

City of Red Wing, Minnesota

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the Fiscal Year Ended
December 31, 2019*



*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, 2019

PREPARED BY:

ADMINISTRATIVE BUSINESS DEPARTMENT

MARSHALL HALLOCK, CPA
Administrative Business Director

Member GFOA of U.S. and Canada
Published June 12, 2020

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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, 2019

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June 12, 2020

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, 2019.

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, 2019 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, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

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

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

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

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

With a staff of approximately 198 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 2019 population of the City according to the U.S. Census Bureau is 16,522, which is a 2.52 percent increase over the 2000 U.S. Census of 16,116 and a 0.3 percent increase over the 2000 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 30th of each year. The Council at that time sets the preliminary tax levy, which can be lowered but not increased. The City Council holds public budget work sessions and a formal public hearing before adopting the final budget and tax levy by December 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 12,602 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 construction in 2019 improved over the 2014 - 2018 fiscal years. In 2019, the City issued 17 permits for new residential construction with a valuation of \$14,077,115 compared to 24 in 2018 with a valuation of \$5,169,015. The 17 residential permits issued in 2019 are below the five-year average of 20.0 residential permits and above the five-year average valuation of \$5,829,227.

In 2019, the City issued 3 civic, institutional, commercial and industrial permits with a valuation of \$1,341,000 compared to 8 in 2018 with a valuation of \$3,484,546. The 3 civic, institutional and commercial and industrial permits issued in 2019 are below the five-year average of 4 civic, institutional, commercial and industrial permits. The valuation of the 3 civic, institutional and commercial permits issued in 2019 is below the five-year average valuation of \$3,861,127.

A total of 20 residential, civic, institutional commercial and industrial permits were issued in 2019 with a combined valuation of \$15,418,115. The 20 residential, civic, institutional commercial and industrial permits issued in 2019 are below the five-year average of 24 residential, civic, institutional commercial and industrial permits. The valuation of the 20 residential, civic, institutional commercial and industrial permits issued in 2019 is above the five-year average valuation of \$9,690,353.

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
2015	\$644,384,800
2016	759,326,600
2017	842,017,800
2018	905,159,800
2019	762,502,400

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 \$26.3 million of street related transportation improvements are being planned over the next 5 years with approximately \$2.1 million for 2020.

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 2020 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 2019 on Memorial and Barn Bluff Parks including safety enhancements, trail and trailhead improvements, natural and historic interpretation, picnic areas, overlook areas, and other substantive improvements. These improvements are made possible in large part by state grants and generous local philanthropic contributions.

Construction was completed in 2019 on Fire Station 2 which will facilitate meeting emergency response time goals within the western sections of the City.

Construction of the Spring Creek Road and Trunk Highway 61 intersection improvements were completed in 2019. The project improved the intersection to address safety deficiencies by providing a signaled intersection, removing non-signalized accesses, realigning the intersection, improving sight triangles and providing other general safety enhancements.

Planning continued 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.

Construction was largely completed on the new Highway 63 Bridge which serves as the local access point between Minnesota and Wisconsin. This project is being led by the State of Minnesota while the City remains an active partner and participant in the project. The Minnesota Department of Transportation awarded the \$63.5 contract in 2017 for the replacement of the Highway 63 interstate bridge connecting Red Wing and Wisconsin. The project held its ribbon cutting ceremony and opened the substantially completed bridge on November 21, 2019.

Final design work continued on \$9 million in improvements to the Solid Waste Campus which will result in a conversion from incinerating municipal solid waste to processing the material. The improvements will enhance opportunities for increased throughput, improved recapture of recyclable materials, and the processing of residual municipal solid waste into a form it can be utilized as a renewable energy source. The opportunity to convert incinerator operations is made possible through a partnership with Xcel Energy. The project was awarded in the spring of 2019 and completed in March of 2020.

Construction work and improvements intended to renew and preserve the T.B. Sheldon Theatre and enhance theater goers experience were completed in 2019. The \$4.4 million project included the replacement of building systems and facilities, restoration and preservation of facility, and meeting 21st century theater goers expectations. The opportunity to renew and preserve the T.B. Sheldon Theatre is made possible through a partnership with local philanthropic partners and the State of Minnesota. During Minnesota's 2017 legislative session the project was awarded \$1.3 million in funding.

In January of 2019, the contract for the construction of the Levee Park River Boat Transient Dockage and Improvement Project was awarded. This \$5.9 million project is situated on the banks of the Mississippi River and is intended to assist in safely accommodating the escalating commercial riverboat traffic the City is receiving. The project will also improve accommodations in Levee Park and assist in meeting the service requirements of the commercial riverboats. The opportunity to undertake this project is 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. The project is expected to be complete in 2020.

Planning and public engagement commenced or continued in 2019 on the Old West Main Street and River Renaissance projects. These projects will assist the redevelopment of Old West Main, Bay Point Park, and a section of the riverfront.

There were other projects commenced or completed in 2019 which enhanced the quality of life, livability, beauty and recreational opportunities for our community. Improvements were made to regional trails, regional park facilities, the Goodhue County Historical Society facilities, as well as to numerous other public buildings and critical public infrastructure. The City made other improvements to neighborhood parks including the replacement of playground apparatuses and numerous other improvements that contributed to the beautification, quality of life, and livability of the City.

INTERNAL ACCOUNTING CONTROLS

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

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

The concept of reasonable assurance recognizes that:

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

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

RELEVANT FINANCIAL POLICIES

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

Changes in State 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 (CAFR) for the fiscal year ended December 31, 2018. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The timely preparation and completion of this report are due to the efficient and dedicated services of the 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 Finance Managers Keith Schlichting 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,



Marshall Hallock, CPA
Finance 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.

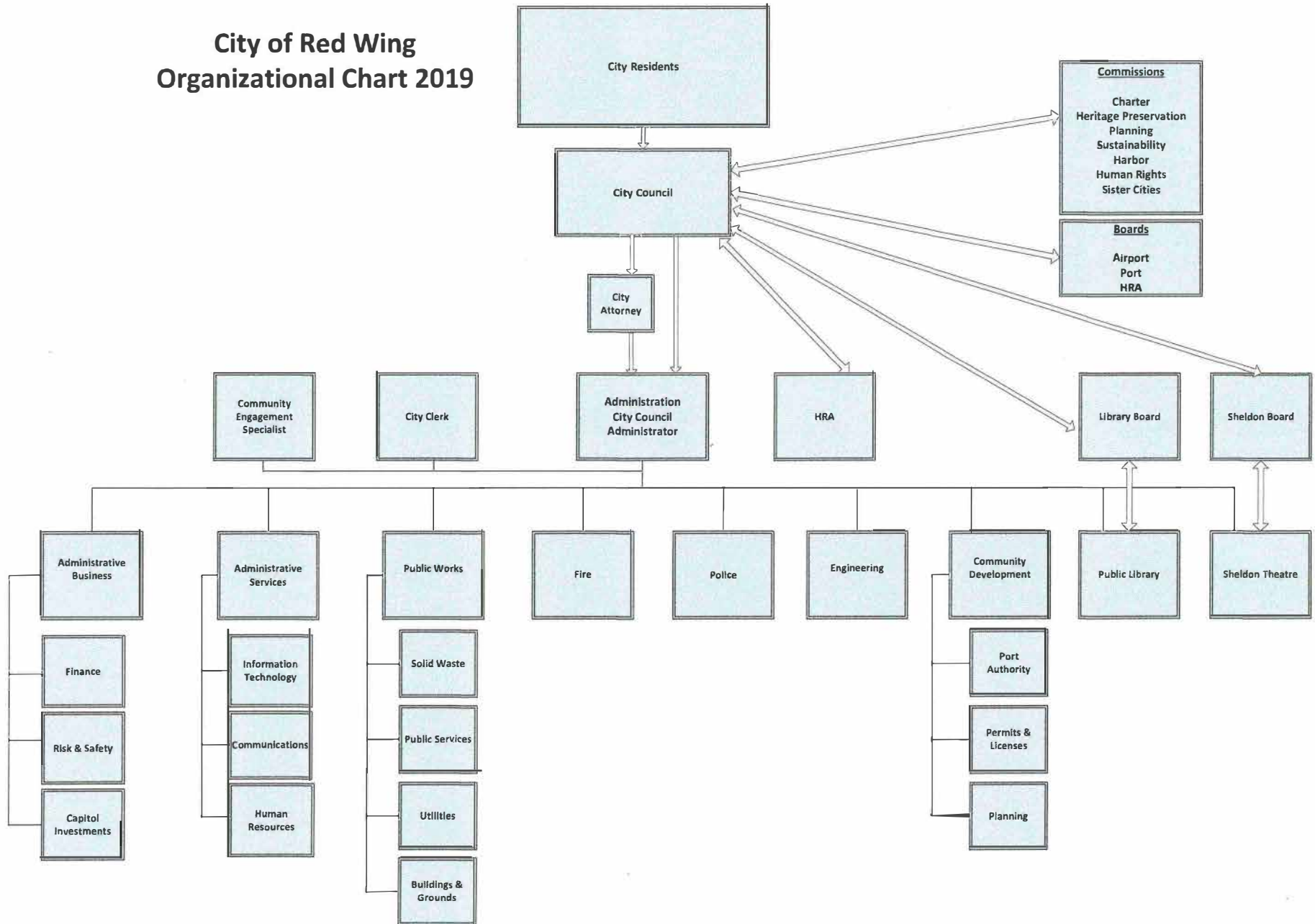
APPOINTED OFFICIALS

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 - Ron Rosenthal
Community Development Director - Dan Rogness
Police Chief - Roger Pohlman
Interim Fire Chief – Mike Warner

OTHER CITY OFFICIALS

Library Director – Jessica McGee
T.B. Sheldon Executive Director – Bonnie Schock

City of Red Wing Organizational Chart 2019





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, 2018

Christopher P. Morrell

Executive Director/CEO

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FINANCIAL SECTION
CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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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, 2019, 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, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General fund and PERA Perpetual special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Standards

As described in Note 10 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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 123 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

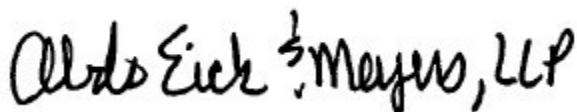
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplementary information and statistical section are presented 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 12, 2020, 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 12, 2020

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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, 2019. 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 \$187,195,153 (net position). Of this amount, \$34,619,189 (*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 \$12,385,972, compared to an increase of \$14,365,724 in the previous year. Governmental activities accounted for 87.4 percent of the total increase while business-type activities accounted for a 12.6 percent of the total increase. A significant portion of this increase is attributable to the City's planned operations, sound fiscal controls, as well as capital, operating, and other grants and contributions including special assessments, and municipal State aids for street and other various improvements. Additionally, this increase is attributable to the timing of capital outlays.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$57,148,077, a decrease of \$2,697,795 in comparison with the prior year. A significant portion of the net decrease is attributable to the City's planned operations, sound fiscal control, and the timing of planned capital improvement projects and acquisitions within governmental funds. Approximately 36.9 percent of this total amount, \$21,092,204, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$36,055,873) is not available for new spending because it is either 1) nonspendable (\$3,652,309), 2) restricted (\$17,210,054), 3) committed (\$9,343,100), or 4) assigned (\$5,850,410) 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 \$48,925,741 compared to \$46,227,946 generated in revenues and other financing sources for governmental programs.
- The General fund reported a decrease in fund balance this year of \$2,924,321. Revenues were more than budget by \$759,732 and expenditures were less than the final budget by \$1,370,202. Substantially all this decrease 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 \$21,931,586, or 117.3 percent of total General fund expenditures.
- The City's total bonded debt increased by \$1,505,000, or 3.2 percent during the current fiscal year. This was a result of the City issuing \$5,955,000 in additional debt and retiring principal of \$4,450,000 during the year.

Overview of the Financial Statements

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

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

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

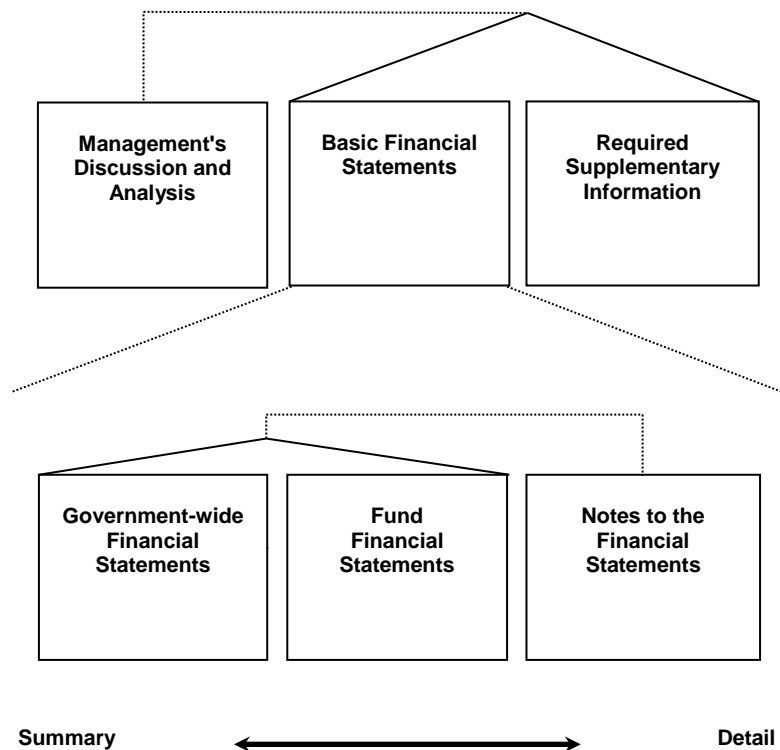


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Activities of the City held in trust for others
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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 47 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), the Capital Improvement Assessment fund, and the Levee Wall Improvements 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 54 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its refuse collection and recycling, water, sewer, solid waste campus, marina, ambulance, and storm water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its administrative services, central services, insurance (risk management) activities, and information technology, postemployment benefits and engineering activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the refuse collection and recycling, water, sewer, solid waste campus, marina, ambulance and storm water, all of which are considered to be major funds of the City. Conversely, other internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 64 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 74 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 123 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 131 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 194 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 \$187,195,153 at the close of the most recent fiscal year. A large portion of the City's net position (71.5 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Current and Other Assets	\$ 69,218,160	\$ 72,495,293	\$ (3,277,133)	\$ 9,385,311	\$ 10,272,482	\$ (887,171)
Capital Assets	116,181,203	104,894,695	11,286,508	68,314,431	60,565,555	7,748,876
Total Assets	185,399,363	177,389,988	8,009,375	77,699,742	70,838,037	6,861,705
Deferred Outflows of Resources	4,824,188	5,791,994	(967,806)	2,008,866	2,399,798	(390,932)
Long-term Liabilities						
outstanding	46,579,006	49,072,165	(2,493,159)	22,170,081	16,841,962	5,328,119
Other Liabilities	3,595,974	3,944,030	(348,056)	1,395,776	1,065,441	330,335
Total Liabilities	50,174,980	53,016,195	(2,841,215)	23,565,857	17,907,403	5,658,454
Deferred Inflows of Resources	6,546,330	7,493,118	(946,788)	2,449,839	3,192,331	(742,492)
Net Position						
Net investment in						
capital assets	80,102,509	74,558,012	5,544,497	53,690,749	50,671,411	3,019,338
Restricted	18,292,106	15,669,640	2,622,466	490,600	472,538	18,062
Unrestricted	35,107,626	32,445,017	2,662,609	(488,437)	994,152	(1,482,589)
Total Net Position	\$ 133,502,241	\$ 122,672,669	\$ 10,829,572	\$ 53,692,912	\$ 52,138,101	\$ 1,554,811

Additionally, a portion of the City's net position (10.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (18.5 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the City's net position by \$10,831,161, accounting for 87.4 percent of the total increase in the City's net position. Key elements of this increase are as follows:

