,931,090
2019	20,564,297	128,248	251,768	32,505	20,976,818
2018	23,207,300	136,802	247,661	33,427	23,625,190
2017	21,600,286	130,672	252,374	33,363	22,016,695
2016	19,739,845	126,293	250,847	32,902	20,149,887
2015	17,128,029	130,668	231,315	32,451	17,522,463
2014	14,629,367	130,824	228,567	38,402	15,027,160
2013	14,211,500	129,926	216,365	33,119	14,590,910
2012	13,025,172	182,081	357,416	30,405	13,595,074
2011	12,120,279	175,241	148,140	31,924	12,475,584



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
2020	\$ 10,440,474	\$ 4,727,907	\$ 16,824,908	\$ 274,414	\$ 106,739
2019	10,366,141	4,481,898	15,941,862	276,543	104,285
2018	8,935,431	4,353,535	18,807,692	260,322	104,198
2017	8,786,559	4,334,626	17,506,541	256,976	101,060
2016	8,536,436	4,157,844	15,838,254	258,369	102,208
2015	8,056,859	4,096,607	13,496,394	268,566	105,880
2014	8,060,971	4,057,196	10,151,616	268,099	104,918
2013	8,606,691	4,096,607	10,330,550	243,075	129,902
2012	8,715,559	4,370,842	8,524,214	236,418	142,238
2011	10,165,828	4,607,110	8,198,164	234,771	147,368

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

Total Real Estate Tax Capacity	Personal Property Tax Capacity	Total Net Tax Capacity	Total Direct Tax Rate	Fully Taxable Market Value	Tax Capacity as a Percentage of Fully Market Value
\$ 32,160,964	\$ 526,333	\$ 32,687,297	71.512	\$ 2,172,139,900	1.51 %
30,962,159	523,756	31,485,915	64.445	2,108,942,000	1.50
32,252,782	468,523	32,721,305	70.954	2,099,589,600	1.56
30,783,642	445,760	31,229,402	69.188	2,018,422,300	1.55
28,688,695	415,387	29,104,082	67.536	1,895,730,600	1.54
25,812,546	404,264	26,216,810	65.897	1,728,838,800	1.52
22,432,964	391,636	22,824,600	64.225	1,557,451,200	1.47
23,147,021	387,988	23,535,009	60.149	1,625,696,000	1.46
21,704,795	354,969	22,059,764	59.376	1,551,046,300	1.43
23,058,505	343,826	23,402,331	54.671	1,689,961,300	1.39

City of Red Wing, Minnesota  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Direct Rate		
	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total City Direct Tax Rate
Tax capacity rates (per \$100 of adjusted tax capacity value).			
2020	54.315	17.197	71.512
2019	44.992	19.453	64.445
2018	59.771	11.183	70.954
2017	59.589	9.599	69.188
2016	60.371	7.165	67.536
2015	61.185	4.712	65.897
2014	61.634	2.591	64.225
2013	58.311	1.838	60.149
2012	59.376	-	59.376
2011	54.671	-	54.671

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	
45.147	11.098	2.498	58.743	130.255
45.025	17.062	2.397	64.484	128.929
42.337	16.001	2.473	60.811	131.765
41.696	16.390	2.495	60.581	129.769
41.134	12.806	2.535	56.475	124.011
41.526	14.129	2.305	57.960	123.857
42.926	15.480	2.511	60.917	125.142
45.076	14.646	2.422	62.144	122.293
46.572	19.927	2.598	69.097	128.473
43.214	17.309	2.437	62.960	117.631

City of Red Wing, Minnesota  
Principal Property Taxpayers  
Current Year and Nine Years Ago

Table 9

Taxpayer	Type of Business	2020			2011		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 17,275,663	1	52.9 %	\$ 8,423,837	1	36.0 %
Mayo Clinic Health System	Medical Services	255,129	2	0.8	192,933	4	0.8
Red Wing Shoe Company	Manufacturing	220,006	3	0.7	176,683	5	0.8
Wal-Mart Stores Incorporated	Retail	180,536	4	0.6	241,016	2	1.0
Menards, Inc.	Retail	173,076	5	0.5	213,890	3	0.9
Scribe Propco Inc.	Manufacturing	129,572	6	0.4	-	-	-
Prinicpal Investments LLC	Real Estate	124,172	7	0.4	-	-	-
D & B Industries	Manufacturing	122,834	8	0.4	-	-	-
Target Corporation	Retail	120,818	9	0.4	159,908	6	0.7
M & E Realty Company	Real Estate	103,132	10	0.3	133,926	7	0.6
CJB Real Estate	Real Estate	-	-	-	95,369	8	0.4
Convenience Store Investments	Real Estate	-	-	-	83,219	9	0.4
Norwood Promotional Products	Manufacturing	-	-	-	83,132	10	0.4
		<u>\$ 18,704,938</u>		<u>57.4 %</u>	<u>\$ 9,803,913</u>		<u>42.0 %</u>
Total All Property		<u>\$ 32,687,297</u>			<u>\$ 23,402,331</u>		

Sources: Springsted Inc. and Goodhue County Auditor.