City of Red Wing's Changes in Net Position

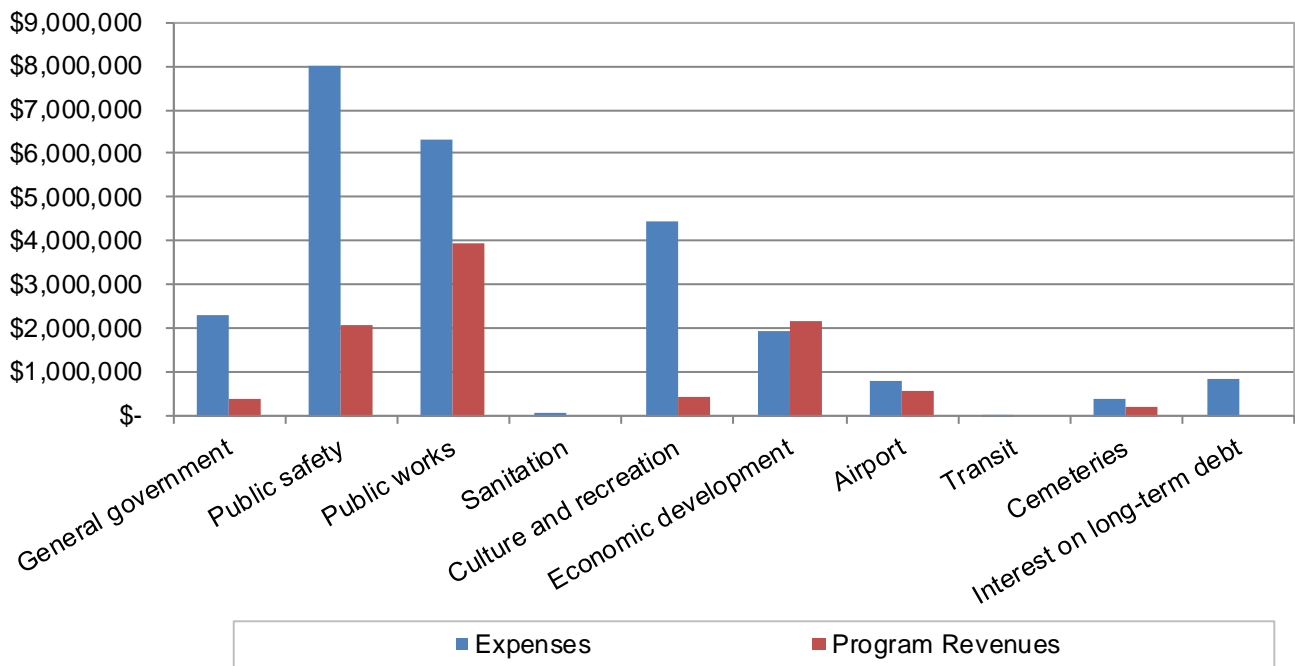
	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,154,109	\$ 1,799,626	\$ 354,483	\$ 21,259,101	\$ 19,535,155	\$ 1,723,946
Operating grants and contributions	1,985,988	1,642,979	343,009	345,628	40,735	304,893
Capital grants and contributions	5,660,185	5,517,336	142,849	52,568	368,812	(316,244)
General Revenues						
Property taxes	20,286,889	23,176,183	(2,889,294)	-	-	-
Other taxes	687,263	424,144	263,119	-	-	-
Grants and contributions not restricted to specific programs	888,367	1,305,856	(417,489)	-	-	-
Unrestricted investment earnings (loss)	1,843,522	783,568	1,059,954	252,317	82,102	170,215
Other	72,111	400,875	(328,764)	-	-	-
Gain on sale of capital assets	105,334	176,756	(71,422)	1,978	26,472	(24,494)
Total Revenues	<u>33,683,768</u>	<u>35,227,323</u>	<u>(1,543,555)</u>	<u>21,911,592</u>	<u>20,053,276</u>	<u>1,858,316</u>
Expenses						
General government	2,302,696	2,197,544	105,152	-	-	-
Public safety	7,999,708	7,403,798	595,910	-	-	-
Public works	6,339,104	6,310,412	28,692	-	-	-
Sanitation	70,548	89,269	(18,721)	-	-	-
Culture and recreation	4,453,930	4,187,586	266,344	-	-	-
Economic development	1,961,397	1,967,863	(6,466)	-	-	-
Airport	788,599	405,650	382,949	-	-	-
Transit	30,305	206	30,099	-	-	-
Cemeteries	411,340	415,040	(3,700)	-	-	-
Interest and fiscal charges	849,877	1,023,906	(174,029)	-	-	-
Ambulance	-	-	-	2,427,424	2,053,098	374,326
Refuse collection and recycling	-	-	-	2,751,975	2,564,204	187,771
Water	-	-	-	3,083,037	3,100,054	(17,017)
Sewer	-	-	-	4,308,018	4,695,023	(387,005)
Storm water	-	-	-	917,945	656,048	261,897
Solid waste campus	-	-	-	3,863,171	3,254,076	609,095
Marina	-	-	-	650,314	591,098	59,216
Total Expenses	<u>25,207,504</u>	<u>24,001,274</u>	<u>1,206,230</u>	<u>18,001,884</u>	<u>16,913,601</u>	<u>1,088,283</u>
Increase (decrease) in net position before transfers	8,476,264	11,226,049	(2,749,785)	3,909,708	3,139,675	770,033
Transfers	<u>2,354,897</u>	<u>135,694</u>	<u>2,219,203</u>	<u>(2,354,897)</u>	<u>(135,694)</u>	<u>(2,219,203)</u>
Change in Net Position	10,831,161	11,361,743	(530,582)	1,554,811	3,003,981	(1,449,170)
Net Position - January 1 as Restated*	<u>122,671,080</u>	<u>111,310,926</u>	<u>11,360,154</u>	<u>52,138,101</u>	<u>49,134,120</u>	<u>3,003,981</u>
Net Position - December 31	<u>\$ 133,502,241</u>	<u>\$ 122,672,669</u>	<u>\$ 10,829,572</u>	<u>\$ 53,692,912</u>	<u>\$ 52,138,101</u>	<u>\$ 1,554,811</u>

* 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.

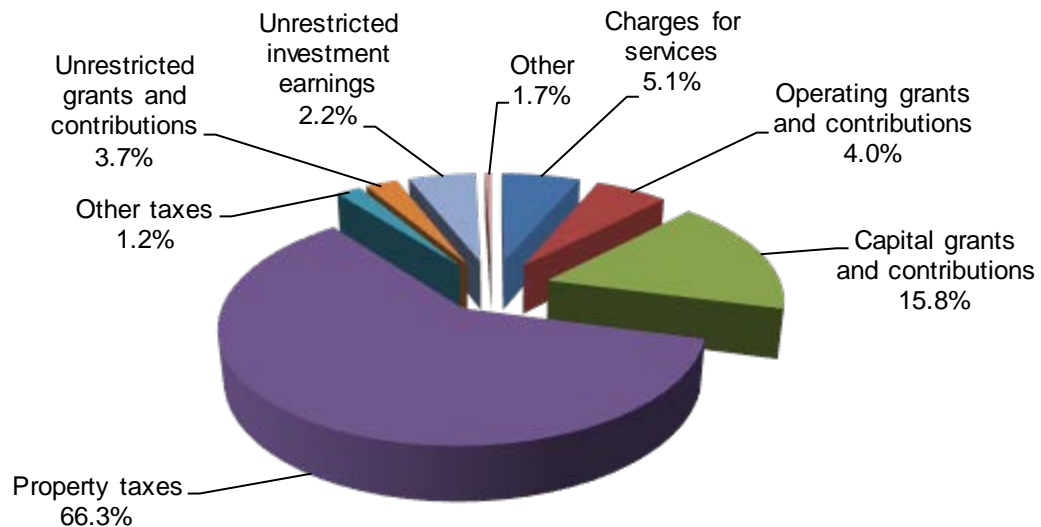
- The 2019 general levy was \$20,281,443 and the special taxing district levy was \$345,311. The 2018 general levy was \$23,205,223 and the special taxing district levy was \$400,608.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

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

Expenses and Program Revenues - Governmental Activities



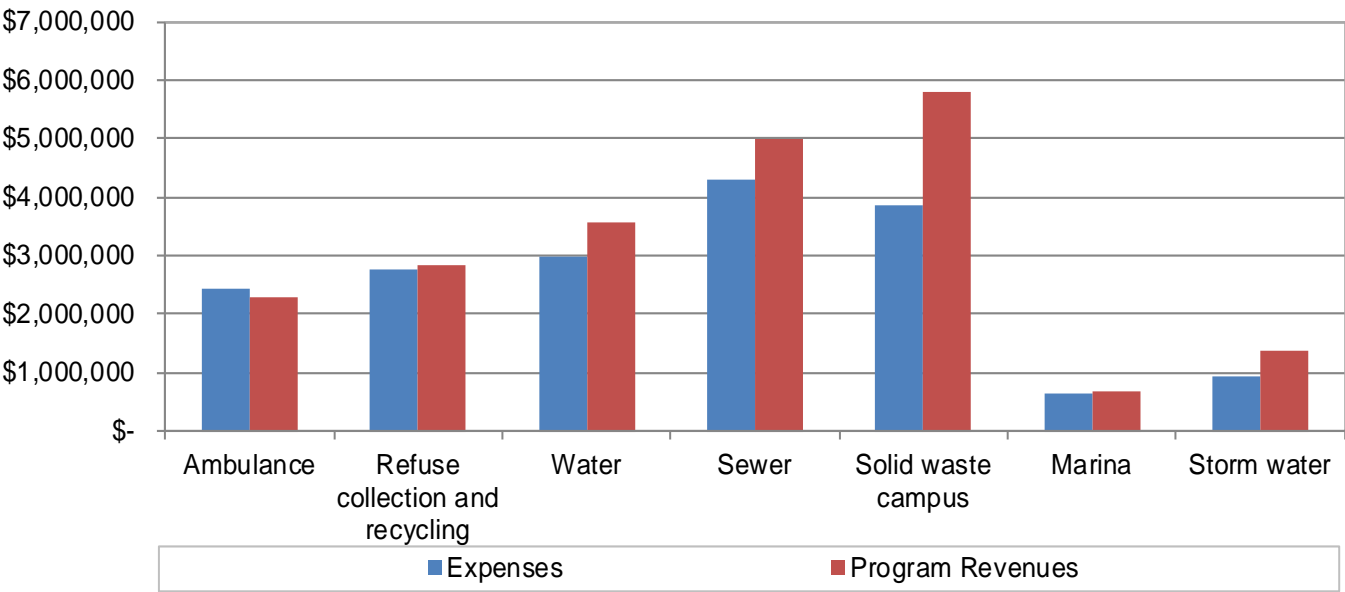
Revenues by Source - Governmental Activities



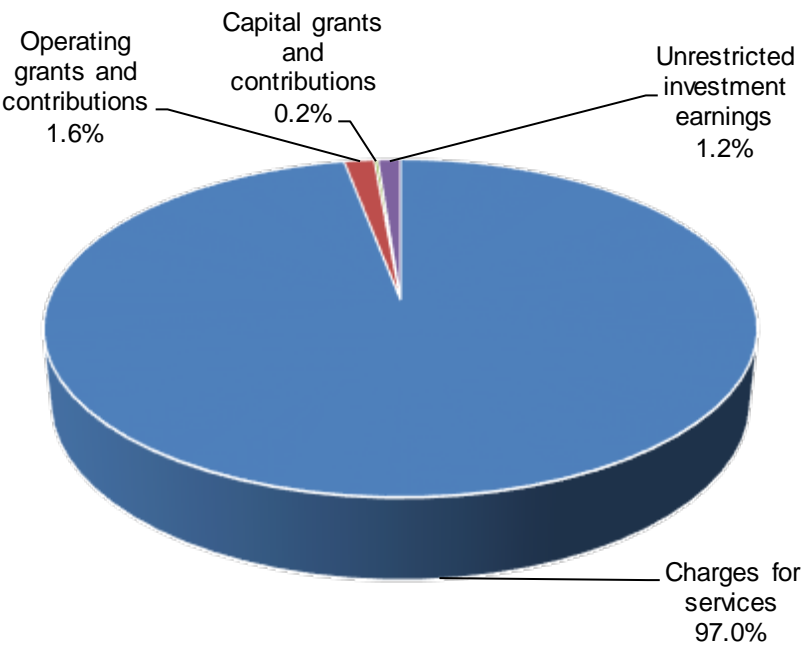
Business-type Activities. Business-type activities increased the City’s net position by \$1,554,811, accounting for a 12.6 percent increase in the total growth in the City’s net position. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$1,605,663 or 8.2 percent. Volume increases and rate changes contributed to the majority of this increase.

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 \$57,148,077, a decrease of \$2,697,795 in comparison with the prior year. Substantially all this decrease is attributable to the City's planned operations, sound fiscal control, and the timing of planned capital improvement projects and acquisitions within governmental funds. Approximately 36.9 percent of this total amount, \$21,092,204, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$36,055,873) is not available for new spending because it is either 1) nonspendable (\$3,652,309), 2) restricted (\$17,210,054), 3) committed (\$9,343,100), or 4) assigned (\$5,850,410) 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 \$21,931,586, while total fund balance reached \$27,437,021. 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 117.3 percent of total General fund expenditures, while total fund balance represents 146.8 percent of that same amount.

The fund balance of the City's General fund decreased by \$2,924,321 during the current fiscal year. Key factors in this decrease are as follows:

- The decrease in fund balance is \$2,905,492 less than the budgeted decrease in fund balance of \$5,829,813. This variance results from revenues being more than budget by \$759,732, expenditures and transfers out being less than budget by \$1,370,202 and \$761,706, respectively, and other financing sources being more than budget by \$13,852 primarily due to the timing of planned capital acquisitions and improvement projects.

The *PERA Perpetual fund* has a total fund balance of \$9,185,302, 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 \$295,177. 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 \$5,695,777, 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 \$1,874,842. 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 \$4,384,747. The net decrease in fund balance during the current year in the Capital Improvement Assessment fund was \$2,031,762. The decrease is largely a result of \$430,028 of special assessment revenue less transfers out of \$2,506,922.

The *Levee Wall Improvements fund* has a total fund balance of \$274,704. The net decrease in fund balance during the current year was \$288,771. The decrease is largely a result of capital outlay expenditures exceeding intergovernmental revenue and transfers in.

Proprietary Funds. Unrestricted net position of the enterprise funds at the end of the year amounted to \$186,296. Total increase in net position for enterprise funds was \$1,430,311. 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 \$2,000 in net adjustments increasing intergovernmental revenues, \$2,033,497 in net adjustments increasing capital expenditures, \$6,208 in net adjustments increasing general government expenditures, \$17,579 in net adjustments increasing public safety expenditures, \$53,904 in net adjustments increasing culture and recreation expenditures, \$138,587 in net adjustments increasing economic development expenditures and \$113,000 in net adjustments increasing contingencies, and \$1,012,173 in adjustments increasing other financing sources and uses.

Significant Budgetary Variances Between the Final Amended Budget and Actual Results are as Follows:

- Police aid had a positive budget variance of \$47,591.
- Other state aids were under budget by \$168,127 due to the timing of capital projects.
- Charges for services were over budget by \$108,491 due to increases in volume.
- Investment income was \$799,423 over budget resulting from greater investment returns and fair value adjustments.
- Total public safety expenditures were over budget by \$58,207 largely due to staffing shortfalls which increased overtime requirements.
- Total public work expenditures were over budget by \$338,044 largely due to an increased number of snow events.
- Total culture and recreation expenditures were over budget by \$144,602.
- Total economic development expenditures were under budget by \$99,064.
- Total contingent expenditures were under budget by \$668,407.
- Capital outlay expenditures were under budget by \$1,093,829 due to the timing of capital projects.
- Transfers out were under budget by \$761,706.

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, 2019 amounts to \$184,495,634 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

- Various improvement projects commenced or continued in 2019 and prior years with costs during the year of \$21,482,661. Of this amount, \$6,510,565 related to the ongoing levee wall Improvement project, \$3,215,950 related to the solid waste fire project, \$4,691,992 related to the solid waste refurbishing project, \$1,627,033 related to state aid street overlay, \$1,498,243 related to the ongoing 2019 street reconstruction project, \$1,175,051 related to the ongoing 2018 street reconstruction project, \$1,009,397 related to ongoing park improvements, \$827,634 related to ongoing public facility improvements, and \$926,797 related to other ongoing street improvements.
- Building additions and other improvements of \$2,162,188, of which \$1,070,531 related to the community development buildings, \$859,183 related the roof of the public works building, \$107,092 related to electrical updates and improvements for the public works building, \$69,624 related to the annex boiler, and \$55,759 related to the library boiler.

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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 9,097,551	\$ 9,097,551	\$ -	\$ 214,980	\$ 214,980	\$ -
Construction in Progress	50,690,473	37,115,753	13,574,720	19,892,171	11,984,229	7,907,942
Buildings	10,587,621	9,875,833	711,788	23,362,434	23,179,350	183,084
Improvements	14,928,330	15,593,879	(665,549)	6,433,128	6,604,037	(170,909)
Machinery and Equipment	1,345,265	1,265,635	79,630	794,778	443,787	350,991
Office Equipment	280,044	233,312	46,732	-	-	-
Vehicles	4,357,437	4,716,134	(358,697)	2,285,441	2,296,981	(11,540)
Infrastructure	24,894,482	26,996,598	(2,102,116)	15,331,499	15,842,191	(510,692)
Total	\$ 116,181,203	\$ 104,894,695	\$ 11,286,508	\$ 68,314,431	\$ 60,565,555	\$ 7,748,876

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$49,062,000. Of this amount, \$14,177,000 comprises revenue related debt backed by the full faith and credit of the City and \$34,885,000 is general obligation debt.

City of Red Wing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
General Obligation Bonds	\$ 34,885,000	\$ 37,820,000	\$ (2,935,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	14,177,000	9,737,000	4,440,000
Total	\$ 34,885,000	\$ 37,820,000	\$ (2,935,000)	\$ 14,177,000	\$ 9,737,000	\$ 4,440,000

The City's total bonded debt increased by \$1,505,000, (3.2 percent) during the current fiscal year. This was a result of the City issuing \$5,955,000 in additional debt and retired principal of \$4,450,000 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2019.

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 \$63,268,260, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3F starting on page 97 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's officials considered many factors when setting the fiscal-year 2019 budget, rates, and fees that will be charged. The major factors accounted for when adopting the budget are highlighted below.

- Maintain the current level of basic government services.
- Continue long-term infrastructure investments.
- Allocate resources based on prioritization of City Council strategic goals.
- The unemployment rate for the County is currently 2.7 percent, which is a decrease from a rate of 3.2 percent last year. This compares with unemployment rates of 2.9 percent for the State of Minnesota and 3.9 percent for the United States.
- The aggregate impact on property tax payers resulting from increased residential property valuations, decreased utility property valuations, a successful local school referendum, and increases in other local taxing jurisdictions levies. The City's property tax levy for 2019 was decreased by \$2,923,780 and the local property tax rate for 2019 was decreased by 9.17 percent compared to 2018.
- 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 2020 budget is a strong financial plan that will move Red Wing toward its long-term goals. Through strong financial management and fiscal responsibility we are prepared to meet the challenges of turbulent economic times. Our commitment to excellence in service while keeping costs affordable to residents will direct the course as we map our community's progress for the future.

Requests for Information

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Red Wing, Minnesota
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
Assets				
Cash and investments	\$ 58,222,349	\$ 8,842,951	\$ 67,065,300	\$ 2,023,630
Assets held in endowment	604,920	-	604,920	-
Receivables				
Accrued interest	139,774	5,353	145,127	-
Delinquent taxes	132,683	-	132,683	2,325
Accounts - net of allowance for doubtful accounts of \$899,683	439,835	3,084,055	3,523,890	12,098
Loans - net of allowance for doubtful accounts of \$259,800	156,285	-	156,285	1,072,560
Special assessments	1,596,372	-	1,596,372	-
Intergovernmental	1,827,765	-	1,827,765	2,724
Loans to other governments	64,270	-	64,270	-
Internal balances	2,874,651	(2,874,651)	-	-
Due from primary government	-	-	-	12,101
Inventories	112,425	296,025	408,450	-
Prepaid items	2,148	31,578	33,726	-
Land held for resale	2,719,877	-	2,719,877	-
Pension asset	324,806	-	324,806	-
Capital assets				
Nondepreciable	59,788,024	20,107,151	79,895,175	175,042
Depreciable, net of accumulated depreciation	56,393,179	48,207,280	104,600,459	353,652
Total Assets	<u>185,399,363</u>	<u>77,699,742</u>	<u>263,099,105</u>	<u>3,654,132</u>
Deferred Outflows of Resources				
Deferred pension resources	4,363,653	1,512,886	5,876,539	-
Deferred other postemployment benefit resources	460,535	495,980	956,515	-
Total Deferred Outflows of Resources	<u>4,824,188</u>	<u>2,008,866</u>	<u>6,833,054</u>	<u>-</u>
Liabilities				
Accounts and contracts payable	2,416,070	833,057	3,249,127	2,542
Escrow accounts and deposits payable	78,808	-	78,808	-
Due to component unit	12,101	-	12,101	-
Due to other governments	93,433	92,777	186,210	279,289
Accrued interest payable	464,127	244,538	708,665	-
Salaries payable	483,773	209,498	693,271	-
Unearned revenue	47,662	15,906	63,568	-
Noncurrent liabilities				
Due within one year	5,195,636	1,990,048	7,185,684	-
Due in more than one year	33,705,950	13,528,125	47,234,075	-
Net pension liability	6,381,011	5,255,723	11,636,734	-
Other postemployment benefit resources	1,296,409	1,396,185	2,692,594	-
Total Liabilities	<u>50,174,980</u>	<u>23,565,857</u>	<u>73,740,837</u>	<u>281,831</u>
Deferred Inflows of Resources				
Advance from other governments	560,916	-	560,916	-
Deferred pension resources	5,959,063	2,421,459	8,380,522	-
Deferred other postemployment benefit resources	26,351	28,380	54,731	-
Total Deferred Outflows of Resources	<u>6,546,330</u>	<u>2,449,839</u>	<u>8,996,169</u>	<u>-</u>
Net Position				
Net investment in capital assets	80,102,509	53,690,749	133,793,258	528,694
Restricted				
Permanently restricted				
Library endowments	604,920	-	604,920	-
Cemetery perpetual	1,981,737	-	1,981,737	-
Temporarily restricted				
Debt service	5,265,050	-	5,265,050	-
Police and fire activities	9,218,067	-	9,218,067	-
DNR snowmobile grant	11,494	-	11,494	-
Future loans	249,259	-	249,259	-
Tax increment activities	43,197	-	43,197	-
Library activities	26,554	-	26,554	-
Lodging tax	1,683	-	1,683	-
Cemetery operations	890,145	-	890,145	-
Ash landfill	-	490,600	490,600	-
Unrestricted	35,107,626	(488,437)	34,619,189	2,843,607
Total Net Position	<u>\$ 133,502,241</u>	<u>\$ 53,692,912</u>	<u>\$ 187,195,153</u>	<u>\$ 3,372,301</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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,302,696	\$ 360,160	\$ 6,462	\$ -
Public safety	7,999,708	697,271	1,361,527	-
Public works	6,339,104	196,529	319,332	3,434,969
Sanitation	70,548	-	-	-
Culture and recreation	4,453,930	163,828	254,528	28,118
Economic development	1,961,397	10,905	65	2,167,127
Airport	788,599	508,244	44,074	29,971
Transit	30,305	-	-	-
Cemeteries	411,340	217,172	-	-
Interest and fiscal charges	849,877	-	-	-
Total Governmental Activities	<u>25,207,504</u>	<u>2,154,109</u>	<u>1,985,988</u>	<u>5,660,185</u>
Business-Type Activities				
Refuse collection and recycling	2,751,975	2,581,246	270,177	-
Water	3,083,037	3,674,091	2,261	-
Sewer	4,308,018	4,999,087	2,551	-
Solid waste campus	3,863,171	5,793,406	1,916	-
Marina	650,314	688,091	362	-
Ambulance	2,427,424	2,165,995	68,012	52,568
Storm water	917,945	1,357,185	349	-
Total Business-type Activities	<u>18,001,884</u>	<u>21,259,101</u>	<u>345,628</u>	<u>52,568</u>
Totals Primary Government	<u>\$ 43,209,388</u>	<u>\$ 23,413,210</u>	<u>\$ 2,331,616</u>	<u>\$ 5,712,753</u>
Component Unit				
Port authority	<u>\$ 361,747</u>	<u>\$ 162,040</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Property taxes, levied for general purposes
Property taxes, levied for specific purposes
Property taxes, levied for debt service
Tax increments
Franchise taxes
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 as Restated (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
\$ (1,936,074)		\$ (1,936,074)	
(5,940,910)		(5,940,910)	
(2,388,274)		(2,388,274)	
(70,548)		(70,548)	
(4,007,456)		(4,007,456)	
216,700		216,700	
(206,310)		(206,310)	
(30,305)		(30,305)	
(194,168)		(194,168)	
(849,877)		(849,877)	
<u>(15,407,222)</u>		<u>(15,407,222)</u>	
	\$ 99,448	99,448	
	593,315	593,315	
	693,620	693,620	
	1,932,151	1,932,151	
	38,139	38,139	
	(140,849)	(140,849)	
	439,589	439,589	
	<u>3,655,413</u>	<u>3,655,413</u>	
<u>(15,407,222)</u>	<u>3,655,413</u>	<u>(11,751,809)</u>	
			<u>\$ (199,707)</u>
14,161,673	-	14,161,673	-
-	-	-	345,329
6,125,216	-	6,125,216	-
128,248	-	128,248	-
251,768	-	251,768	-
263,495	-	263,495	-
43,752	-	43,752	635
888,367	-	888,367	-
1,843,522	252,317	2,095,839	13,813
72,111	-	72,111	-
105,334	1,978	107,312	-
2,354,897	(2,354,897)	-	-
<u>26,238,383</u>	<u>(2,100,602)</u>	<u>24,137,781</u>	<u>359,777</u>
10,831,161	1,554,811	12,385,972	160,070
<u>122,671,080</u>	<u>52,138,101</u>	<u>174,809,181</u>	<u>3,212,231</u>
<u>\$ 133,502,241</u>	<u>\$ 53,692,912</u>	<u>\$ 187,195,153</u>	<u>\$ 3,372,301</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, 2019

City of Red Wing, Minnesota

Balance Sheet
Governmental Funds
December 31, 2019

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment
Assets				
Cash and investments	\$ 23,969,334	\$ 9,582,214	\$ 5,651,692	\$ 1,381,237
Assets held in endowment	-	-	-	-
Receivables				
Accrued interest	81,647	32,234	-	3,029
Delinquent taxes	99,283	-	33,400	-
Accounts (net of allowance)	114,443	-	-	-
Loans (net of allowance)	-	-	-	-
Special assessments	-	-	-	1,596,372
Intergovernmental	741,452	-	46,885	94,839
Loans to other governments	64,270	-	-	-
Due from other funds	2,493,120	-	-	-
Advances to other funds	1,000,000	-	-	257,114
Prepaid items	-	-	-	-
Land held for resale	-	-	-	2,719,877
Total Assets	\$ 28,563,549	\$ 9,614,448	\$ 5,731,977	\$ 6,052,468
Liabilities				
Accounts payable	\$ 645,726	\$ -	\$ 2,800	\$ -
Escrow accounts payable	73,265	-	-	-
Contracts payable	-	-	-	-
Due to other funds	-	429,146	-	-
Due to other governments	3,643	-	-	-
Salaries payable	251,406	-	-	-
Deposits payable	5,543	-	-	-
Unearned revenue	47,662	-	-	-
Total Liabilities	1,027,245	429,146	2,800	-
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	99,283	-	33,400	-
Special assessments	-	-	-	1,596,372
Intergovernmental	-	-	-	71,349
Advance from other governments	-	-	-	-
Total Deferred Inflows of Resources	99,283	-	33,400	1,667,721
Fund Balances				
Nonspendable	1,064,270	-	-	-
Restricted	98,424	9,185,302	5,695,777	-
Committed	3,600,000	-	-	-
Assigned	742,741	-	-	4,384,747
Unassigned	21,931,586	-	-	-
Total Fund Balances	27,437,021	9,185,302	5,695,777	4,384,747
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 28,563,549	\$ 9,614,448	\$ 5,731,977	\$ 6,052,468

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

Levee Wall Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,348,100	\$ 51,932,577
-	604,920	604,920
-	8,411	125,321
-	-	132,683
-	161,986	276,429
-	145,714	145,714
-	-	1,596,372
895,588	49,001	1,827,765
-	-	64,270
-	-	2,493,120
-	-	1,257,114
-	1,382	1,382
-	-	2,719,877
<u>\$ 895,588</u>	<u>\$ 12,319,514</u>	<u>\$ 63,177,544</u>
\$ 331,486	\$ 571,300	\$ 1,551,312
-	-	73,265
244,179	166,550	410,729
45,219	721,468	1,195,833
-	89,790	93,433
-	38,964	290,370
-	-	5,543
-	-	47,662
<u>620,884</u>	<u>1,588,072</u>	<u>3,668,147</u>
-	-	132,683
-	-	1,596,372
-	-	71,349
-	560,916	560,916
-	560,916	2,361,320
-	2,588,039	3,652,309
-	2,230,551	17,210,054
274,704	5,468,396	9,343,100
-	722,922	5,850,410
-	(839,382)	21,092,204
<u>274,704</u>	<u>10,170,526</u>	<u>57,148,077</u>
<u>\$ 895,588</u>	<u>\$ 12,319,514</u>	<u>\$ 63,177,544</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, 2019

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

Total Fund Balances - Governmental Funds	\$ 57,148,077
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	115,851,885
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	(34,885,000)
Unamortized bond premium, net of amortization	(2,267,572)
Other postemployment benefits obligation	(1,296,409)
Pension liability	(6,381,011)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	132,683
Special assessments	1,596,372
Intergovernmental	71,349
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	324,806
Governmental funds do not report a liability for accrued interest until due and payable.	(464,127)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	4,363,653
Deferred inflows of pension resources	(5,959,063)
Deferred outflows of other postemployment benefit resources	460,535
Deferred inflows of other postemployment benefit resources	(26,351)
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.	4,832,414
Total Net Position - Governmental Activities	<u>\$ 133,502,241</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, 2019

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment
Revenues				
Taxes	\$ 14,473,071	\$ -	\$ 6,112,004	\$ -
Special assessments	-	-	-	430,028
Licenses and permits	67,439	-	-	-
Intergovernmental	2,666,984	-	-	-
Charges for services	796,495	-	11,146	375
Fines and forfeits	73,310	-	-	-
Investment income	1,074,423	352,027	7,290	38,086
Miscellaneous	104,753	-	-	7,725
Total Revenues	<u>19,256,475</u>	<u>352,027</u>	<u>6,130,440</u>	<u>476,214</u>
Expenditures				
Current				
General government	2,064,234	-	-	-
Public safety	7,180,802	-	-	-
Public works	2,994,732	-	-	1,054
Sanitation	60,769	-	-	-
Culture and recreation	2,415,663	-	-	-
Economic development	1,366,504	-	-	-
Airport	-	-	-	-
Cemeteries	360,182	-	-	-
Transit	30,381	-	-	-
Contingencies and other	133,297	-	-	-
Capital outlay				
General government	24,637	-	-	-
Public safety	22,829	-	-	-
Public works	656,009	-	-	-
Culture and recreation	1,236,297	-	-	-
Economic development	69,624	-	-	-
Airport	-	-	-	-
Cemeteries	73,387	-	-	-
Debt service				
Principal retirement	-	-	2,935,000	-
Interest and fiscal charges	-	-	1,320,598	-
Total Expenditures	<u>18,689,347</u>	<u>-</u>	<u>4,255,598</u>	<u>1,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>567,128</u>	<u>352,027</u>	<u>1,874,842</u>	<u>475,160</u>
Other Financing Sources (Uses)				
Sale of capital assets	107,839	-	-	-
Transfers in	425,967	-	-	1,095,440
Transfers out	(4,025,255)	(56,850)	-	(3,602,362)
Total Other Financing Sources (Uses)	<u>(3,491,449)</u>	<u>(56,850)</u>	<u>-</u>	<u>(2,506,922)</u>
Net Change in Fund Balances	(2,924,321)	295,177	1,874,842	(2,031,762)
Fund Balances, January 1 as Restated (Note 10)	<u>30,361,342</u>	<u>8,890,125</u>	<u>3,820,935</u>	<u>6,416,509</u>
Fund Balances, December 31	<u>\$ 27,437,021</u>	<u>\$ 9,185,302</u>	<u>\$ 5,695,777</u>	<u>\$ 4,384,747</u>

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

Levee Wall Improvements	Other Governmental Funds	Totals
\$ -	\$ 391,743	\$ 20,976,818
-	-	430,028
-	301,338	368,777
3,899,872	2,080,661	8,647,517
-	168,506	976,522
-	8,646	81,956
-	185,940	1,657,766
1,000	794,863	908,341
<u>3,900,872</u>	<u>3,931,697</u>	<u>34,047,725</u>

-	-	2,064,234
-	274,277	7,455,079
-	-	2,995,786
-	-	60,769
-	1,317,273	3,732,936
-	386,573	1,753,077
-	704,372	704,372
-	-	360,182
-	-	30,381
-	-	133,297
-	-	24,637
-	827,634	850,463
6,510,564	5,205,224	12,371,797
-	1,089,454	2,325,751
-	-	69,624
-	86,886	86,886
-	-	73,387
-	-	2,935,000
-	-	1,320,598
<u>6,510,564</u>	<u>9,891,693</u>	<u>39,348,256</u>

<u>(2,609,692)</u>	<u>(5,959,996)</u>	<u>(5,300,531)</u>
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-	-	107,839
2,320,921	8,230,054	12,072,382
-	(1,893,018)	(9,577,485)
<u>2,320,921</u>	<u>6,337,036</u>	<u>2,602,736</u>
(288,771)	377,040	(2,697,795)
<u>563,475</u>	<u>9,793,486</u>	<u>59,845,872</u>
<u>\$ 274,704</u>	<u>\$ 10,170,526</u>	<u>\$ 57,148,077</u>

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

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City of Red Wing, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statements of Activities -
Governmental Funds
For the Year Ended December 31, 2019

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

Net Change in Fund Balances - Governmental Funds	\$ (2,697,795)
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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	15,800,147
Depreciation expense	(4,545,356)

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	2,935,000
Bonds premiums issued, net of 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.

189,907

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	(13,812)
Special assessments	(341,526)
Intergovernmental	(350,654)

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	100,276
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Long-term pension activity is not reported in governmental funds.

Pension expense	(588,961)
Direct aid contributions	50,945

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.

12,176

Change in Net Position - Governmental Activities	<u><u>\$ 10,831,161</u></u>
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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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 14,582,414	\$ 14,582,414	\$ 14,473,071	\$ (109,343)
Licenses and permits	70,380	70,380	67,439	(2,941)
Intergovernmental	2,677,522	2,679,522	2,666,984	(12,538)
Charges for services	688,004	688,004	796,495	108,491
Fines and forfeits	73,500	73,500	73,310	(190)
Investment income	275,000	275,000	1,074,423	799,423
Miscellaneous				
Interest on notes and loans	9,723	9,723	-	(9,723)
Contributions and donations	107,000	107,000	37,927	(69,073)
Refunds	-	-	16,692	16,692
Other	11,200	11,200	50,134	38,934
Total Revenues	<u>18,494,743</u>	<u>18,496,743</u>	<u>19,256,475</u>	<u>759,732</u>
Expenditures				
Current				
General government	2,062,378	2,068,586	2,064,234	4,352
Public safety	7,105,016	7,122,595	7,180,802	(58,207)
Public works	2,656,688	2,656,688	2,994,732	(338,044)
Sanitation	96,899	96,899	60,769	36,130
Culture and recreation	2,217,157	2,271,061	2,415,663	(144,602)
Economic development	1,326,981	1,465,568	1,366,504	99,064
Cemeteries	367,836	367,836	360,182	7,654
Transit	32,000	32,000	30,381	1,619
Contingencies and other	688,704	801,704	133,297	668,407
Capital outlay				
General government	82,500	262,168	24,637	237,531
Public safety	291,575	346,575	22,829	323,746
Public works	581,040	980,234	656,009	324,225
Culture and recreation	143,000	1,312,635	1,236,297	76,338
Economic development	-	200,000	69,624	130,376
Cemeteries	45,000	75,000	73,387	1,613
Total Expenditures	<u>17,696,774</u>	<u>20,059,549</u>	<u>18,689,347</u>	<u>1,370,202</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>797,969</u>	<u>(1,562,806)</u>	<u>567,128</u>	<u>2,129,934</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	107,839	107,839
Transfers in	519,954	519,954	425,967	(93,987)
Transfers out	(3,774,788)	(4,786,961)	(4,025,255)	761,706
Total Other Financing Sources (Uses)	<u>(3,254,834)</u>	<u>(4,267,007)</u>	<u>(3,491,449)</u>	<u>775,558</u>
Net Change in Fund Balances	(2,456,865)	(5,829,813)	(2,924,321)	2,905,492
Fund Balances, January 1 as Restated (Note 10)	<u>30,361,342</u>	<u>30,361,342</u>	<u>30,361,342</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 27,904,477</u>	<u>\$ 24,531,529</u>	<u>\$ 27,437,021</u>	<u>\$ 2,905,492</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
PERA Perpetual Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Investment income	\$ 217,000	\$ 217,000	\$ 352,027	\$ 135,027
Other Financing Uses				
Transfers out	(144,000)	(144,000)	(56,850)	87,150
Net Change in Fund Balances	73,000	73,000	295,177	222,177
Fund Balances, January 1	8,890,125	8,890,125	8,890,125	-
Fund Balances, December 31	<u>\$ 8,963,125</u>	<u>\$ 8,963,125</u>	<u>\$ 9,185,302</u>	<u>\$ 222,177</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, 2019