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
2020	\$ 23,363,588	\$ 23,273,714	99.6 %	\$ -	\$ 23,273,714	99.6 %
2019	20,781,443	20,682,863	99.5	74,013	20,756,876	99.9
2018	23,199,969	23,100,472	99.6	89,908	23,190,380	100.0
2017	21,590,468	21,498,988	99.6	89,333	21,588,321	100.0
2016	19,551,029	19,464,518	99.6	86,300	19,550,818	100.0
2015	17,187,783	17,068,910	99.3	118,852	17,187,762	100.0
2014	14,572,110	14,474,632	99.3	96,270	14,570,902	100.0
2013	14,147,810	13,976,021	98.8	170,130	14,146,151	100.0
2012	13,015,000	12,779,149	98.2	234,376	13,013,525	100.0
2011	12,226,569	12,070,830	98.7	154,371	12,225,201	100.0

Sources: Springsted Inc. and City Administrative Business 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.

City of Red Wing, Minnesota  
Ratios of Outstanding Debt By Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-type Activities
	General Obligation Bonds	General Obligation Tax Increment	General Obligation Improvement	Revenue Bonds	Capital Leases	General Obligation Revenue
2020	\$ 32,631,758	\$ -	\$ -	\$ -	\$ -	\$ 13,051,326
2019	37,433,386	-	-	-	-	14,623,682
2018	40,368,386	-	-	-	-	9,894,144
2017	28,355,125	-	-	-	-	14,129,585
2016	22,790,094	-	-	-	-	13,063,206
2015	14,831,270	-	-	-	-	14,701,402
2014	7,733,443	-	-	-	-	16,292,988
2013	7,086,754	-	-	-	-	18,580,255
2012	4,210,000	-	250,000	728,442	91,336	20,168,482
2011	1,835,000	-	1,045,000	1,078,551	178,166	21,768,941

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

Table 11

Total Primary Government		Percentage of Personal Income	Bonded Debt Per Capita	
\$	45,683,084	1.77 %	\$	2,783
	52,057,068	2.09		3,166
	50,262,530	2.18		3,042
	42,484,710	1.85		2,564
	35,853,300	1.57		2,167
	29,532,672	1.31		1,786
	24,026,431	1.10		1,456
	25,667,009	1.25		1,557
	25,448,260	1.23		1,544
	25,905,658	1.34		1,577



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	General Obligation Revenue	
2020	\$ 32,631,758	\$ -	\$ -	\$ 13,051,326	\$ 45,683,084
2019	37,433,386	-	-	14,623,682	52,057,068
2018	40,368,386	-	-	9,894,144	50,262,530
2017	28,355,125	-	-	14,129,585	42,484,710
2016	22,790,094	-	-	13,063,206	35,853,300
2015	14,831,270	-	-	14,701,402	29,532,672
2014	7,733,443	-	-	16,292,988	24,026,431
2013	7,086,754	-	-	18,580,255	25,667,009
2012	4,210,000	-	250,000	20,168,482	24,628,482
2011	1,835,000	-	1,045,000	21,768,941	24,648,941

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
\$ 6,058,575	\$ 39,624,509	1.82 %	\$ 2,414
5,695,777	46,361,291	2.20	2,820
3,820,935	46,441,595	2.21	2,811
3,019,697	39,465,013	1.96	2,381
1,999,460	33,853,840	1.79	2,046
975,764	28,556,908	1.65	1,727
734,870	23,291,561	1.50	1,411
729,494	24,937,515	1.53	1,512
710,110	23,918,372	1.54	1,451
967,112	23,681,829	1.40	1,441

City of Red Wing, Minnesota  
Direct and Overlapping Governmental Activities Debt  
December 31, 2020

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Red Wing	\$ 32,631,758	100.00 %	\$ 32,631,758
Overlapping Debt			
Goodhue County	16,500,000	40.53	6,687,450
Independent School District #256	20,580,000	84.15	17,318,070
Total Overlapping Debt	<u>37,080,000</u>		<u>24,005,520</u>
Total Direct and Overlapping Debt	<u>\$ 69,711,758</u>		<u>\$ 56,637,278</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
2020	16,416	\$ 65,164,197	\$ 26,573,183	\$ 38,591,014	40.78 %	\$ 1,619
2019	16,443	63,268,260	31,737,609	31,530,651	50.16	1,930
2018	16,522	62,987,688	36,547,451	26,440,237	58.02	2,212
2017	16,572	60,552,669	25,335,428	35,217,241	41.84	1,529
2016	16,545	56,871,918	20,790,634	36,081,284	36.56	1,257
2015	16,534	51,865,164	13,855,506	38,009,658	26.71	838
2014	16,505	46,723,536	6,998,573	39,724,963	14.98	424
2013	16,488	48,770,880	6,357,260	42,413,620	13.03	386
2012	16,481	46,531,389	3,749,890	42,781,499	8.06	228
2011	16,432	50,698,839	1,912,888	48,785,951	3.77	116