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	319/488	320/322/323/	403/406
	Collection	Water Utility	402/490/492	Solid Waste
	& Recycling		Sewer Utility	Campus
Assets				
Current Assets				
Cash and investments	\$ 1,339,361	\$ 1,349,293	\$ 1,704,677	\$ 2,761,036
Receivables				
Accrued interest	847	759	-	-
Accounts - net of allowance for doubtful accounts of \$889,683	443,669	491,194	643,570	315,813
Loans	-	-	-	-
Inventories	-	233,953	36,554	-
Prepaid items	-	-	10,520	30
Total Current Assets	1,783,877	2,075,199	2,395,321	3,076,879
Noncurrent Assets				
Capital assets at cost				
Land	-	37,791	134,839	42,350
Construction in progress	-	195,696	6,550,255	13,146,220
Buildings	-	16,692,204	11,321,724	6,789,962
Improvements other than buildings	76,638	4,721,577	4,985,683	1,605,028
Machinery and equipment	647,738	145,732	2,030,347	74,164
Office equipment	-	-	-	-
Vehicles	1,902,178	537,792	1,249,162	1,596,884
Infrastructure	-	12,401,727	16,126,019	-
Less accumulated depreciation	(1,274,868)	(12,782,612)	(18,955,199)	(3,683,000)
Total Capital Assets	1,351,686	21,949,907	23,442,830	19,571,608
Total Assets	3,135,563	24,025,106	25,838,151	22,648,487
Deferred Outflows of Resources				
Deferred pension resources	92,656	95,830	108,112	81,225
Deferred other postemployment benefit resources	107,185	88,256	101,229	52,289
Total Deferred Outflows of Resources	199,841	184,086	209,341	133,514

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	
\$ -	\$ 1,688,584	\$ 8,842,951	\$ 6,289,772
-	3,747	5,353	14,453
936,969	252,840	3,084,055	163,406
-	-	-	10,571
-	25,518	296,025	112,425
-	21,028	31,578	766
936,969	1,991,717	12,259,962	6,591,393
-	-	214,980	-
-	-	19,892,171	-
-	-	34,803,890	7,825
-	3,256,641	14,645,567	-
260,286	37,269	3,195,536	36,221
-	-	-	431,531
883,204	491,306	6,660,526	328,780
-	-	28,527,746	-
(500,560)	(2,429,746)	(39,625,985)	(475,039)
642,930	1,355,470	68,314,431	329,318
1,579,899	3,347,187	80,574,393	6,920,711
1,104,910	30,153	1,512,886	-
124,220	22,801	495,980	-
1,229,130	52,954	2,008,866	-

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, 2019

	Business-type Activities-Enterprise Funds			
	600 Refuse Collection & Recycling	601/651/ 319/488 Water Utility	602/650/317 320/322/323/ 402/490/492 Sewer Utility	603/307/326/ 403/406 Solid Waste Campus
Liabilities				
Current Liabilities				
Accounts payable	\$ 5,823	\$ 74,798	\$ 68,431	\$ 354,792
Contracts payable	-	-	-	261,812
Due to other funds	-	-	-	-
Advances from other funds - current portion	-	-	-	-
Due to other governments	27,155	50,707	-	4,116
Accrued interest payable	-	39,887	17,835	186,816
Salaries payable	39,887	37,817	38,758	31,532
Compensated absences payable - current portion	83,809	75,474	86,597	47,412
Unearned revenue	-	-	-	-
G.O. revenue bonds payable - current portion	-	938,000	408,000	210,000
Total Current Liabilities	<u>156,674</u>	<u>1,216,683</u>	<u>619,621</u>	<u>1,096,480</u>
Noncurrent Liabilities				
Compensated absences payable	69,556	114,761	97,268	53,942
Other postemployment benefits obligation	301,726	248,440	284,961	147,193
Advances from other funds	-	-	-	1,000,000
G.O. revenue bonds payable	-	2,977,000	1,519,000	8,571,682
Net pension liability	939,118	971,289	1,095,774	823,263
Total Noncurrent Liabilities	<u>1,310,400</u>	<u>4,311,490</u>	<u>2,997,003</u>	<u>10,596,080</u>
Total Liabilities	<u>1,467,074</u>	<u>5,528,173</u>	<u>3,616,624</u>	<u>11,692,560</u>
Deferred Inflows of Resources				
Deferred pension resources	180,348	186,527	210,433	158,100
Deferred other postemployment benefit resources	6,133	5,050	5,792	2,992
Total Deferred Inflows of Resources	<u>186,481</u>	<u>191,577</u>	<u>216,225</u>	<u>161,092</u>
Net Position				
Net investment in capital assets	1,351,686	18,034,907	21,515,830	10,789,926
Restricted for ash landfill	-	-	-	490,600
Unrestricted	330,163	454,535	698,813	(352,177)
Total Net Position	<u>\$ 1,681,849</u>	<u>\$ 18,489,442</u>	<u>\$ 22,214,643</u>	<u>\$ 10,928,349</u>

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

Net Position of Business-type Activities

Business-type Activities-Enterprise Funds			Governmental
610	Other		Activities-
Ambulance	Business-type	Total	Internal
	Activities		Service
			Funds
\$ 14,296	\$ 53,105	\$ 571,245	\$ 454,029
-	-	261,812	-
645,003	297,801	942,804	354,483
-	100,000	100,000	-
10,799	-	92,777	-
-	-	244,538	-
50,903	10,601	209,498	193,403
116,411	24,345	434,048	955,636
-	15,906	15,906	-
-	-	1,556,000	-
837,412	501,758	4,428,628	1,957,551
107,011	17,905	460,443	793,378
349,679	64,186	1,396,185	-
-	157,114	1,157,114	-
-	-	13,067,682	-
1,120,658	305,621	5,255,723	-
1,577,348	544,826	21,337,147	793,378
2,414,760	1,046,584	25,765,775	2,750,929
1,627,360	58,691	2,421,459	-
7,108	1,305	28,380	-
1,634,468	59,996	2,449,839	-
642,930	1,355,470	53,690,749	329,318
-	-	490,600	-
(1,883,129)	938,091	186,296	3,840,464
\$ (1,240,199)	\$ 2,293,561	\$ 54,367,645	\$ 4,169,782
		(674,733)	
		\$ 53,692,912	

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, 2019

	Business-type Activities-Enterprise Funds			
	600 Refuse Collection & Recycling	601/651/ 319/488 Water Utility	602/650/317 320/322/323/ 402/490/492 Sewer Utility	603/307/326/ 403/406 Solid Waste Campus
Operating Revenues				
Charges for services	\$ 2,539,014	\$ 3,168,879	\$ 4,762,894	\$ 1,876,413
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	87,409	158,125	103,272	1,916
Total Operating Revenues	<u>2,626,423</u>	<u>3,327,004</u>	<u>4,866,166</u>	<u>1,878,329</u>
Operating Expenses				
Personal services	773,147	810,071	881,074	680,846
Employee benefits	496,795	367,583	370,512	423,595
Supplies	227,431	283,772	806,753	436,148
Cost of merchandise sold	-	-	-	-
Professional services	140,155	233,179	737,681	1,302,729
Rent and leased equipment	545	2,759	1,050	14,482
Repairs and maintenance	137,875	123,885	330,693	198,250
Administration and fiscal charges	806,964	446,736	370,412	64,415
Insurance premiums	13,307	18,990	51,613	20,288
Insurance claims	-	-	-	-
Depreciation	168,574	631,847	707,749	376,462
Bad debt expense	-	-	-	-
Miscellaneous	568	51,364	11,862	17,461
Total Operating Expenses	<u>2,765,361</u>	<u>2,970,186</u>	<u>4,269,399</u>	<u>3,534,676</u>
Operating Income (Loss)	<u>(138,938)</u>	<u>356,818</u>	<u>596,767</u>	<u>(1,656,347)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental				
State grant	225,000	-	-	-
Investment income	34,652	81,061	6,534	55,739
Rents and leases	-	120,025	-	-
Refunds	-	5,775	-	2,737,366
Miscellaneous	-	223,548	135,472	1,153,332
Gain (loss) on sale of capital assets	(22,774)	-	(6,201)	-
Interest and fiscal charges	-	(126,799)	(56,120)	(228,328)
Amortization expense	-	-	-	26,295
Bond issuance costs	-	-	-	(109,858)
Total Nonoperating Revenues (Expenses)	<u>236,878</u>	<u>303,610</u>	<u>79,685</u>	<u>3,634,546</u>
Income (Loss) Before Contributions and Transfers	97,940	660,428	676,452	1,978,199
Capital Grants and Contributions	-	-	-	-
Transfers In	30,000	-	6,837	11,035
Transfers Out	<u>(42,837)</u>	<u>(750,872)</u>	<u>(200,837)</u>	<u>(57,000)</u>
Change in Net Position	85,103	(90,444)	482,452	1,932,234
Net Position, January 1	<u>1,596,746</u>	<u>18,579,886</u>	<u>21,732,191</u>	<u>8,996,115</u>
Net Position, December 31	<u>\$ 1,681,849</u>	<u>\$ 18,489,442</u>	<u>\$ 22,214,643</u>	<u>\$ 10,928,349</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	
\$ 5,458,376	\$ 1,927,101	\$ 19,732,677	\$ 13,797,136
-	118,761	118,761	-
-	(97,422)	(97,422)	-
-	711	351,433	71,097
<u>5,458,376</u>	<u>1,949,151</u>	<u>20,105,449</u>	<u>13,868,233</u>
1,210,283	288,221	4,643,642	4,055,884
666,715	141,484	2,466,684	6,611,292
110,974	139,731	2,004,809	534,441
-	-	-	742,542
256,634	686,656	3,357,034	735,310
-	2,605	21,441	20,342
88,040	34,600	913,343	170,035
7,340	60,614	1,756,481	143,231
11,747	1,829	117,774	360,518
-	-	-	26,119
116,400	85,746	2,086,778	56,619
3,307,103	-	3,307,103	-
1,352	21,150	103,757	321,446
<u>5,776,588</u>	<u>1,462,636</u>	<u>20,778,846</u>	<u>13,777,779</u>
<u>(318,212)</u>	<u>486,515</u>	<u>(673,397)</u>	<u>90,454</u>
68,012	-	293,012	-
-	74,331	252,317	185,756
-	-	120,025	-
1,745	-	2,744,886	-
12,977	-	1,525,329	-
-	1,978	(26,997)	(2,505)
-	(7,725)	(418,972)	-
-	-	26,295	-
-	-	(109,858)	-
<u>82,734</u>	<u>68,584</u>	<u>4,406,037</u>	<u>183,251</u>
(235,478)	555,099	3,732,640	273,705
52,568	-	52,568	-
-	-	47,872	-
<u>-</u>	<u>(1,351,223)</u>	<u>(2,402,769)</u>	<u>(140,000)</u>
(182,910)	(796,124)	1,430,311	133,705
<u>(1,057,289)</u>	<u>3,089,685</u>	<u>52,937,334</u>	<u>4,036,077</u>
<u>\$ (1,240,199)</u>	<u>\$ 2,293,561</u>	<u>\$ 54,367,645</u>	<u>\$ 4,169,782</u>
		\$ 1,430,311	
		124,500	
		<u>\$ 1,554,811</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, 2019

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	319/488	320/322/323/	403/406
	Collection	Water Utility	402/490/492	Solid Waste
	& Recycling		Sewer Utility	Campus
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,530,795	\$ 3,202,067	\$ 4,781,290	\$ 2,041,035
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,324,268)	(1,212,621)	(2,309,717)	(1,749,871)
Payments to and on behalf of employees	(1,177,242)	(1,152,483)	(1,312,923)	(949,679)
Other receipts	87,409	507,473	238,744	3,892,614
Net Cash Provided (Used) by Operating Activities	<u>116,694</u>	<u>1,344,436</u>	<u>1,397,394</u>	<u>3,234,099</u>
Cash Flows From Noncapital Financing Activities				
Grants received	225,000	-	-	-
Loan payments received	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-
Transfers from other funds	30,000	-	6,837	11,035
Transfers to other funds	(42,837)	(750,872)	(200,837)	(57,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>212,163</u>	<u>(750,872)</u>	<u>(194,000)</u>	<u>(45,965)</u>
Cash Flows From Capital and Related Financing Activities				
Proceeds from bonds issued, net	-	-	-	6,270,833
Capital grants received	-	-	-	-
Proceeds from sale of capital assets	7,500	-	-	-
Principal paid on bonds and leases	-	(913,000)	(397,000)	(205,000)
Interest and fiscal charges paid on bonds and leases	-	(136,101)	(59,953)	(182,164)
Payments for acquisition and construction of capital assets	(691,687)	(969,071)	-	(7,914,833)
Increase (decrease) in due to other funds	-	-	-	-
Principal paid on advances from other funds	-	-	-	-
Interest paid on advances from other funds	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(684,187)</u>	<u>(2,018,172)</u>	<u>(456,953)</u>	<u>(2,031,164)</u>
Cash Flows From Investing Activities				
Interest receipts	<u>34,652</u>	<u>81,061</u>	<u>6,534</u>	<u>58,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(320,678)	(1,343,547)	752,975	1,215,598
Cash and Cash Equivalents, January 1	<u>1,660,039</u>	<u>2,692,840</u>	<u>951,702</u>	<u>1,545,438</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,339,361</u>	<u>\$ 1,349,293</u>	<u>\$ 1,704,677</u>	<u>\$ 2,761,036</u>

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

Business-type Activities-Enterprise Funds			Governmental
610 Ambulance	Other Business-type Activities	Total	Activities- Internal Service Funds
\$ 1,998,609	\$ 2,055,843	\$ 16,609,639	\$ -
-	-	-	13,651,431
(471,561)	(1,021,291)	(8,089,329)	(2,672,144)
(1,791,164)	(396,939)	(6,780,430)	(11,294,339)
14,722	-	4,740,962	71,097
(249,394)	637,613	6,480,842	(243,955)
52,568	-	277,568	-
-	-	-	8,230
-	-	-	282,224
-	-	47,872	-
-	(1,351,223)	(2,402,769)	(140,000)
52,568	(1,351,223)	(2,077,329)	150,454
-	-	6,270,833	-
52,568	-	52,568	-
-	1,978	9,478	-
-	-	(1,515,000)	-
-	-	(378,218)	-
(68,476)	(398,486)	(10,042,553)	(90,841)
212,734	32,608	245,342	-
-	(95,000)	(95,000)	-
-	(7,725)	(7,725)	-
196,826	(466,625)	(5,460,275)	(90,841)
-	80,038	260,913	186,065
-	(1,100,197)	(795,849)	1,723
-	2,788,781	9,638,800	6,288,049
\$ -	\$ 1,688,584	\$ 8,842,951	\$ 6,289,772

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, 2019

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	Collection	320/322/323/	403/406
	& Recycling	319/488	402/490/492	Solid Waste
		Water Utility	Sewer Utility	Campus
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (138,938)	\$ 356,818	\$ 596,767	\$ (1,656,347)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	349,348	135,472	3,890,698
Depreciation	168,574	631,847	707,749	376,462
(Increase) decrease in assets				
Accounts receivable	(6,033)	35,449	20,947	166,538
Inventories	-	(2,488)	8,354	-
Prepaid items	15	-	(596)	(15)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	83,273	93,717	116,629	60,519
Deferred other postemployment benefit resources	(100,768)	(82,439)	(94,732)	(49,492)
Increase (decrease) in liabilities				
Accounts payable	2,415	28,973	(7,411)	305,276
Due to other governments	147	(78,421)	-	(1,359)
Salaries payable	15,117	12,433	8,743	8,215
Compensated absences payable	30,875	21,272	(5,710)	20,656
Other postemployment benefits obligation	81,634	48,926	62,146	51,282
Net pension liability	35,316	(2,474)	(58,793)	95,079
Unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(61,066)	(73,575)	(97,963)	(36,405)
Deferred other postemployment benefit resources	6,133	5,050	5,792	2,992
Net Cash Provided (Used) by Operating Activities	<u>\$ 116,694</u>	<u>\$ 1,344,436</u>	<u>\$ 1,397,394</u>	<u>\$ 3,234,099</u>
Schedule of Noncash Financing and Investing Activities				
Book value of disposed/traded capital assets	\$ 30,274	\$ -	\$ 6,201	\$ -
Capital assets acquired on account	\$ -	\$ -	\$ -	\$ 215,715
Amortization of bond (premium) discount	\$ -	\$ -	\$ -	\$ (26,295)
Issuance costs on bonds issued	\$ -	\$ -	\$ -	\$ (109,858)
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
\$ (318,212)	\$ 486,515	\$ (673,397)	\$ 90,454
30,166	-	4,405,684	-
116,400	85,746	2,086,778	56,619
(152,664)	(4,196)	60,041	(158,929)
-	(5,914)	(48)	16,134
-	(2,513)	(3,109)	(145)
477,208	25,888	857,234	-
(117,482)	(21,389)	(466,302)	-
3,982	31,743	364,978	(314,618)
544	-	(79,089)	-
10,258	2,329	57,095	60,094
28,806	7,959	103,858	6,436
118,588	15,744	378,320	-
29,557	17,718	116,403	-
-	14,888	14,888	-
(483,653)	(18,210)	(770,872)	-
7,108	1,305	28,380	-
<u>\$ (249,394)</u>	<u>\$ 637,613</u>	<u>\$ 6,480,842</u>	<u>\$ (243,955)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,475</u>	<u>\$ 2,505</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,715</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,295)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (109,858)</u>	<u>\$ -</u>
<u>\$ 3,307,103</u>	<u>\$ -</u>	<u>\$ 3,307,103</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, 2019

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 1,301,999
Assets held in endowment	3,460,481
Receivables	
Interest	430
Accounts	112,597
Prepaid items	<u>25,050</u>
Total Assets	<u>4,900,557</u>
Liabilities	
Accounts payable	781,312
Due to other governments	64,495
Salaries payable	16,678
Compensated absences payable - current portion	21,029
Unearned revenue	<u>99,152</u>
Total Current Liabilities	<u>982,666</u>
Noncurrent Liabilities	
Compensated absences payable	<u>24,343</u>
Total Liabilities	<u>1,007,009</u>
Net Position	
Restricted	
Individuals, organizations, endowments and other governments	<u><u>\$ 3,893,548</u></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
December 31, 2019

	Custodial Funds
Additions	
Intergovernmental	\$ 449,497
Investment earnings	481,560
Charges for services	345,110
Sale of capital assets	671
Miscellaneous	829,283
Total Additions	<u>2,106,121</u>
Deductions	
Culture and recreation	
Personal services	60,383
Supplies	104,896
Other services and charges	1,627,803
Miscellaneous	
Other services and charges	157,062
Total Deductions	<u>1,950,144</u>
Net Increase in Fiduciary Net Position	155,977
Net Position, January 1, as Restated	<u>3,737,571</u>
Net Position, December 31	<u><u>\$ 3,893,548</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, 2019

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 5th Street, Red Wing, MN, 55066.