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

**Legal Debt Margin Calculation for Fiscal Year 2018**

Market Value	\$ 2,172,139,900
Debt Limit (3% of Market Value)	<u>65,164,197</u>
Debt Applicable to Limit	
General obligation bonds	32,631,758
Less amount set aside for repayment of general obligation debt	<u>6,058,575</u>
Total Net Debt Applicable to Limit	<u>26,573,183</u>
Legal Debt Margin	<u><u>\$ 38,591,014</u></u>

City of Red Wing, Minnesota  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

Table 15

Water Revenue Bonds							
Fiscal Year	Operating Revenue	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$ 3,425,008	\$ 2,315,043	\$ 1,109,965	\$ 938,000	\$ 110,364	\$ 1,048,364	1.06
2019	3,327,004	2,338,339	988,665	913,000	136,101	1,049,101	0.94
2018	3,387,252	2,167,021	1,220,231	888,000	161,134	1,049,134	1.16
2017	3,230,339	2,306,568	923,771	863,000	185,462	1,048,462	0.88
2016	3,158,063	2,336,511	821,552	840,000	209,142	1,049,142	0.78
2015	3,138,063	2,208,675	929,388	816,000	232,145	1,048,145	0.89
2014	3,209,233	2,216,611	992,622	794,000	254,528	1,048,528	0.95
2013	3,178,218	2,046,479	1,131,739	772,000	276,290	1,048,290	1.08
2012	3,223,599	2,091,869	1,131,730	811,000	298,766	1,109,766	1.02
2011	3,085,108	2,029,259	1,055,849	786,000	322,306	1,108,306	0.95

Sewer Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$ 4,818,701	\$ 3,612,790	\$ 1,205,911	\$ 408,000	\$ 49,348	\$ 457,348	2.64
2019	4,866,166	3,561,650	1,304,516	397,000	59,953	456,953	2.85
2018	4,946,225	3,704,078	1,242,147	475,159	71,763	546,922	2.27
2017	4,464,741	3,251,076	1,213,665	638,256	90,023	728,279	1.67
2016	4,288,584	3,705,640	582,944	622,270	108,674	730,944	0.80
2015	3,667,057	3,302,743	364,314	604,660	126,772	731,432	0.50
2014	3,685,334	3,254,753	430,581	587,341	144,327	731,668	0.59
2013	3,413,980	3,018,542	395,438	570,301	161,363	731,664	0.54
2012	3,299,146	2,779,998	519,148	553,533	177,876	731,409	0.71
2011	3,296,135	3,219,432	76,703	538,024	193,898	731,922	0.10

Marina Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$ 710,243	\$ 476,762	\$ 233,481	\$ -	\$ -	\$ -	-
2019	591,031	510,256	80,775	-	-	-	-
2018	583,591	423,078	160,513	-	-	-	-
2017	579,144	409,619	169,525	-	-	-	-
2016	456,531	412,140	44,391	-	-	-	-
2015	452,806	442,460	10,346	-	-	-	-
2014	465,919	395,936	69,983	-	57,114	57,114	1.23
2013	451,804	355,315	96,489	90,000	19,978	109,978	0.88
2012	468,258	385,407	82,851	85,000	20,748	105,748	0.78
2011	536,481	429,751	106,730	65,000	51,002	116,002	0.92

Disposal System Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses <sup>(1)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2020	\$ 1,643,669	\$ 3,552,632	\$ (1,908,963)	\$ -	\$ 351,012	\$ 351,012	(5.44)
2019	1,878,329	3,158,214	(1,279,885)	-	182,164	182,164	(7.03)
2018	2,045,943	2,742,349	(696,406)	-	84,200	84,200	(8.27)
2017	2,187,701	2,628,320	(440,619)	180,000	172,373	352,373	(1.25)
2016	2,075,060	2,051,294	23,766	175,000	134,024	309,024	0.08
2015	2,640,815	2,123,354	517,461	170,000	141,376	311,376	1.66
2014	2,403,114	1,862,749	540,365	160,000	147,421	307,421	1.76
2013	2,522,812	2,157,636	365,176	155,000	153,009	308,009	1.19
2012	2,687,895	2,596,386	91,509	150,000	158,159	308,159	0.30
2011	2,643,093	2,962,722	(319,629)	145,000	162,951	307,951	(1.04)

(1) Operating expenses do not include depreciation.

Source: City Administrative Business 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>
2020	16,416	\$ 2,586,510,000	\$ 55,816	5.4 %
2019	16,443	2,484,856,000	53,549	3.1
2018	16,522	2,300,472,000	49,682	2.7
2017	16,572	2,300,472,000	49,682	3.2
2016	16,545	2,281,877,000	48,888	3.7
2015	16,534	2,248,709,000	48,427	3.5
2014	16,505	2,179,834,000	47,005	3.9
2013	16,488	2,048,302,000	44,149	4.7
2012	16,481	2,064,618,000	44,494	5.2
2011	16,432	1,930,789,000	41,723	6.0

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

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

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

Note: Personal Income and Unemployment Rate information relevant to the City of Red Wing was only available for Goodhue County as provided above. The 2020 Personal Income information for Goodhue County will not be released until sometime in August of 2021, therefore the 2019 figures were used.

City of Red Wing, Minnesota  
Principal Employers  
Current Year and Nine Years Ago

	2020		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,644 (a)	1	14.98 %
Red Wing Shoe Company	1,040	2	9.48
Xcel Energy	750	3	6.83
Mayo Clinic Health System	747	4	6.81
3M Fall Protection	509 (a)	5	4.64
Bic Graphic USA	440	6	4.01
Independent School District #256	405 (a)	7	3.69
Goodhue County	356	8	3.24
City of Red Wing	194 (a)	9	1.77
St. Crispin Living Community (c)	189	10	1.72
Norwood			
S.B. Foot Tanning			
Red Wing Health Center			
Total	<u>6,274</u>		<u>57.17 %</u>
Total City Employment	<u>10,976</u>		

Sources: State of Minnesota, Department of Employment and Economic Development, January 2019 phone survey  
of individual employers and 2009 Red Wing Housing Study.

(a) In the process of incorporating St. Brigid's at Hi-Park and the Seminary Home.

Table 17

2011		
Employees	Rank	Percentage of Total City Employment
1,500	1	10.95 %
998	2	7.28
700	3	5.11
800	4	5.84
420	7	3.07
425	6	3.10
325	8	2.37
560	5	4.09
198	10	1.44
204	9	1.49
<u>6,130</u>		<u>44.74 %</u>
<u>13,703</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			
	2020	2019	2018	2017
Governmental Activities				
General Government				
Council administrator	-	-	-	-
City clerk	-	-	-	-
Finance	-	-	-	-
Employee services	-	-	-	-
Community development	-	-	-	-
Communications	-	-	-	-
Information services	-	-	-	-
Public Safety				
Police	35	35	35	34
Fire	13	13	13	13
Inspection	2	2	2	1
Streets and Highways				
Maintenance	13	10	10	10
Engineering	7	7	7	6
Culture and Recreation				
Library	10	10	10	9
Parks	7	6	6	6
All Other Governmental Employees				
Cemetery	1	1	1	1
Public services	2	2	2	2
Buildings and grounds	6	6	5	5
Central services	7	6	6	6
Community development	7	6	7	6
Port Authority	0	0	0	-
Sheldon Theatre	5	4	5	4
Internal service administration	21	23	25	20
Business-type Activities				
Refuse and Recycling	12	12	13	12
Water	11	12	11	10
Sewer	13	15	15	13
Storm Water	1	2	2	3
Solid Waste Campus	10	10	9	9
Marina	1	1	1	1
Ambulance	15	15	14	13
Total	<u>199</u>	<u>198</u>	<u>199</u>	<u>184</u>

Sources: City Administrative Business 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						
2016	2015	2014	2013	2012	2011	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1	3	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
32	32	32	31	31	31	31
12	12	13	12	12	12	12
2	2	2	2	2	2	1
12	11	10	11	10	15	15
6	7	7	7	7	7	7
9	9	9	9	8	9	9
6	6	6	7	7	9	9
1	1	1	-	-	-	-
3	2	2	2	2	-	-
5	5	5	5	5	-	-
6	6	7	5	6	6	6
-	-	-	-	-	-	-
1	1	2	2	2	2	2
4	4	4	3	3	3	3
20	21	18	18	17	18	18
12	11	10	9	9	9	9
11	11	11	11	11	11	11
13	13	12	13	14	14	14
2	2	1	1	1	1	1
10	10	9	12	12	12	12
1	1	1	1	1	1	1
13	13	13	13	12	12	12
181	181	175	174	173	176	176

City of Red Wing, Minnesota  
Operating Indicators By Function/Program  
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2020	2019	2018	2017
Elections*				
Number of registered voters	10,406		10,289	
Number of votes cast	9,378		7,903	
Police				
Number of calls for service	13,183	13,912	15,700	14,341
Fire				
Number of fire calls	760	765	712	454
Building Permits				
Newly issued residential permits	86	17	24	26
Total valuation of residential permits	\$ 17,808,550	\$ 14,077,115	\$ 5,169,015	\$ 3,749,772
Newly issued civic, institutional, commercial, & industrial permits	45	3	8	4
Total valuation of civic, institutional, commercial, & industrial permits	\$ 4,108,662	\$ 1,341,000	\$ 3,484,546	\$ 5,997,178
Refuse				
Refuse collected (tons/year)	7,088	7,309	8,054	7,871
Water				
Number of accounts	6,179	6,179	6,264	6,238
Average daily water demand in gallons	1,500,000	1,500,000	1,500,000	1,500,000
Peak daily water demand in gallons	3,300,000	3,300,000	3,300,000	3,300,000
Wastewater				
Peak daily dry weather sewage treatment flow in gallons	6,800,000	6,800,000	6,800,000	6,800,000
Peak daily wet weather sewage treatment flow in gallons	10,000,000	10,000,000	10,000,000	10,000,000

Sources: Various City departments.