Red Wing Fire Relief Association (the Association). The Association was organized as a non-profit organization by its members to provide pension and other benefits to its members in accordance with Minnesota statutes. In 1987, the State Legislature created the Police and Fire Consolidation Fund (PFCF) to authorize on a voluntary basis, any local police or salaried fire fighters relief association and their respective municipality to effect the consolidation of the local relief association with The Public Employees Retirement Association (PERA). PERA is considered part of the State of Minnesota's financial reporting entity. The Association consolidated with PERA effective December 31, 1989. The local relief association retained funds associated with the City's volunteer fire fighters. Management of the Association is by a group of trustees elected by the membership.

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 financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Fiduciary fund financial statements have no measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 *Levee Wall Improvements fund* is used to account for funds received and capital expenditures incurred in the River Renaissance 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.

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, 2019:

- Treasury Bills and U.S. government agency securities of \$54,497,628 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$8,832,100 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, 2019

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 2019. 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 \$889,683 as of December 31, 2019.

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, 2019

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, 2019

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, 2018. 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 GERP, 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	\$915,996	\$1,007,355	\$2,077	\$183,730	\$ 2,109,158

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 \$2,362,775, an increase of \$81,387 in the Airport special revenue fund, an increase of \$92,208 in the Library special revenue fund, and an increase of \$6,900 to the Sister Cities special revenue fund.

The City does not use encumbrance accounting.

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2019:

Fund	Amount
Nonmajor	
Special revenue	
Airport	92,524
Sister Cities	778
Capital Projects	
Parkland Acquisition	7,400
2018 Street Reconstruction Project	354,972
2020 Street Reconstruction Project	47,679
Memorial Park Improvements	28,572
River Renaissance Phase I Levee Road to Jackson Street	2,273
Sturgeon Lake Road Overpass	5,161
Old West Main Reconstruction	213,228
Proprietary Funds	
Marina	402,580
Ambulance	1,240,199

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 Sister Cities 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 Marina fund deficit will be eliminated by future charges.

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 \$4,831,566, including \$1,300,899 reported in fiduciary funds. The bank balance was \$5,422,137. 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, 2019

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2019 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 6 months	\$ 318		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 6 months	2,226,792		
St. Paul Foundation	N/A	less than 6 months	4,065,401		
Non-pooled Investments at Fair Value					
Treasury Bills	AAA	less than 6 months	18,574,421	\$ 18,574,421	\$ -
Government Agency Securities	AAA	1 year to 3 years	10,480,093	10,480,093	-
Government Agency Securities	AAA	more than 3 years	25,443,114	25,443,114	-
Negotiable Certificates of Deposit	N/A	less than 6 months	1,653,204	-	1,653,204
Negotiable Certificates of Deposit	N/A	6 months to 1 year	1,231,337	-	1,231,337
Negotiable Certificates of Deposit	N/A	1 year to 3 years	5,457,179	-	5,457,179
Negotiable Certificates of Deposit	N/A	more than 3 years	490,381	-	490,381
Total Investments			\$ 69,622,239	\$ 54,497,628	\$ 8,832,100

(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, 2019, 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, 2019

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	\$ 2,397,570	\$ 1,133,097	\$ 1,300,899	\$ 4,831,566
Investments	65,271,225	890,533	3,460,481	69,622,239
Cash on Hand	1,425	-	1,100	2,525
Total	<u>\$ 67,670,220</u>	<u>\$ 2,023,630</u>	<u>\$ 4,762,480</u>	<u>\$ 74,456,330</u>
Cash and Investments	\$ 67,065,300	\$ 2,023,630	\$ 1,301,999	\$ 70,390,929
Assets Held in Endowment	604,920	-	3,460,481	4,065,401
Total	<u>\$ 67,670,220</u>	<u>\$ 2,023,630</u>	<u>\$ 4,762,480</u>	<u>\$ 74,456,330</u>

B. Assets Held in Endowment

Assets held in endowment at December 31, 2019 were \$4,065,401. 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, 2019 are \$604,920 and \$3,460,481, respectively. The net appreciation on these investments totaled \$555,727 for 2019. 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 \$156,285 and \$1,072,560 are reported as assets in the primary government and component unit, respectively. These loans are reported net of allowances of \$250,000 and \$9,800, respectively:

Fund	Amount
Primary Government	
Special revenue	
DTED Loan	\$ 145,714
Internal service	
Risk Management	10,571
Total Governmental Activities	<u>\$ 156,285</u>
Component Unit	
Industrial Loan	\$ 919,018
Intermediary Relending	153,542
Total Component Unit	<u>\$ 1,072,560</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 9,097,551	\$ -	\$ -	\$ 9,097,551
Construction in progress	37,115,753	13,574,720	-	50,690,473
Total Capital Assets not Being Depreciated	46,213,304	13,574,720	-	59,788,024
Capital Assets Being Depreciated				
Buildings	32,087,855	1,303,005	-	33,390,860
Improvements other than buildings	27,939,748	65,860	-	28,005,608
Machinery and equipment	2,580,429	226,618	(9,248)	2,797,799
Office equipment	1,263,492	91,304	(32,195)	1,322,601
Vehicles	12,426,402	629,481	(159,827)	12,896,056
Infrastructure	60,382,404	-	-	60,382,404
Total Capital Assets Being Depreciated	136,680,330	2,316,268	(201,270)	138,795,328
Less Accumulated Depreciation For				
Buildings	(22,212,022)	(591,217)	-	(22,803,239)
Improvements other than buildings	(12,345,869)	(731,409)	-	(13,077,278)
Machinery and equipment	(1,314,794)	(146,988)	9,248	(1,452,534)
Office equipment	(1,030,180)	(42,065)	29,688	(1,042,557)
Vehicles	(7,710,268)	(988,179)	159,828	(8,538,619)
Infrastructure	(33,385,806)	(2,102,117)	1	(35,487,922)
Total Accumulated Depreciation	(77,998,939)	(4,601,975)	198,765	(82,402,149)
Total Capital Assets Being Depreciated, Net	58,681,391	(2,285,707)	(2,505)	56,393,179
Governmental Activities Capital Assets, Net	<u>\$ 104,894,695</u>	<u>\$ 11,289,013</u>	<u>\$ (2,505)</u>	<u>\$ 116,181,203</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 214,980	\$ -	\$ -	\$ 214,980
Construction in progress	11,984,229	7,907,942	-	19,892,171
Total Capital Assets not Being Depreciated	<u>12,199,209</u>	<u>7,907,942</u>	<u>-</u>	<u>20,107,151</u>
Capital Assets Being Depreciated				
Buildings	33,944,707	859,183	-	34,803,890
Improvements other than buildings	14,497,750	147,817	-	14,645,567
Machinery and equipment	2,757,917	437,619	-	3,195,536
Vehicles	6,841,370	519,568	(700,412)	6,660,526
Infrastructure	28,527,746	-	-	28,527,746
Total Capital Assets Being Depreciated	<u>86,569,490</u>	<u>1,964,187</u>	<u>(700,412)</u>	<u>87,833,265</u>
Less Accumulated Depreciation for				
Buildings	(10,765,357)	(676,099)	-	(11,441,456)
Improvements other than buildings	(7,893,713)	(318,726)	-	(8,212,439)
Machinery and equipment	(2,314,130)	(86,628)	-	(2,400,758)
Vehicles	(4,544,389)	(494,633)	663,937	(4,375,085)
Infrastructure	(12,685,555)	(510,692)	-	(13,196,247)
Total Accumulated Depreciation	<u>(38,203,144)</u>	<u>(2,086,778)</u>	<u>663,937</u>	<u>(39,625,985)</u>
Total Capital Assets Being Depreciated, Net	<u>48,366,346</u>	<u>(122,591)</u>	<u>(36,475)</u>	<u>48,207,280</u>
Business-type Activities Capital Assets, Net	<u>\$ 60,565,555</u>	<u>\$ 7,785,351</u>	<u>\$ (36,475)</u>	<u>\$ 68,314,431</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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	\$ 147,209
Public safety	409,417
Public works	3,177,219
Culture and recreation	601,208
Economic development	90,455
Miscellaneous	
Airport	77,066
Cemeteries	42,782
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>56,619</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,601,975</u></u>

Business-type Activities

Refuse collection and recycling	\$ 168,574
Water utility	631,847
Sewer utility	707,749
Solid waste campus	376,462
Marina	36,129
Ambulance	116,400
Storm water utility	<u>49,617</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 2,086,778</u></u>

Component Unit

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Unit Activities				
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>(510,818)</u>	<u>(8,009)</u>	<u>-</u>	<u>(518,827)</u>
Total Capital Assets				
Being Depreciated, Net	<u>361,661</u>	<u>(8,009)</u>	<u>-</u>	<u>353,652</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$ 536,703</u></u>	<u><u>\$ (8,009)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 528,694</u></u>

Depreciation expense charged to the component unit was as follows:

Component Unit Activities

Port Authority	<u><u>\$ 8,009</u></u>
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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2019. 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	\$ 5,193,570	\$ 710,988
2019 Street Reconstruction Project	1,243,920	156,951
2019 State Aid Mill & Overlay	1,486,689	969,341
Solid Waste Fire Project	2,965,330	230,671
Spring Creek and Highway 61 Access Project	3,249,112	216,896
Total	<u>\$ 14,138,621</u>	<u>\$ 2,284,847</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2019 is as follows:

Due from/to Other Funds

Receivable Fund	Payable Fund	Amount
General	PERA Perpetual	\$ 429,146
	Levee Wall Improvements	45,219
	Nonmajor governmental	721,468
	Nonmajor enterprise	297,801
	Ambulance enterprise	645,003
	Information Services internal service	354,483
Total		<u>\$ 2,493,120</u>
Governmental activities - internal balances	Business-type activities - internal balances	<u>\$ 2,874,651</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 \$429,146 is for the operating subsidy not yet remitted to the General fund. The remaining balances totaling \$2,063,974 are for temporary advances to cover cash deficits. A portion of the amount due to the governmental activities from the business-type activities (\$674,733) is due to the elimination of internal service fund profits and losses.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Capital Improvement Assessment	Nonmajor enterprise	1.80 - 3.30 %	03/24/14	11/01/21	\$ 257,114
General Fund	Solid Waste Campus	0.00	12/31/17	12/31/20	<u>1,000,000</u>
Totals					<u><u>\$ 1,257,114</u></u>

The above advance was made for the following purposes:

- Capital Improvement Assessment fund to the Marina fund for debt defeasance.
- General fund to the Solid Waste Campus fund for capital improvements to reduce on-going operating facility costs.

A summary of total future interfund advance repayments follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,100,000	\$ 4,750	\$ 1,104,750
2021	<u>157,114</u>	<u>3,485</u>	<u>160,599</u>
Total	<u><u>\$ 1,257,114</u></u>	<u><u>\$ 8,235</u></u>	<u><u>\$ 1,265,349</u></u>

Due to/from Component Unit/Primary Government

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Component Unit	Primary Government	
Adjustment to reflect the consolidation of internal service fund activities to		
Port Authority - component unit		<u><u>\$ 12,101</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended December 31, 2019:

Fund	Transfers In							Total
	General	Capital Improvement Assessment	Levee Wall Improvements	Nonmajor Governmental	Refuse Collection and Recycling	Sewer Utility	Solid Waste Campus	
Transfers Out								
General	\$ -	\$ -	\$ 112,500	\$ 3,901,720	\$ -	\$ -	\$ 11,035	\$ 4,025,255
PERA Perpetual	56,850	-	-	-	-	-	-	56,850
Capital Improvement								
Assessment	-	-	500,000	3,102,362	-	-	-	3,602,362
Nonmajor								
governmental	147,606	1,090,440	-	654,972	-	-	-	1,893,018
Refuse Collection and								
Recycling enterprise	42,837	-	-	-	-	-	-	42,837
Water Utility enterprise	75,837	-	376,035	299,000	-	-	-	750,872
Sewer Utility enterprise	75,837	-	-	125,000	-	-	-	200,837
Solid Waste Campus enterprise	27,000	-	-	-	30,000	-	-	57,000
Ambulance	-	-	-	-	-	-	-	-
Nonmajor enterprise	-	5,000	1,332,386	7,000	-	6,837	-	1,351,223
Engineering								
internal service	-	-	-	140,000	-	-	-	140,000
Total	<u>\$ 425,967</u>	<u>\$ 1,095,440</u>	<u>\$ 2,320,921</u>	<u>\$ 8,230,054</u>	<u>\$ 30,000</u>	<u>\$ 6,837</u>	<u>\$ 11,035</u>	<u>\$ 12,120,254</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 2019:

- From the General fund to the following funds for operating subsidies: Airport special revenue fund (\$146,416), Library special revenue fund (\$1,154,536), Sister Cities special revenue fund (\$1,102) and Solid Waste Campus enterprise fund (\$11,035).
- From the PERA Perpetual fund to the General fund for operating subsidy (\$56,850).
- From the Building Inspection special revenue fund to the General fund for operating subsidy (\$147,606).

In the year ended December 31, 2019, the City made the following one-time significant transfers:

- From the General fund to the Levee Wall Improvements capital project fund for one-time capital improvements (\$112,500).
- From the General fund to various nonmajor capital project funds for one-time capital improvements (\$2,599,666).
- From the Capital Improvement Assessment fund to the Levee Wall Improvements capital project fund for one-time capital improvements (\$500,000).
- From the Capital Improvement Assessment fund to various nonmajor capital project funds for one-time capital improvements (\$3,102,362).
- From the Refuse Collection and Recycling enterprise fund to the General fund for personnel costs (\$6,837) and one-time capital improvements (\$36,000).
- From the Water Utility enterprise fund to the General fund for personnel costs (\$6,837) and one-time capital improvements (\$69,000).
- From the Water Utility enterprise fund to the Levee Wall Improvements capital project fund for one-time capital improvements (\$376,035).
- From the Water Utility enterprise fund to the nonmajor governmental fund capital project fund for one-time capital improvements (\$299,000).
- From the Sewer Utility enterprise fund to the General fund for personnel costs (\$6,837) and one-time capital improvements (\$69,000).
- From the Sewer Utility enterprise fund to the nonmajor governmental fund capital project fund for one-time capital improvements (\$125,000).
- From the Nonmajor enterprise fund to the Levee Wall Improvements capital project fund for one-time capital improvements (\$1,332,386).
- From the Solid Waste Campus enterprise fund to the General fund for one-time capital improvements (\$27,000).
- From the Solid Waste Campus enterprise fund to the Refuse Collection and Recycling enterprise fund to for one-time capital improvements (\$30,000).
- From the Engineering internal service fund to the nonmajor governmental fund for one-time capital improvements (\$140,000).

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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	\$ 595,000
G.O. Bonds of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	670,000
G.O. Bonds of 2013A	2,930,000	2.00	04/24/13	02/01/24	1,500,000
G.O. Equipment Certificates of 2014A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	580,000
G.O. Bonds of 2015A	7,735,000	2.00	05/13/15	02/01/26	5,540,000
G.O. Bonds of 2016A	8,525,000	2.00	08/25/16	02/01/27	6,980,000
G.O. Bonds of 2017A	6,740,000	2.00 - 4.00	05/25/17	02/01/27	5,485,000
G.O. Bonds of 2018A	13,535,000	3.00 - 5.00	04/26/18	02/01/28	13,535,000
Total G.O. Bonds					<u><u>\$ 34,885,000</u></u>

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

Year Ending December 31	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2020	\$ 4,240,000	\$ 1,049,833	\$ 5,289,833
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 - 2028	13,165,000	805,950	13,970,950
Total	<u><u>\$ 34,885,000</u></u>	<u><u>\$ 4,797,609</u></u>	<u><u>\$ 39,682,609</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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	\$ 304,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	3,915,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	1,623,000
G.O. Refunding Revenue Bonds of 2017A	2,585,000	2.00 - 4.00	05/25/17	02/01/29	2,380,000
G.O. Solid Waste Revenue Bonds of 2019A	4,844,000	3.00 - 5.00	3/28/2019	02/01/40	<u>5,955,000</u>
Total G.O. Revenue Bonds					<u>\$ 14,177,000</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
2020	\$ 1,556,000	\$ 509,598	\$ 2,065,598
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 - 2028	2,585,000	809,981	3,394,981
2030 - 2034	1,575,000	459,781	2,034,781
2035 - 2039	1,825,000	204,541	2,029,541
2040	400,000	6,250	406,250
Total	<u>\$ 14,177,000</u>	<u>\$ 3,229,463</u>	<u>\$ 17,406,463</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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	\$ 3,327,004	\$ 4,866,166	\$ 1,878,329
Principal and Interest	1,049,101	456,953	387,164
Percentage of Revenues	31.5%	9.4%	20.6%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 37,820,000	\$ -	\$ (2,935,000)	\$ 34,885,000	\$ 4,240,000
Unamortized bond premiums	2,548,386	-	(280,814)	2,267,572	-
Total Bonds Payable	40,368,386	-	(3,215,814)	37,152,572	4,240,000
Compensated Absences Payable	1,742,578	962,073	(955,637)	1,749,014	955,636
Governmental Activity Long-term Liabilities	<u>\$ 42,110,964</u>	<u>\$ 962,073</u>	<u>\$ (4,171,451)</u>	<u>\$ 38,901,586</u>	<u>\$ 5,195,636</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 9,737,000	\$ 5,955,000	\$ (1,515,000)	\$ 14,177,000	\$ 1,556,000
Unamortized bond premiums	157,144	315,833	(26,295)	446,682	-
Total Bonds Payable	9,894,144	6,270,833	(1,541,295)	14,623,682	1,556,000
Compensated Absences Payable	790,633	537,907	(434,049)	894,491	434,048
Business-type Activity Long-term Liabilities	<u>\$ 10,684,777</u>	<u>\$ 6,808,740</u>	<u>\$ (1,975,344)</u>	<u>\$ 15,518,173</u>	<u>\$ 1,990,048</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, 2019, 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, 2019 was \$37,357,320.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2019, 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	Levee Wall Improvements	Other Governmental Funds	Total
Nonspendable							
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,382	\$ 1,382
Loans to other governments	64,270	-	-	-	-	-	64,270
Loans to other funds	1,000,000	-	-	-	-	-	1,000,000
Library endowment	-	-	-	-	-	604,920	604,920
Permanent principal endowments	-	-	-	-	-	1,981,737	1,981,737
Total Nonspendable	\$ 1,064,270	\$ -	\$ -	\$ -	\$ -	\$ 2,588,039	\$ 3,652,309
Restricted							
Debt service	\$ -	\$ -	\$ 5,695,777	\$ -	\$ -	\$ -	\$ 5,695,777
DNR grant	11,494	-	-	-	-	-	11,494
Library activities	-	-	-	-	-	26,554	26,554
Lodging	-	-	-	-	-	1,683	1,683
Capital projects (unspent bond proceeds)	54,165	-	-	-	-	1,019,713	1,073,878
Police and fire activities	32,765	9,185,302	-	-	-	-	9,218,067
Future loans	-	-	-	-	-	249,259	249,259
Tax increment activities	-	-	-	-	-	43,197	43,197
Cemetery perpetual	-	-	-	-	-	890,145	890,145
Total Restricted	\$ 98,424	\$ 9,185,302	\$ 5,695,777	\$ -	\$ -	\$ 2,230,551	\$ 17,210,054
Committed							
Capital improvements	\$ 3,600,000	\$ -	\$ -	\$ -	\$ 274,704	\$ 5,468,396	\$ 9,343,100
Assigned							
General improvements	\$ 742,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742,741
Future operations	-	-	-	-	-	722,922	722,922
Capital improvements	-	-	-	4,384,747	-	-	4,384,747
Total Assigned	\$ 742,741	\$ -	\$ -	\$ 4,384,747	\$ -	\$ 722,922	\$ 5,850,410
Unassigned	\$ 21,931,586	\$ -	\$ -	\$ -	\$ -	\$ (839,382)	\$ 21,092,204

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 (GERP)

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

Public Employees Police and Fire Plan (PEPFP)

The PEPFP, 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 PEPFP 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.