\* Elections are held in even numbered years.

Table 19

Fiscal Year					
2016	2015	2014	2013	2012	2011
10,602		9,644		9,443	
8,557		5,426		8,748	
14,754	14,669	14,976	15,497	15,980	15,472
639	704	732	837	877	920
15	18	17	7	8	9
\$ 2,723,955	\$ 3,426,276	\$ 4,514,616	\$ 1,565,000	\$ 1,333,434	\$ 1,539,000
4	3	8	8	5	4
\$ 5,133,000	\$ 3,349,910	\$ 11,728,189	\$ 1,732,280	\$ 3,533,494	\$ 1,708,850
7,041	7,063	6,603	6,614	6,802	6,787
6,231	6,235	6,227	6,205	6,205	6,206
1,500,000	1,500,000	1,500,000	1,500,000	1,700,000	1,700,000
3,300,000	3,300,000	3,300,000	3,300,000	4,000,000	4,000,000
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			
	2020	2019	2018	2017
General Government				
Municipal governmental buildings	12	12	10	9
Public Safety				
Police				
Police units	22	22	22	21
Fire				
Fire units	9	9	9	9
Public Works				
Street division				
Miles of street	117.93	117.93	117.93	117.55
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	12	12	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	4	4	4	4

Sources: Various City departments.

Table 20

Fiscal Year					
2016	2015	2014	2013	2012	2011
9	9	9	9	9	9
21	20	18	18	18	17
10	9	8	8	8	7
117.65	117.56	117.50	117.50	117.59	117.47
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, 2020



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

**Schedule A**

**SCHEDULE OF CASH AND INVESTMENTS  
December 31, 2020**

	<u><b>Interest Rate (%)</b></u>	<u><b>Maturity Date</b></u>	<u><b>Carrying Amount</b></u>
<b>General Pooled Deposits and Investments</b>			
<b>Checking accounts</b>			
Merchants Bank	Varies	-	1,732,809.32
Wells Fargo	Varies	-	5,503.42
<b>Total checking accounts</b>			<u><b>1,738,312.74</b></u>
<b>Petty cash</b>			<u>2,525.00</u>
<b>Negotiable certificates of deposit</b>			
CD - ALLY BANK, SANDY, UT	1.00%	January 4, 2021	\$ 245,024.50
CD - APPLE BK FORE SAVINGS, MANHASSET, NY	1.60%	February 19, 2021	245,526.75
CD - BMO HARRIS BANK NA, CHICAGO, IL	1.25%	April 8, 2021	245,801.15
CD - BANK OF OZK, LITTLE ROCK, AR	1.25%	April 9, 2021	245,808.50
CD - BANK OF CHINA, NEW YORK, NY	1.15%	April 16, 2021	245,796.25
CD - BANK 7, OKLAHOMA CITY, OK	1.15%	April 16, 2021	245,796.25
CD - BEAL BANK, LAS VEGAS, NV	1.15%	April 20, 2021	245,825.65
CD - BERKSHIRE BK, PITTSFIELD, MA	1.15%	April 22, 2021	245,840.35
CD - CIT BANK, PASADENA, CA	2.40%	May 2, 2021	235,260.10
CD - CITIBANK NATIONAL ASSN, SIOUX FALLS, SD	2.45%	May 10, 2021	152,312.19
CD - ENERBANK USA, SALT LAKE CITY, UT	3.00%	June 7, 2021	170,514.76
CD - FIFTH THIRD BANK, CINCINNATI, OH	1.60%	June 11, 2021	170,184.69
CD - FIRST STATE BANK of DEQUEE, DEQUEE, AR	2.40%	June 14, 2021	50,540.50
CD - FLAGSTAR BANK FSB, TROY, MI	1.05%	June 22, 2021	246,183.35
CD - JP MORGAN CHASE BK, COLUMBUS, OH	2.00%	July 19, 2021	247,653.35
CD - MORGAN STANLEY BK NA, SALT LAKE CITY, UT	2.75%	August 4, 2021	249,980.28
CD - MORGAN STANLEY PRIVATE BANK, PURCHASE, NY	0.15%	August 11, 2021	245,166.60
CD - PINNACLE BANK, NASHVILLE, TN	0.15%	August 19, 2021	245,110.25
CD - RAYMOND JAMES BANK, ST PETERSBURG, FL	0.15%	August 21, 2021	245,171.50
CD - SAFRA NATIONAL BANK, NEW YORK, NY	1.90%	August 23, 2021	247,959.60
CD - TCF NATIONAL VANK, SIOUX FALLS, SD	3.00%	September 27, 2021	250,353.25
CD - TIAA FSB, JACKSONVILLE, FL	0.15%	October 4, 2021	245,198.45
CD - TEXAS CAPITAL BANK NA, DALLAS, TX	1.15%	October 21, 2021	247,185.40
CD - TEXAS EXCHANGE BANK SSB, CROWLEY TX	1.70%	December 13, 2021	248,839.15
CD - TRUST BANK, WINSTON-SALEM, NC	1.70%	December 27, 2021	249,000.85
CD - VALLEY NATIONAL BANK, WAYNE, NJ	2.97%	January 25, 2022	253,598.94
CD - WEX BANK, MIDVALE, UT	2.90%	February 7, 2022	253,714.56
CD - WASHINGTON TRUST, WESTERLY, RI	1.00%	March 25, 2022	247,810.15
CD - WELLS FARGO NATL BANK, WST LAS VEGAS, NV	1.00%	March 30, 2022	245,191.10
CD - WELLS FARGO BANK, SIOUX FALLS, SD	0.50%	December 12, 2023	245,213.15
CD - ZIONS BANCORP, SALT LAKE CITY, UT	0.50%	July 30, 2025	245,061.25
<b>Total negotiable certificates of deposit</b>			<u><b>\$ 7,202,622.82</b></u>
<b>U.S. government securities</b>			
FHLB	30.00%	June 30, 2022	383,042.13
FFCB	1.90%	January 15, 2025	500,235.00
FHLMC	1.98%	January 27, 2026	5,045,740.00
FHLMC	2.25% - 5.00%	July 21, 2031	503,020.00
FNMA POOL	5.00%	May 1, 2033	14,970.81
FNMA POOL	5.00%	May 15, 2033	16,618.33
FNMA POOL	4.50%	June 1, 2033	84,648.34
<b>Total U.S. government securities</b>			<u><b>\$ 6,548,274.61</b></u>
<b>Other Investments</b>			
St. Paul & Minnesota Foundation			4,206,518.00
Government Money Market	Varies	-	53,982,059.31
<b>Total other investments</b>			<u><b>58,188,577.31</b></u>
<b>Total General Pooled Deposits and Investments</b>			<u><b>73,680,312.48</b></u>

City of Red Wing, Minnesota  
Schedule of Intergovernmental Revenue  
For the Year Ended December 31, 2020

		Special Revenue Funds		
	General Fund	Airport	Library	Total
Shared Revenue				
State				
Highway users tax	\$ 382,787	\$ -	\$ -	\$ -
Market value credit	5,411	-	-	-
Local government aid	794,066	-	-	-
State police pension aid	258,328	-	-	-
State fire pension aid	125,113	-	-	-
Total Shared Revenue	1,565,705	-	-	-
Grants				
County and Local				
Miscellaneous	213,603	-	143,686	143,686
Total County and Local	213,603	-	143,686	143,686
State				
Minnesota Department of				
Public Safety	5,428	-	-	-
Police - Toward Zero Deaths	2,725	-	-	-
Transportation	-	-	-	-
Natural Resources	20,971	-	-	-
Aeronautics	-	58,680	-	58,680
Agriculture	-	-	-	-
Minnesota Historical & Cultural	40,746	-	-	-
Minnesota Peace Officers Board (POST)	23,523	-	-	-
Total State	93,393	58,680	-	58,680
Federal				
U.S. Department of				
Treasury	1,244,772	-	-	-
Transportation	-	-	-	-
Housing and Urban Development	81,509	-	-	-
Homeland Security	1,707	-	-	-
Total Federal	1,327,988	-	-	-
Total Grants	1,634,984	58,680	143,686	202,366
Total Intergovernmental Revenue	\$ 3,200,689	\$ 58,680	\$ 143,686	\$ 202,366