GERP Benefits

GERP 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. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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

PEPFP Benefits

Benefits for the PEPFP members first hired after June 30, 2010 but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 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 2019 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, 2019, 2018 and 2017 were \$668,150, \$645,793 and \$599,003, 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 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were \$797,818, \$766,041 and \$698,764, 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, 2019, the City of Red Wing reported a liability of \$6,910,970 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 to the fund in 2019. 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 \$214,824. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.125 percent which was an increase of 0.0012 percent from its proportion measured as of June 30, 2018.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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

City's Proportionate Share of the Net Pension Liability	\$ 6,910,970
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>214,824</u>
Total	<u>\$ 7,125,794</u>

For the year ended December 31, 2019, the City recognized pension expense of \$915,996 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$16,088 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, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 201,478	\$ 11,471
Changes in Actuarial Assumptions	8,079	554,259
Net Difference Between Projected and Actual Earnings on Plan Investments	-	703,490
Changes in Proportion	142,893	57,965
Contributions Paid to PERA Subsequent to the Measurement Date	<u>329,405</u>	<u>-</u>
Total	<u>\$ 681,855</u>	<u>\$ 1,327,185</u>

The \$329,405 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (296,672)
2021	(572,546)
2022	(116,653)
2023	11,136

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$4,725,764 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.4439 percent which was a 0.0113 percent increase from its proportion measured June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$1,007,355 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$59,927 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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

At December 31, 2019, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 202,468	\$ 759,642
Changes in Actuarial Assumptions	3,970,488	5,315,109
Net Difference Between Projected and Actual Earnings on Plan Investments	-	947,678
Changes in Proportion	309,000	8,701
Contributions Paid to PERA Subsequent to the Measurement Date	416,488	-
Total	<u>\$ 4,898,444</u>	<u>\$ 7,031,130</u>

The \$416,488 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (265,713)
2021	(599,196)
2022	(1,752,179)
2023	39,948
2024	27,966

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 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 disabilitants 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, 2019 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 most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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 Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	-
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 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
December 31, 2019

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 1 percentage point lower or 1 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	\$ 11,361,263	\$ 6,910,970	\$ 3,236,369
Police and Fire Fund	10,329,642	4,725,764	91

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.

Note 5: 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, therefore, there is no future liability to the employer. *Minnesota statutes*, chapter 353d.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. 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.

Pension expense for the year is equal to contributions made. Total contributions made by the City during the fiscal year 2019 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,077	\$ 2,077	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2019, 2018 and 2017 were \$2,077, \$1,295, and \$1,235, 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, 2019, 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 \$115,280 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2019. 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, 2019 were \$120,074. The City's contributions were equal to the required contributions as set by state statute. In addition, the City made voluntary contributions of \$1,000 to the plan.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2019, the City reported a net pension liability (asset) of (\$324,806) for the plan. The net pension liability (asset) was measured as of December 31, 2018. 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	\$ 847,208	\$ 1,433,433	\$ (586,225)
Changes for the Year			
Service cost	35,899	-	35,899
Interest cost	52,986	-	52,986
Assumption changes	55,833	-	55,833
Plan changes	114,640	-	114,640
Nonemployer contributions	-	117,144	(117,144)
Projected investment return		89,249	(89,249)
(Gain)/loss	(13,838)	(213,263)	199,425
Administrative expenses	-	(9,029)	9,029
Total Net Changes	245,520	(15,899)	261,419
Ending Balance December 31, 2019	\$ 1,092,728	\$ 1,417,534	\$ (324,806)

For the year ended December 31, 2019, the City recognized pension expense of \$183,730 for the plan.

At December 31, 2019, 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	\$ -	\$ 22,207
Changes in actuarial assumptions	48,853	-
Net Difference Between Projected and Actual Earnings on Plan Investments	127,313	-
Contributions to Plan Subsequent to the Measurement Date	120,074	-
Total	\$ 296,240	\$ 22,207

Deferred outflows of resources totaling \$120,074 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, 2020. 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
December 31, 2019

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

2020	\$ 50,594
2021	16,933
2022	28,553
2023	46,457
2024	3,806
Thereafter	7,616

E. Actuarial Assumptions

The total pension liability at December 31, 2019 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 actuarial assumptions occurred in 2019:

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

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	77.00 %	7.00 %
Cash	6.00	2.25
Fixed Income	13.00	4.00
Other	4.00	6.00
Total	<u>100.00 %</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
December 31, 2019

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	\$ (275,861)	\$ (324,806)	\$ (369,259)

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, 2019, the following employees were covered by the benefit terms:

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

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, 2019, the City had no direct contributions to the Plan, while implicit contributions totaled \$222,634.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 7: Post-Employment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,692,594 was measured as of January 1, 2019, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2019.

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	3.80%
20-Year Municipal Bond Yield	3.80%
Dental Rate	4.00%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.50% grading to 5.00% over 6 years

The discount rate used to measure the total OPEB liability was 3.80 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, 2019 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 (a)
Beginning Balance January 1, 2019	\$ 2,009,275
Changes for the Year	
Service cost	100,072
Interest	67,501
Assumption changes	(63,853)
Plan changes	(147,835)
Differences between expected and actual experience	856,195
Benefit payments	(128,761)
Total Net Changes	683,319
Ending Balance December 31, 2019	\$ 2,692,594

Since the prior measurement date, the following assumptions changed:

- 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%.

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current discount rate:

1 Percent Decrease (2.8%)	Current (3.8%)	1 Percent Increase (4.8%)
\$ 2,857,288	\$ 2,692,597	\$ 2,539,601

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 (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent increasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.5% Decreasing to 4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5%)	1 Percent Increase (7.5% Decreasing to 6%)
\$ 2,506,253	\$ 2,692,594	\$ 2,906,414

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$159,878. At December 31, 2019, 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	\$ 733,881	\$ -
Changes in actuarial assumptions	-	54,731
Contributions to OPEB Subsequent to the Measurement Date	222,634	-
Total	<u>\$ 956,515</u>	<u>\$ 54,731</u>

Deferred outflows of resources totaling \$222,634 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, 2020.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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 2019. 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, 2019 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, 2019 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
2019	\$ -	\$ 2,859,027	\$ 2,859,027	\$ -
2018	-	2,918,677	2,918,677	-
2017	-	2,632,280	2,632,280	-

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

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.

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, 2019, the City is under the legal debt margin.

D. Principal Taxpayer

Property owned by Xcel Energy located in Red Wing represents approximately 54.9 percent of the City's 2019 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

State and Federal laws and regulations require the City to place a final cover on the Ash Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, \$490,600 is reported as a restricted asset in the net position of the Solid Waste Campus fund as of December 31, 2019. This amount represents the cumulative restricted assets reported to date based on the use of 85.8 percent of the estimated capacity of the landfill. The City will recognize the remaining closure and post-closure care requirement of approximately \$45,908 as the remaining estimated capacity is filled. This is a decrease of \$18,062 under the prior year amount of \$163,970. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The City expects to close the landfill in the year 2027 based on the 2019 engineer's report.

The City is required by State and Federal laws and regulations to make annual contributions to finance closure and post-closure care. The City is in compliance with these requirements, and, at December 31, 2019, \$490,600 is reported as restricted assets on the Solid Waste Campus fund's balance sheet. The City expects that future inflation costs will be paid from interest earnings and annual contributions from the Solid Waste Campus fund. However, if annual contributions are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 9: Tax Abatements

As of December 31, 2019, 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 November 24, 2008 with a Norwood Promotional Products in which the developer incurs costs for renovations and new equipment. 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 \$90,780 over the life of the agreement and \$9,078 per year. The agreement was negotiated under state law (Minnesota Statute 469.1812 through 469.1815) with a maximum duration of 10 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, 2019 was as follows:

	City Tax Rate (Year of Establishment)	District Tax Capacity	Amount of Taxes Abated During the Year
Tax Abatement Agreements			
Central Park Condominiums			\$ 27,938
Capital Safety USA			31,631
Norwood Promotional Products			9,078
Red Wing Shoe Company			24,563
Tax Increment Districts (PAYGO)			
TIF District #7.1	37.270%	\$ 142,718	53,191
Total			<u>\$ 146,401</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 10: Prior Period Restatement

During fiscal year 2019, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 84, *Fiduciary Activities*. This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2019 financial statements. Changes related to this standard are reflected in the financial statements and related disclosures.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2018 balances to the January 1, 2019 financial statement balances:

Fund	Net Position December 31, 2018 as Previously Reported	Prior Period Restatement	Net Position January 1, 2019 as Restated
Governmental Activities	\$ 122,672,669	\$ (1,589)	\$ 122,671,080
Governmental Funds			
General	\$ 30,363,303	\$ (1,961)	\$ 30,361,342
Other Governmental Funds	1,562,299	372	1,562,671
Total Governmental Funds	\$ 31,925,602	\$ (1,589)	\$ 31,924,013
Fiduciary Funds			
Custodial Fund	\$ -	\$ 3,737,571	\$ 3,737,571

Note 11: Subsequent Event

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Red Wing, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2019

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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/19	0.1250 %	\$ 6,910,970	\$ 214,824	\$ 7,125,794	\$ 8,848,704	80.5 %	80.2 %
06/30/18	0.1238	6,867,916	225,349	7,093,265	8,323,151	85.2	79.5
06/30/17	0.1256	8,018,221	100,845	8,119,066	8,083,262	100.4	75.9
06/30/16	0.1199	9,735,285	127,182	9,862,467	7,441,188	132.5	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)
12/31/19	\$ 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, 2019

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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.

Changes in Plan Provisions

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.

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, 2019

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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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)
12/31/19	\$ 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, 2019

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

Changes in Actuarial Assumptions

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

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, 2019

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.

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, 2019

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

	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)
Total Pension Liability				
Service cost	\$ 35,899	\$ 35,023	\$ 31,215	\$ 32,281
Interest	52,986	55,953	54,805	50,164
Assumption changes	55,833	-	-	-
Plan changes	114,640	-	85,400	-
Gain (loss)	(13,838)	-	(14,431)	-
Benefit payments	-	(282,600)	(729)	(71,869)
Net Change in Total Pension Liability	245,520	(191,624)	156,260	10,576
Total Pension Liability - January 1	847,208	1,038,832	882,572	871,996
Total Pension Liability - December 31 (A)	\$ 1,092,728	\$ 847,208	\$ 1,038,832	\$ 882,572
Plan Fiduciary Net Position				
Nonemployer contributions	117,144	115,830	112,854	111,577
Projected investment return	89,249	81,049	75,252	76,878
Gain (loss)	(213,263)	89,546	58,084	(168,310)
Benefit payments, including refunds of employee contributions	-	(282,600)	(729)	(71,869)
Administrative expenses	(9,029)	(9,201)	(9,580)	(13,593)
Net Change in Plan Fiduciary Net Position	(15,899)	(5,376)	235,881	(65,317)
Plan Fiduciary Net Position - January 1	1,433,433	1,438,809	1,202,928	1,268,245
Plan Fiduciary Net Position - December 31 (B)	\$ 1,417,534	\$ 1,433,433	\$ 1,438,809	\$ 1,202,928
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (324,806)	\$ (586,225)	\$ (399,977)	\$ (320,356)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	129.72%	169.19%	138.50%	136.30%
Covered Payroll	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

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

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

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

Changes in Assumptions

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

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ 120,074	\$ 120,074	\$ -
12/31/18	118,144	118,144	-
12/31/17	114,830	114,830	-
12/31/16	115,280	115,280	-
12/31/15	109,151	109,151	-
12/31/14	103,082	103,082	-

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

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

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

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

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Red Wing, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Assets				
Cash and investments	\$ 1,034,977	\$ 7,449,652	\$ 2,863,471	\$ 11,348,100
Assets held in endowment	604,920	-	-	604,920
Receivables				
Accrued interest	-	-	8,411	8,411
Accounts	103,952	58,034	-	161,986
Loans (net of allowance)	145,714	-	-	145,714
Intergovernmental	24,101	24,900	-	49,001
Prepaid items	1,382	-	-	1,382
Total Assets	\$ 1,915,046	\$ 7,532,586	\$ 2,871,882	\$ 12,319,514
Liabilities				
Accounts payable	\$ 46,659	\$ 524,641	\$ -	\$ 571,300
Contracts payable	-	166,550	-	166,550
Due to other funds	184,400	537,068	-	721,468
Due to other governments	89,790	-	-	89,790
Salaries payable	38,964	-	-	38,964
Total Liabilities	359,813	1,228,259	-	1,588,072
Deferred Inflows of Resources				
Advance from other governments	-	560,916	-	560,916
Fund Balances				
Nonspendable	606,302	-	1,981,737	2,588,039
Restricted	320,693	1,019,713	890,145	2,230,551
Committed	-	5,468,396	-	5,468,396
Assigned	722,922	-	-	722,922
Unassigned	(94,684)	(744,698)	-	(839,382)
Total Fund Balances	1,555,233	5,743,411	2,871,882	10,170,526
Total Liabilities and Fund Balances	\$ 1,915,046	\$ 7,532,586	\$ 2,871,882	\$ 12,319,514

City of Red Wing, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Revenues				
Taxes	\$ 391,743	\$ -	\$ -	\$ 391,743
Licenses and permits	301,338	-	-	301,338
Intergovernmental	174,446	1,906,215	-	2,080,661
Charges for services	168,506	-	-	168,506
Fines and forfeits	8,646	-	-	8,646
Investment income	85,154	9,370	91,416	185,940
Miscellaneous	533,421	181,002	80,440	794,863
Total Revenues	<u>1,663,254</u>	<u>2,096,587</u>	<u>171,856</u>	<u>3,931,697</u>
Expenditures				
Current				
Public safety	274,277	-	-	274,277
Culture and recreation	1,317,273	-	-	1,317,273
Economic development	386,573	-	-	386,573
Airport	704,372	-	-	704,372
Capital outlay				
Public safety	-	827,634	-	827,634
Public works	-	5,205,224	-	5,205,224
Culture and recreation	55,759	1,033,695	-	1,089,454
Airport	86,886	-	-	86,886
Total Expenditures	<u>2,825,140</u>	<u>7,066,553</u>	<u>-</u>	<u>9,891,693</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(1,161,886)</u>	<u>(4,969,966)</u>	<u>171,856</u>	<u>(5,959,996)</u>
Other Financing Sources (Uses)				
Transfers in	1,302,054	6,928,000	-	8,230,054
Transfers out	(147,606)	(1,745,412)	-	(1,893,018)
Total Other Financing Sources (Uses)	<u>1,154,448</u>	<u>5,182,588</u>	<u>-</u>	<u>6,337,036</u>
Net Change in Fund Balances	(7,438)	212,622	171,856	377,040
Fund Balances, January 1	<u>1,562,671</u>	<u>5,530,789</u>	<u>2,700,026</u>	<u>9,793,486</u>
Fund Balances, December 31	<u>\$ 1,555,233</u>	<u>\$ 5,743,411</u>	<u>\$ 2,871,882</u>	<u>\$ 10,170,526</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, 2019

	203	204	209	211	243
	Health Initiatives	South Park Skating Rink	Airport	Library	DEED Loan
Assets					
Cash and investments	\$ 11,098	\$ 60,611	\$ -	\$ 486,499	\$ 192,186
Assets held in endowment	-	-	-	604,920	-
Receivables					
Accounts	-	-	87,264	940	-
Loans (net of allowance)	-	-	-	-	145,714
Intergovernmental	-	-	24,101	-	-
Prepaid items	-	-	1,382	-	-
Total Assets	\$ 11,098	\$ 60,611	\$ 112,747	\$ 1,092,359	\$ 337,900
Liabilities					
Accounts payable	\$ -	\$ -	\$ 19,617	\$ 10,600	\$ -
Due to other funds	-	-	183,622	-	-
Due to other governments	-	-	542	607	88,641
Salaries payable	-	-	1,490	30,563	-
Total Liabilities	-	-	205,271	41,770	88,641
Fund Balances					
Nonspendable	-	-	1,382	604,920	-
Restricted	-	-	-	-	249,259
Assigned	11,098	60,611	-	445,669	-
Unassigned	-	-	(93,906)	-	-
Total Fund Balances	11,098	60,611	(92,524)	1,050,589	249,259
Total Liabilities and Fund Balances	\$ 11,098	\$ 60,611	\$ 112,747	\$ 1,092,359	\$ 337,900