Capital Projects Funds										Totals All Funds
Capital Improvement Assessment	Levee Wall Improvements	Airport Federal Projects	River Renaissance Phase II	Safe Routes To School Project	Barn Bluff Improvements	Spring Creek Creek Intersection	Sturgeon Lake Road Overpass	State Aid Street Overlays	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 560,916	\$ 560,916	\$ 943,703
-	-	-	-	-	-	-	-	-	-	5,411
-	-	-	-	-	-	-	-	-	-	794,066
-	-	-	-	-	-	-	-	-	-	258,328
-	-	-	-	-	-	-	-	-	-	125,113
-	-	-	-	-	-	-	-	560,916	560,916	2,126,621
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	357,289
-	-	-	-	-	-	-	-	-	-	357,289
-	-	-	-	-	-	-	-	-	-	5,428
-	-	-	-	-	-	-	-	-	-	2,725
348,398	856,567	-	-	-	-	12,902	12,000	-	1,229,867	1,229,867
-	-	-	-	-	735,219	-	-	-	735,219	756,190
-	-	-	-	-	-	-	-	-	-	58,680
-	-	-	-	-	-	-	48,000	-	48,000	48,000
-	-	-	-	-	-	-	-	-	-	40,746
-	-	-	-	-	-	-	-	-	-	23,523
348,398	856,567	-	-	-	735,219	12,902	60,000	-	2,013,086	2,165,159
-	-	-	-	-	-	-	-	-	-	1,244,772
-	429,765	41,652	141,567	5,329	-	-	-	-	618,313	618,313
-	-	-	-	-	-	-	-	-	-	81,509
-	-	-	-	-	-	-	-	-	-	1,707
-	429,765	41,652	141,567	5,329	-	-	-	-	618,313	1,946,301
348,398	1,286,332	41,652	141,567	5,329	735,219	12,902	60,000	-	2,631,399	4,468,749
\$ 348,398	\$ 1,286,332	\$ 41,652	\$ 141,567	\$ 5,329	\$ 735,219	\$ 12,902	\$ 60,000	\$ 560,916	\$ 3,192,315	\$ 6,595,370

City of Red Wing, Minnesota  
Detailed Combined Schedule of Indebtedness  
For the Year Ended December 31, 2020

<u>Bonded Indebtedness</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Supported by Taxes</u>
<u>General Obligation Bonds</u>				
\$1,835M G.O. Bonds of 2011A	1.928 %	1-Aug-12	1-Feb-22	100%
\$2,375M G.O. Bonds of 2012A	1.488	1-Feb-13	1-Feb-23	100%
\$2,930M G.O. Bonds of 2013A	1.324	1-Feb-14	1-Feb-24	100%
\$1,115M G.O. Bonds of 2014A	1.696	1-Feb-15	1-Feb-24	100%
\$7,735M G.O. Bonds of 2015A	1.507	1-Feb-16	1-Feb-26	100%
\$8,525M G.O. Bonds of 2016A	1.288	25-Aug-16	1-Feb-27	100%
\$6,740M G.O. Bonds of 2017A	1.748	25-May-17	1-Feb-27	100%
\$13,535M G.O. Bonds of 2018A	2.279	26-Apr-18	1-Feb-28	100%
Total General Obligation Bonds				
<u>General Obligation Revenue Bonds</u>				
\$2,100M Sewer Revenue Note 2002	3.740	11-Oct-02	20-Aug-22	0%
\$15,417M G.O. Water Revenue Bonds 2004	2.819	12-Apr-04	20-Aug-23	0%
\$5,283,360 G.O. Sewer Revenue Bonds 2004	2.340	24-Aug-04	20-Aug-24	0%
\$2,585M G.O. Refunding Revenue Bonds of 2017A	1.748	25-May-17	1-Feb-29	0%
\$5,955M G.O. Solid Waste Revenue Bonds 2019A	2.780	28-Mar-19	1-Feb-40	0%
Total General Obligation Revenue Bonds				
Total City Indebtedness				

Schedule C

<u>Authorized</u>	<u>Issued</u>	<u>Retired</u>	<u>Long-term Outstanding</u>	<u>Principal Due in 2021</u>	<u>Interest Due in 2021</u>
\$ 1,835,000	\$ 1,835,000	\$ 1,630,000	\$ 205,000	\$ 195,000	\$ 5,005
2,375,000	2,375,000	2,035,000	340,000	165,000	5,178
2,930,000	2,930,000	2,065,000	865,000	320,000	11,850
1,115,000	1,115,000	760,000	355,000	115,000	4,823
7,735,000	7,735,000	3,735,000	4,000,000	780,000	47,800
8,525,000	8,525,000	3,225,000	5,300,000	850,000	61,500
6,740,000	6,740,000	2,520,000	4,220,000	640,000	73,900
13,535,000	13,535,000	2,540,000	10,995,000	1,300,000	282,824
44,790,000	44,790,000	18,510,000	26,280,000	4,365,000	492,880
2,100,000	1,494,594	1,389,594	105,000	101,000	3,852
15,417,000	15,283,450	13,271,450	2,012,000	965,000	41,961
5,283,360	5,283,360	4,287,360	996,000	317,000	15,362
2,585,000	2,585,000	630,000	1,955,000	215,000	30,728
5,955,000	5,955,000	200,000	5,755,000	200,000	106,316
31,340,360	30,601,404	19,778,404	10,823,000	1,798,000	198,219
<u>\$ 76,460,440</u>	<u>\$75,721,484</u>	<u>\$ 38,618,484</u>	<u>\$37,103,000</u>	<u>\$6,163,000</u>	<u>\$ 691,099</u>

City of Red Wing, Minnesota  
Schedule of Sources and Uses of Public Funds  
For Tax Increment District #7-1  
For the Year Ended December 31, 2020  
(Unaudited)

Schedule D

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	\$ 6,092,300	\$ 2,571,441	\$ 138,474	\$ 3,382,385
Interest on invested funds	-	172	-	172
Total Sources of Funds	<u>6,092,300</u>	<u>2,571,613</u>	<u>138,474</u>	<u>3,382,557</u>
Uses of Funds				
Acquisition costs	2,615,000	1,031,001	-	1,583,999
Site improvements	602,300	-	-	602,300
Note interest payments	2,460,000	1,412,141	131,550	916,309
Administration	295,000	85,274	2,690	207,036
Capitalized interest	120,000	-	-	120,000
Total Uses of Funds	<u>6,092,300</u>	<u>2,528,416</u>	<u>134,240</u>	<u>3,429,644</u>
District Balance (or Deficiency)	<u>-</u>	<u>43,197</u>	<u>4,234</u>	<u>(47,087)</u>
Funds Remaining (or Deficiency)	<u>\$ -</u>	<u>\$ 43,197</u>	<u>\$ 4,234</u>	<u>\$ (47,087)</u>

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF RED WING  
RED WING, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2020



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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, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2020, 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 29, 2021.

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 contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

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

ABDO, EICK & MEYERS, LLP  
Mankato, Minnesota  
June 29, 2021

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, 2020, 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 29, 2021.

**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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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.

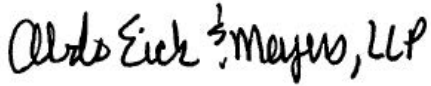
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. As reported in the Schedule of Findings, Responses and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness as finding 2020-001.

## 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## 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 29, 2021

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, 2020. 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, 2020.

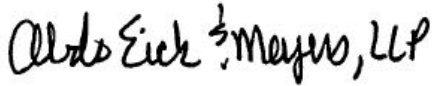
## Report on Internal Control Over Compliance

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  
Mankato, Minnesota  
June 29, 2021

City of Red Wing, Minnesota  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Department of Transportation Direct Programs Highway Planning and Construction	20.205	156-060-001/ 156-591-003	<u>\$ 146,896</u>	
			Total Highway Planning and Construction Cluster			\$ 146,896
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Medical Assistance Program	93.778	MA SUPPL PMTCOVIDFEDSHR096FED	<u>80,682</u>	
			Total Medicaid Cluster			80,682
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	CDAP-18-0028-O-FY19		429,765
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	N/A		1,707
U.S. Department of Treasury	Minnesota Department of Revenue	Coronavirus Relief Fund	21.019C	N/A		1,244,772
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	TMNFAA00821517		41,652
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance	97.036	DR4442		<u>81,509</u>
	Total Federal Expenditures					<u><u>\$2,026,983</u></u>

City of Red Wing, Minnesota  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020

**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, 2020. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**4. Subrecipients**

There were no expenditures in the current year provided to subrecipients.

**5. Indirect Cost Rate**

During the year ended December 31, 2020 the City did not elect to use the 10 percent de minimis indirect cost rate.



City of Red Wing, Minnesota  
Schedule of Findings, Responses and Questioned Costs  
For the Year Ended December 31, 2020

<u>Finding</u>	<u>Description</u>
<b>2020-001</b>	<b>Material Audit Adjustments</b>
<i>Condition:</i>	During our audit, a prior period adjustment was needed to record accumulated depreciation on projects capitalized in current year but placed into service in prior years.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff did not capitalize projects in years past as they were placed into service.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each open project at year-end and determine if any are complete and need to be capitalized.
<i>Management Response:</i>	
Management will review construction in progress accounts thoroughly in the future.	

City of Red Wing, Minnesota  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2020

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
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 2CFR section 200.516(a) of the Uniform Guidance.	No

**Identification of Major Programs/Clusters**

	<u>CFDA No.</u>
Coronavirus Relief Fund	21.019C
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

One material weakness (2020-001) relating to the audit of the financial statements is reported in the 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.

**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.

**Section IV - Schedule of Prior Year Audit Findings**

There were no prior year audit findings that are required to be attached.

**Other Issues**

A Corrective Action Plan is attached as required to be reported under the Federal Single Audit Act.

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**2020-001      Material Audit Adjustments**

**Corrective Action Plan (CAP):**

**1. Explanation of Disagreements with Audit Finding:**

There is no disagreement with the audit finding.

**2. Actions Planned in Response to Finding:**

The City will review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

**3. Official Responsible for Ensuring CAP:**

Marshall Hallock, Administrative Business Director, is the official responsible for ensuring corrective action of the deficiency.

**4. Planned Completion Date for CAP:**

December 31, 2021

**5. Plan to Monitor Completion of CAP:**

The Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Hallock", is written over a light blue horizontal line.

Marshall Hallock  
Administrative Business Director