248	279	291	299	806	
Sister Cities	Tax Increment District # 7.1	Inspection	Library Memorial	Lodging Tax	Total
\$ -	\$ 43,197	\$ 214,425	\$ 26,554	\$ 407	\$ 1,034,977
-	-	-	-	-	604,920
-	-	1,099	-	14,649	103,952
-	-	-	-	-	145,714
-	-	-	-	-	24,101
-	-	-	-	-	1,382
<u>\$ -</u>	<u>\$ 43,197</u>	<u>\$ 215,524</u>	<u>\$ 26,554</u>	<u>\$ 15,056</u>	<u>\$ 1,915,046</u>
\$ -	\$ -	\$ 3,069	\$ -	\$ 13,373	\$ 46,659
778	-	-	-	-	184,400
-	-	-	-	-	89,790
-	-	6,911	-	-	38,964
<u>778</u>	<u>-</u>	<u>9,980</u>	<u>-</u>	<u>13,373</u>	<u>359,813</u>
-	-	-	-	-	606,302
-	43,197	-	26,554	1,683	320,693
-	-	205,544	-	-	722,922
(778)	-	-	-	-	(94,684)
<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>\$ -</u>	<u>\$ 43,197</u>	<u>\$ 215,524</u>	<u>\$ 26,554</u>	<u>\$ 15,056</u>	<u>\$ 1,915,046</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, 2019

	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	-	-	44,074	-	-
County	-	-	-	130,372	-
Charges for services					
General government	-	-	-	7,521	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	3,173	-
Airport	-	-	76,570	-	-
Fines and forfeits	-	-	-	8,646	-
Investment income	-	-	-	84,355	228
Miscellaneous					
Contributions and donations	4,000	67,500	-	6,059	-
Other	-	-	431,674	3,913	3,180
Total Revenues	<u>4,000</u>	<u>67,500</u>	<u>552,318</u>	<u>244,039</u>	<u>3,408</u>
Expenditures					
Current					
Public safety	-	-	-	-	-
Culture and recreation	4,300	6,889	-	1,293,009	-
Economic development	-	-	-	-	1,740
Airport	-	-	704,372	-	-
Capital outlay					
Culture and recreation	-	-	-	55,759	-
Airport	-	-	86,886	-	-
Total Expenditures	<u>4,300</u>	<u>6,889</u>	<u>791,258</u>	<u>1,348,768</u>	<u>1,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(300)</u>	<u>60,611</u>	<u>(238,940)</u>	<u>(1,104,729)</u>	<u>1,668</u>
Other Financing Sources (Uses)					
Transfers in	-	-	146,416	1,154,536	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>146,416</u>	<u>1,154,536</u>	<u>-</u>
Net Change in Fund Balances	(300)	60,611	(92,524)	49,807	1,668
Fund Balances, January 1	<u>11,398</u>	<u>-</u>	<u>-</u>	<u>1,000,782</u>	<u>247,591</u>
Fund Balances, December 31	<u>\$ 11,098</u>	<u>\$ 60,611</u>	<u>\$ (92,524)</u>	<u>\$ 1,050,589</u>	<u>\$ 249,259</u>

248	279	291	299	806	
Sister	Tax		Library	Lodging	
Cities	Increment	Inspection	Memorial	Tax	Total
	District # 7.1				
\$ -	\$ 128,248	\$ -	\$ -	\$ -	\$ 128,248
-	-	-	-	263,495	263,495
-	-	301,338	-	-	301,338
-	-	-	-	-	44,074
-	-	-	-	-	130,372
-	-	-	-	-	7,521
-	-	81,242	-	-	81,242
-	-	-	-	-	3,173
-	-	-	-	-	76,570
-	-	-	-	-	8,646
-	-	571	-	-	85,154
9,920	-	-	7,175	-	94,654
-	-	-	-	-	438,767
<u>9,920</u>	<u>128,248</u>	<u>383,151</u>	<u>7,175</u>	<u>263,495</u>	<u>1,663,254</u>
-	-	274,277	-	-	274,277
13,075	-	-	-	-	1,317,273
-	122,649	-	-	262,184	386,573
-	-	-	-	-	704,372
-	-	-	-	-	55,759
-	-	-	-	-	86,886
<u>13,075</u>	<u>122,649</u>	<u>274,277</u>	<u>-</u>	<u>262,184</u>	<u>2,825,140</u>
<u>(3,155)</u>	<u>5,599</u>	<u>108,874</u>	<u>7,175</u>	<u>1,311</u>	<u>(1,161,886)</u>
1,102	-	-	-	-	1,302,054
-	-	(147,606)	-	-	(147,606)
<u>1,102</u>	<u>-</u>	<u>(147,606)</u>	<u>-</u>	<u>-</u>	<u>1,154,448</u>
(2,053)	5,599	(38,732)	7,175	1,311	(7,438)
<u>1,275</u>	<u>37,598</u>	<u>244,276</u>	<u>19,379</u>	<u>372</u>	<u>1,562,671</u>
<u>\$ (778)</u>	<u>\$ 43,197</u>	<u>\$ 205,544</u>	<u>\$ 26,554</u>	<u>\$ 1,683</u>	<u>\$ 1,555,233</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, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Intergovernmental					
State	\$ 104,500	\$ 104,500	\$ 44,074	\$ (60,426)	\$ 43,010
Charges for services					
Rents	30,000	30,000	30,000	-	30,000
Lease payments received	49,000	49,000	46,570	(2,430)	52,203
Miscellaneous					
Other	19,000	429,377	431,674	2,297	35,860
Total Revenues	<u>202,500</u>	<u>612,877</u>	<u>552,318</u>	<u>(60,559)</u>	<u>161,073</u>
Expenditures					
Current					
Airport					
Personal services	50,621	50,621	56,560	(5,939)	45,058
Supplies	32,950	32,950	36,097	(3,147)	44,614
Other services and charges	180,345	590,722	611,715	(20,993)	210,324
Capital outlay					
Airport	85,000	166,387	86,886	79,501	-
Total Expenditures	<u>348,916</u>	<u>840,680</u>	<u>791,258</u>	<u>49,422</u>	<u>299,996</u>
Deficiency of Revenues					
Under Expenditures	(146,416)	(227,803)	(238,940)	(11,137)	(138,923)
Other Financing Sources					
Transfers in	<u>146,416</u>	<u>146,416</u>	<u>146,416</u>	<u>-</u>	<u>1,835</u>
Net Change in Fund Balances	-	(81,387)	(92,524)	(11,137)	(137,088)
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,088</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ (81,387)</u>	<u>\$ (92,524)</u>	<u>\$ (11,137)</u>	<u>\$ -</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Intergovernmental				
County	\$ 130,190	\$ 130,190	\$ 130,372	\$ 123,174
Charges for services				
General government	8,000	8,000	7,521	7,661
Culture and recreation	3,500	3,500	3,173	3,101
Fines and forfeits	12,000	12,000	8,646	9,539
Investment income (loss)	40,815	40,815	84,355	(24,332)
Miscellaneous				
Contributions and donations	3,350	3,350	6,059	10,915
Other	6,000	6,000	3,913	9,883
Total Revenues	<u>203,855</u>	<u>203,855</u>	<u>244,039</u>	<u>139,941</u>
Expenditures				
Current				
Culture and recreation				
Library				
Personal services	945,614	945,614	901,684	808,720
Supplies	31,068	31,068	23,450	21,683
Other services and charges	381,709	387,359	367,875	369,363
Capital outlay				
Culture and recreation	-	86,558	55,759	48,308
Total Expenditures	<u>1,358,391</u>	<u>1,450,599</u>	<u>1,348,768</u>	<u>1,248,074</u>
Deficiency of Revenues				
Under Expenditures	(1,154,536)	(1,246,744)	(1,104,729)	(1,108,133)
Other Financing Sources				
Transfers in	<u>1,154,536</u>	<u>1,154,536</u>	<u>1,154,536</u>	<u>1,041,053</u>
Net Change in Fund Balances	-	(92,208)	49,807	(67,080)
Fund Balances, January 1	<u>1,000,782</u>	<u>1,000,782</u>	<u>1,000,782</u>	<u>1,067,862</u>
Fund Balances, December 31	<u>\$ 1,000,782</u>	<u>\$ 908,574</u>	<u>\$ 1,050,589</u>	<u>\$ 1,000,782</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental					
Federal	\$ -	\$ -	\$ -	\$ -	\$ 118,452
State	-	-	-	-	118,452
Miscellaneous					
Other	4,000	4,000	3,180	(820)	3,663
Investment income	-	-	228	228	197
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>3,408</u>	<u>(592)</u>	<u>240,764</u>
Expenditures					
Current					
Economic development					
Other services and charges	<u>3,000</u>	<u>3,000</u>	<u>1,740</u>	<u>1,260</u>	<u>239,102</u>
Net Change in Fund Balances	1,000	1,000	1,668	668	1,662
Fund Balances, January 1	<u>247,591</u>	<u>247,591</u>	<u>247,591</u>	<u>-</u>	<u>245,929</u>
Fund Balances, December 31	<u>\$ 248,591</u>	<u>\$ 248,591</u>	<u>\$ 249,259</u>	<u>\$ 668</u>	<u>\$ 247,591</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Miscellaneous					
Contributions and donations	\$ 8,000	\$ 11,000	\$ 9,920	\$ (1,080)	\$ 10,902
Expenditures					
Current					
Culture and recreation					
Other services and charges	8,000	14,900	13,075	1,825	15,423
Deficiency of Revenues					
Under Expenditures	-	(3,900)	(3,155)	(745)	(4,521)
Other Financing Sources					
Transfers in	-	1,102	1,102	-	5,600
Net Change in Fund Balances	-	(2,798)	(2,053)	745	1,079
Fund Balances, January 1	1,275	1,275	1,275	-	196
Fund Balances, December 31	<u>\$ 1,275</u>	<u>\$ (1,523)</u>	<u>\$ (778)</u>	<u>\$ 745</u>	<u>\$ 1,275</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Tax increments	\$ 130,668	\$ 130,668	\$ 128,248	\$ (2,420)	\$ 136,802
Expenditures					
Current					
Economic development					
Other services and charges	126,100	126,100	122,649	3,451	130,729
Net Change in Fund Balances	4,568	4,568	5,599	1,031	6,073
Fund Balances, January 1	37,598	37,598	37,598	-	31,525
Fund Balances, December 31	<u>\$ 42,166</u>	<u>\$ 42,166</u>	<u>\$ 43,197</u>	<u>\$ 1,031</u>	<u>\$ 37,598</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Licenses and permits	\$ 285,300	\$ 285,300	\$ 301,338	\$ 16,038	\$ 321,314
Charges for services					
Public safety	52,000	52,000	81,242	29,242	76,918
Investment income	-	-	571	571	224
Total Revenues	<u>337,300</u>	<u>337,300</u>	<u>383,151</u>	<u>45,851</u>	<u>398,456</u>
Expenditures					
Current					
Public safety					
Inspection					
Personal services	229,793	229,793	225,564	4,229	201,033
Supplies	5,600	5,600	6,288	(688)	4,911
Other services and charges	47,105	47,105	42,425	4,680	38,960
Total Expenditures	<u>282,498</u>	<u>282,498</u>	<u>274,277</u>	<u>8,221</u>	<u>244,904</u>
Excess of Revenues Over Expenditures	54,802	54,802	108,874	54,072	153,552
Other Financing Uses					
Transfers out	<u>(147,606)</u>	<u>(147,606)</u>	<u>(147,606)</u>	<u>-</u>	<u>(74,555)</u>
Net Change in Fund Balances	(92,804)	(92,804)	(38,732)	54,072	78,997
Fund Balances, January 1	<u>244,276</u>	<u>244,276</u>	<u>244,276</u>	<u>-</u>	<u>165,279</u>
Fund Balances, December 31	<u>\$ 151,472</u>	<u>\$ 151,472</u>	<u>\$ 205,544</u>	<u>\$ 54,072</u>	<u>\$ 244,276</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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.

Downtown Street Light Replacement Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of downtown street lighting.

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

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

2017 Street Reconstruction Project - This fund is used to account for funds received and capital expenditures incurred in the improvement 13th, 14th, 15th, and Central Park Streets.

NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

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.

3rd and Bush Intersection - This fund is used to account for funds received and capital expenditures incurred in the improvements of the intersection.

TH 19 Turn Lane Project - This fund is used to account for funds received and capital expenditures incurred in the TH 19 turn lane improvements.

Downtown 61/63/58 Improvements - This fund is used to account for funds received and capital expenditures incurred in the improvements of downtown intersection.

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.

River Renaissance Phase I Levee Road to Jackson Street - This fund is used to account for funds received and capital expenditures incurred in the River Renaissance projects.

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.

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

NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

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.

Highway 61 Reconstruction - This fund is used to account for funds received and the capital expenditures incurred in the improvements on Highway #61.

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

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, 2019

	401	404	410	415	416	417	419
	Public Safety Center	CSO-PBF Building	Airport Projects	Sheldon Renewal Project	Bohmbach Drive Project	Oakwood Cemetery Renewal Project	River Renaissance Phase II
Assets							
Cash and investments	\$ 497,786	\$ 957,751	\$ 77,396	\$ -	\$ -	\$ -	\$ 548,944
Receivables							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total Assets	<u>\$ 497,786</u>	<u>\$ 957,751</u>	<u>\$ 77,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,944</u>
Liabilities							
Accounts payable	\$ 13,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total Liabilities	<u>13,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Advance from other governments	-	-	-	-	-	-	-
Fund Balances							
Restricted	569,719	449,994	-	-	-	-	-
Committed	-	507,757	77,396	-	-	-	548,944
Unassigned	(85,413)	-	-	-	-	-	-
Total Fund Balances	<u>484,306</u>	<u>957,751</u>	<u>77,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,944</u>
Total Liabilities and Total Liabilities, Deferred Inflows of Fund Balances	<u>\$ 497,786</u>	<u>\$ 957,751</u>	<u>\$ 77,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,944</u>

420	421	422	426	435	436	437	438	439	452
River Renaissance Phase III	Old West Main Project	Downtown Street Light Replacement	Parkland Acquisition	2016 Street Reconstruction Project	2017 Street Reconstruction Project	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	3rd and Bush Intersection
\$ 611,767	\$ 768,073	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,733	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
<u>\$ 611,767</u>	<u>\$ 768,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,733</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 208,320	\$ 12,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,114	\$ -	\$ -
23,729	-	-	-	-	-	43,699	24,788	-	-
-	-	-	7,400	-	-	311,273	-	47,679	-
<u>232,049</u>	<u>12,501</u>	<u>-</u>	<u>7,400</u>	<u>-</u>	<u>-</u>	<u>354,972</u>	<u>142,902</u>	<u>47,679</u>	<u>-</u>
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
379,718	755,572	-	-	-	-	-	186,831	-	-
-	-	-	(7,400)	-	-	(354,972)	-	(47,679)	-
<u>379,718</u>	<u>755,572</u>	<u>-</u>	<u>(7,400)</u>	<u>-</u>	<u>-</u>	<u>(354,972)</u>	<u>186,831</u>	<u>(47,679)</u>	<u>-</u>
<u>\$ 611,767</u>	<u>\$ 768,073</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,733</u>	<u>\$ -</u>	<u>\$ -</u>

City of Red Wing, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
(Continued)
December 31, 2019

	454	455	458	459	460	461	465	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	River Renaissance Phase I Levee Road to Jackson Street	Spring Creek and Highway 61 Access
Assets								
Cash and investments	\$ 435,350	\$ 537,757	\$ -	\$ 43,516	\$ 314,431	\$ -	\$ -	\$ 312,913
Receivables								
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	24,900
Total Assets	<u>\$ 435,350</u>	<u>\$ 537,757</u>	<u>\$ -</u>	<u>\$ 43,516</u>	<u>\$ 314,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,813</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 10,792	\$ 424	\$ 7,343	\$ -	\$ -	\$ 16,380
Contracts payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	17,780	-	-	2,273	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>28,572</u>	<u>424</u>	<u>7,343</u>	<u>2,273</u>	<u>-</u>	<u>16,380</u>
Deferred Inflows of Resources								
Advance from other governments	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	-	-	-	-	-	-	-	-
Committed	435,350	537,757	-	43,092	307,088	-	-	321,433
Unassigned	-	-	(28,572)	-	-	(2,273)	-	-
Total Fund Balances	<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>-</u>	<u>321,433</u>
Total Liabilities and Total Liabilities, Deferred Inflows of Fund Balances	<u>\$ 435,350</u>	<u>\$ 537,757</u>	<u>\$ -</u>	<u>\$ 43,516</u>	<u>\$ 314,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337,813</u>

467	470	471	475	476	477	497	498	499	
Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge	Briarwood Drive Project	Old West Main Reconstruction	Highway 61 Reconstruction	Street Reclamation/ Reconditioning	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ 80,014	\$ -	\$ -	\$ -	\$ 3,831	\$ 1,912,898	\$ 1,308	\$ 16,184	\$ 7,449,652
-	-	-	-	-	-	58,034	-	-	58,034
-	-	-	-	-	-	-	-	-	24,900
<u>\$ -</u>	<u>\$ 80,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 1,970,932</u>	<u>\$ 1,308</u>	<u>\$ 16,184</u>	<u>\$ 7,532,586</u>
\$ -	\$ -	\$ -	\$ 67,726	\$ -	\$ -	\$ 69,561	\$ -	\$ -	\$ 524,641
-	-	-	-	-	-	74,334	-	-	166,550
5,161	-	-	145,502	-	-	-	-	-	537,068
<u>5,161</u>	<u>-</u>	<u>-</u>	<u>213,228</u>	<u>-</u>	<u>-</u>	<u>143,895</u>	<u>-</u>	<u>-</u>	<u>1,228,259</u>
-	-	-	-	-	-	560,916	-	-	560,916
-	-	-	-	-	-	-	-	-	1,019,713
-	80,014	-	-	-	3,831	1,266,121	1,308	16,184	5,468,396
(5,161)	-	-	(213,228)	-	-	-	-	-	(744,698)
<u>(5,161)</u>	<u>80,014</u>	<u>-</u>	<u>(213,228)</u>	<u>-</u>	<u>3,831</u>	<u>1,266,121</u>	<u>1,308</u>	<u>16,184</u>	<u>5,743,411</u>
<u>\$ -</u>	<u>\$ 80,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,831</u>	<u>\$ 1,970,932</u>	<u>\$ 1,308</u>	<u>\$ 16,184</u>	<u>\$ 7,532,586</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, 2019

	401	404	410	415	416	417	419
	Public Safety Center	CSO-PBF Building	Airport Projects	Sheldon Renewal Project	Bohmbach Drive Project	Oakwood Cemetery Renewal Project	River Renaissance Phase II
Revenues							
Intergovernmental							
Federal	\$ -	\$ -	\$ 1,489	\$ -	\$ -	\$ -	\$ 3,118
State	-	-	28,482	-	-	-	-
Local	-	-	-	-	-	-	-
Investment income	1,233	782	-	-	-	-	2,551
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	<u>1,233</u>	<u>782</u>	<u>29,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,669</u>
Expenditures							
Current							
Capital outlay							
Public safety	793,195	-	-	-	-	-	-
Public works	-	23,780	-	-	40,000	-	-
Culture and recreation	-	-	-	17,232	-	-	26,953
Total Expenditures	<u>793,195</u>	<u>23,780</u>	<u>-</u>	<u>17,232</u>	<u>40,000</u>	<u>-</u>	<u>26,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(791,962)</u>	<u>(22,998)</u>	<u>29,971</u>	<u>(17,232)</u>	<u>(40,000)</u>	<u>-</u>	<u>(21,284)</u>
Other Financing Sources (Uses)							
Transfers in	-	-	-	299	25	75,032	24,664
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>299</u>	<u>25</u>	<u>75,032</u>	<u>24,664</u>
Net Change in Fund Balances	(791,962)	(22,998)	29,971	(16,933)	(39,975)	75,032	3,380
Fund Balances, January 1	<u>1,276,268</u>	<u>980,749</u>	<u>47,425</u>	<u>16,933</u>	<u>39,975</u>	<u>(75,032)</u>	<u>545,564</u>
Fund Balances, December 31	<u>\$ 484,306</u>	<u>\$ 957,751</u>	<u>\$ 77,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,944</u>

420	421	422	426	435	436	437	438	439	452
River Renaissance Phase III	Old West Main Project	Downtown Street Light Replacement	Parkland Acquisition	2016 Street Reconstruction Project	2017 Street Reconstruction Project	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	3rd and Bush Intersection
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
776	1,064	603	-	-	-	1,028	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	300	-	-	-	80	-	-
776	1,064	603	300	-	-	1,028	80	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,175,051	1,498,244	17,542	37,678
593,803	22,901	-	-	-	-	-	-	-	-
593,803	22,901	-	-	-	-	1,175,051	1,498,244	17,542	37,678
(593,027)	(21,837)	603	300	-	-	(1,174,023)	(1,498,164)	(17,542)	(37,678)
667,830	301,472	-	-	-	9,559	-	1,715,132	-	13,859
(49,972)	-	(143,414)	-	(65,503)	-	(125,000)	-	-	(31,190)
617,858	301,472	(143,414)	-	(65,503)	9,559	(125,000)	1,715,132	-	(17,331)
24,831	279,635	(142,811)	300	(65,503)	9,559	(1,299,023)	216,968	(17,542)	(55,009)
354,887	475,937	142,811	(7,700)	65,503	(9,559)	944,051	(30,137)	(30,137)	55,009
\$ 379,718	\$ 755,572	\$ -	\$ (7,400)	\$ -	\$ -	\$ (354,972)	\$ 186,831	\$ (47,679)	\$ -

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, 2019

	454	455	458	459	460	461	465	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	River Renaissance Phase I Levee Road to Jackson Street	Spring Creek and Highway 61 Access
Revenues								
Intergovernmental								
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927,641
State	-	-	-	-	-	-	-	286,546
Local	-	-	-	-	-	-	-	-
Investment income	-	-	-	1,276	-	-	-	-
Miscellaneous								
Contributions and donations	-	-	-	-	25,000	-	-	-
Other	-	-	-	-	-	6,338	-	-
Total Revenues	-	-	-	1,276	25,000	6,338	-	1,214,187
Expenditures								
Current								
Capital outlay								
Public safety	-	-	-	-	-	34,439	-	-
Public works	-	10,719	-	8,223	-	-	50	401,342
Culture and recreation	-	-	28,572	-	344,234	-	-	-
Total Expenditures	-	10,719	28,572	8,223	344,234	34,439	50	401,342
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(10,719)	(28,572)	(6,947)	(319,234)	(28,101)	(50)	812,845
Other Financing Sources (Uses)								
Transfers in	435,350	548,476	26,165	-	102,297	-	-	666,112
Transfers out	-	-	-	(250,000)	-	-	(12,261)	-
Total Other Financing Sources (Uses)	435,350	548,476	26,165	(250,000)	102,297	-	(12,261)	666,112
Net Change in Fund Balances	435,350	537,757	(2,407)	(256,947)	(216,937)	(28,101)	(12,311)	1,478,957
Fund Balances, January 1	-	-	(26,165)	300,039	524,025	25,828	12,311	(1,157,524)
Fund Balances, December 31	\$ 435,350	\$ 537,757	\$ (28,572)	\$ 43,092	\$ 307,088	\$ (2,273)	\$ -	\$ 321,433

467	470	471	475	476	477	497	498	499	
Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge	Briarwood Drive Project	Old West Main Reconstruction	Highway 61 Reconstruction	Street Reclamation/ Reconditioning	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,248
-	-	-	-	-	-	658,939	-	-	973,967
-	-	-	-	-	-	-	-	-	-
-	-	-	-	47	10	-	-	-	9,370
-	91,250	-	-	-	-	-	-	-	116,250
-	-	-	-	-	-	58,034	-	-	64,752
-	91,250	-	-	47	10	716,973	-	-	2,096,587
-	-	-	-	-	-	-	-	-	827,634
30,715	38,781	-	228,575	-	-	1,627,032	5,689	61,803	5,205,224
-	-	-	-	-	-	-	-	-	1,033,695
30,715	38,781	-	228,575	-	-	1,627,032	5,689	61,803	7,066,553
(30,715)	52,469	-	(228,575)	47	10	(910,059)	(5,689)	(61,803)	(4,969,966)
-	50,000	-	20,000	-	-	2,176,180	-	95,548	6,928,000
-	-	(20,486)	-	(822,586)	-	-	(225,000)	-	(1,745,412)
-	50,000	(20,486)	20,000	(822,586)	-	2,176,180	(225,000)	95,548	5,182,588
(30,715)	102,469	(20,486)	(208,575)	(822,539)	10	1,266,121	(230,689)	33,745	212,622
25,554	(22,455)	20,486	(4,653)	822,539	3,821	-	231,997	(17,561)	5,530,789
\$ (5,161)	\$ 80,014	\$ -	\$ (213,228)	\$ -	\$ 3,831	\$ 1,266,121	\$ 1,308	\$ 16,184	\$ 5,743,411

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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, 2019

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower	Total
Assets					
Cash and investments	\$ 1,446,177	\$ 900,177	\$ 368,274	\$ 148,843	\$ 2,863,471
Receivables					
Accrued interest	2,962	2,970	2,302	177	8,411
Total Assets	<u>\$ 1,449,139</u>	<u>\$ 903,147</u>	<u>\$ 370,576</u>	<u>\$ 149,020</u>	<u>\$ 2,871,882</u>
Fund Balances					
Nonspendable	\$ 1,044,674	\$ 561,553	\$ 272,565	\$ 102,945	\$ 1,981,737
Restricted	404,465	341,594	98,011	46,075	890,145
Total Fund Balances	<u>\$ 1,449,139</u>	<u>\$ 903,147</u>	<u>\$ 370,576</u>	<u>\$ 149,020</u>	<u>\$ 2,871,882</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, 2019

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower	Total
Revenues					
Investment income	\$ 42,302	\$ 34,664	\$ 9,803	\$ 4,647	\$ 91,416
Miscellaneous					
Burial plot sales	44,205	-	18,235	-	62,440
Perpetual contract sales	-	13,200	-	4,800	18,000
Total Revenues	<u>86,507</u>	<u>47,864</u>	<u>28,038</u>	<u>9,447</u>	<u>171,856</u>
Fund Balances, January 1	<u>1,362,632</u>	<u>855,283</u>	<u>342,538</u>	<u>139,573</u>	<u>2,700,026</u>
Fund Balances, December 31	<u><u>\$ 1,449,139</u></u>	<u><u>\$ 903,147</u></u>	<u><u>\$ 370,576</u></u>	<u><u>\$ 149,020</u></u>	<u><u>\$ 2,871,882</u></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, 2019

	605 Marina	652 Storm Water	Total
Assets			
Current Assets			
Cash and investments	\$ -	\$ 1,688,584	\$ 1,688,584
Receivables			
Accrued interest	-	3,747	3,747
Accounts - net of allowance for doubtful accounts	20,556	232,284	252,840
Inventories	25,518	-	25,518
Prepaid items	21,028	-	21,028
Total Current Assets	<u>67,102</u>	<u>1,924,615</u>	<u>1,991,717</u>
Noncurrent Assets			
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	<u>(2,082,237)</u>	<u>(347,509)</u>	<u>(2,429,746)</u>
Total Capital Assets	<u>320,957</u>	<u>1,034,513</u>	<u>1,355,470</u>
Total Assets	<u>388,059</u>	<u>2,959,128</u>	<u>3,347,187</u>
Deferred Outflows of Resources			
Deferred pension resources	15,355	14,798	30,153
Deferred other postemployment benefit resources	12,038	10,763	22,801
Total Deferred Outflows of Resources	<u>27,393</u>	<u>25,561</u>	<u>52,954</u>
Liabilities			
Current Liabilities			
Accounts payable	2,854	50,251	53,105
Due to other funds	297,801	-	297,801
Advances from other funds - current portion	100,000	-	100,000
Salaries payable	4,994	5,607	10,601
Compensated absences payable - current portion	11,776	12,569	24,345
Unearned revenue	15,906	-	15,906
Total Current Liabilities	<u>433,331</u>	<u>68,427</u>	<u>501,758</u>
Noncurrent Liabilities			
Compensated absences payable	7,492	10,413	17,905
Other postemployment benefits obligation	33,888	30,298	64,186
Advances from other funds	157,114	-	157,114
Net pension liability	155,631	149,990	305,621
Total Noncurrent Liabilities	<u>354,125</u>	<u>190,701</u>	<u>544,826</u>
Total Liabilities	<u>787,456</u>	<u>259,128</u>	<u>1,046,584</u>
Deferred Inflows of Resources			
Deferred pension resources	29,887	28,804	58,691
Deferred other postemployment benefit resources	689	616	1,305
Total Deferred Inflows of Resources	<u>30,576</u>	<u>29,420</u>	<u>59,996</u>
Net Position			
Net investment in capital assets	320,957	1,034,513	1,355,470
Unrestricted	<u>(723,537)</u>	<u>1,661,628</u>	<u>938,091</u>
Total Net Position	<u>\$ (402,580)</u>	<u>\$ 2,696,141</u>	<u>\$ 2,293,561</u>

City of Red Wing, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2019

	605 Marina	652 Storm Water	Total
Operating Revenues			
Charges for services	\$ 569,330	\$ 1,357,771	\$ 1,927,101
Sales	118,761	-	118,761
Cost of goods sold	(97,422)	-	(97,422)
Miscellaneous	362	349	711
Total Operating Revenues	<u>591,031</u>	<u>1,358,120</u>	<u>1,949,151</u>
Operating Expenses			
Personal services	162,644	125,577	288,221
Employee benefits	85,053	56,431	141,484
Supplies	20,809	118,922	139,731
Professional services	120,952	565,704	686,656
Rent and leased equipment	2,605	-	2,605
Repairs and maintenance	34,600	-	34,600
Administration and fiscal charges	60,614	-	60,614
Insurance premiums	1,829	-	1,829
Depreciation	36,129	49,617	85,746
Miscellaneous	21,150	-	21,150
Total Operating Expenses	<u>546,385</u>	<u>916,251</u>	<u>1,462,636</u>
Operating Income	<u>44,646</u>	<u>441,869</u>	<u>486,515</u>
Nonoperating Revenues (Expenses)			
Investment income	-	74,331	74,331
Gain on sale of capital assets	-	1,978	1,978
Interest and fiscal charges	(7,725)	-	(7,725)
Total Nonoperating Revenues (Expenses)	<u>(7,725)</u>	<u>76,309</u>	<u>68,584</u>
Income Before Transfers	36,921	518,178	555,099
Transfers Out	<u>-</u>	<u>(1,351,223)</u>	<u>(1,351,223)</u>
Change in Net Position	36,921	(833,045)	(796,124)
Net Position, January 1	<u>(439,501)</u>	<u>3,529,186</u>	<u>3,089,685</u>
Net Position, December 31	<u><u>\$ (402,580)</u></u>	<u><u>\$ 2,696,141</u></u>	<u><u>\$ 2,293,561</u></u>

City of Red Wing, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2019

	605 Marina	652 Storm Water	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 701,387	\$ 1,354,456	\$ 2,055,843
Payments to vendors and suppliers	(372,337)	(648,954)	(1,021,291)
Payments to and on behalf of employees	(221,004)	(175,935)	(396,939)
Net Cash Provided (Used) by Operating Activities	<u>108,046</u>	<u>529,567</u>	<u>637,613</u>
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	<u>-</u>	<u>(1,351,223)</u>	<u>(1,351,223)</u>
Cash Flows From Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	1,978	1,978
Payments for acquisition and construction of capital assets	(37,929)	(360,557)	(398,486)
Increase (decrease) in due to other funds	32,608	-	32,608
Principal paid on advances from other funds	(95,000)	-	(95,000)
Interest paid on advances from other funds	(7,725)	-	(7,725)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(108,046)</u>	<u>(358,579)</u>	<u>(466,625)</u>
Cash Flows From Investing Activities			
Interest receipts	<u>-</u>	<u>80,038</u>	<u>80,038</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(1,100,197)	(1,100,197)
Cash and Cash Equivalents, January 1	<u>-</u>	<u>2,788,781</u>	<u>2,788,781</u>
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 1,688,584</u>	<u>\$ 1,688,584</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 44,646	\$ 441,869	\$ 486,515
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	36,129	49,617	85,746
(Increase) decrease in assets			
Accounts receivable	(1,230)	(2,966)	(4,196)
Inventories	(5,914)	-	(5,914)
Prepaid items	(2,513)	-	(2,513)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	11,181	14,707	25,888
Deferred other postemployment benefit resources	(11,298)	(10,091)	(21,389)
Increase (decrease) in liabilities			
Accounts payable	(3,929)	35,672	31,743
Salaries payable	1,280	1,049	2,329
Compensated absences payable	2,835	5,124	7,959
Other postemployment benefits obligation	8,501	7,243	15,744
Net pension liability	19,307	(1,589)	17,718
Unearned revenue	14,888	-	14,888
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(6,526)	(11,684)	(18,210)
Deferred other postemployment benefit resources	689	616	1,305
Net Cash Provided (Used) by Operating Activities	<u>\$ 108,046</u>	<u>\$ 529,567</u>	<u>\$ 637,613</u>

GENERAL FUND

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

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City of Red Wing, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and investments	\$ 23,969,334	\$ 26,871,378
Receivables		
Accrued interest	81,647	81,431
Delinquent taxes	99,283	126,408
Accounts (net of allowance)	114,443	413,772
Intergovernmental	741,452	98,121
Loans to custodial fund	64,270	60,373
Due from other funds	2,493,120	2,489,626
Advances to other funds	1,000,000	1,000,000
Prepaid items	<u>-</u>	<u>3,679</u>
 Total Assets	 <u><u>\$ 28,563,549</u></u>	 <u><u>\$ 31,144,788</u></u>
Liabilities		
Accounts payable	\$ 645,726	\$ 301,422
Escrow accounts payable	73,265	73,875
Due to other governments	3,643	2,504
Salaries payable	251,406	228,513
Deposits payable	5,543	5,542
Unearned revenue	<u>47,662</u>	<u>45,182</u>
Total Liabilities	<u>1,027,245</u>	<u>657,038</u>
 Deferred Inflows of Resources		
Unavailable revenue		
Taxes	<u>99,283</u>	<u>126,408</u>
 Fund Balances		
Nonspendable	1,064,270	1,064,052
Restricted	98,424	4,897,102
Committed	3,600,000	3,600,000
Assigned	742,741	542,741
Unassigned	<u>21,931,586</u>	<u>20,257,447</u>
Total Fund Balances	<u>27,437,021</u>	<u>30,361,342</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 28,563,549</u></u>	 <u><u>\$ 31,144,788</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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 14,298,914	\$ 14,298,914	\$ 14,188,798	\$ (110,116)	\$ 19,528,553
Franchise taxes	250,000	250,000	251,768	1,768	247,661
Other taxes	33,500	33,500	32,505	(995)	33,427
Total taxes	14,582,414	14,582,414	14,473,071	(109,343)	19,809,641
Licenses and permits					
Business	57,580	57,580	55,194	(2,386)	59,857
Nonbusiness	12,800	12,800	12,245	(555)	14,316
Total licenses and permits	70,380	70,380	67,439	(2,941)	74,173
Intergovernmental					
Federal					
Other federal aid	90,699	90,699	201,725	111,026	213,028
State					
Local government aid	794,066	794,066	794,066	-	959,516
Property tax credits	-	-	4,866	4,866	5,162
Police aid	221,852	221,852	269,443	47,591	221,852
Fire aid	117,143	117,143	120,074	2,931	118,144
Other state aids	1,236,019	1,238,019	1,069,892	(168,127)	447,895
Total state	2,369,080	2,371,080	2,258,341	(112,739)	1,752,569
County					
Other County aids	66,685	66,685	55,817	(10,868)	78,843
Local					
Other local aid	151,058	151,058	151,101	43	141,287
Total intergovernmental	2,677,522	2,679,522	2,666,984	(12,538)	2,185,727
Charges for services					
General government	32,250	32,250	46,732	14,482	89,879
Public safety	233,158	233,158	232,171	(987)	251,620
Public works	59,389	59,389	136,365	76,976	114,504
Culture and recreation	125,000	125,000	105,372	(19,628)	136,260
Cemeteries	108,200	108,200	137,722	29,522	127,621
Rents	130,007	130,007	138,133	8,126	159,439
Total charges for services	688,004	688,004	796,495	108,491	879,323
Fines and forfeits	73,500	73,500	73,310	(190)	79,859
Investment income	275,000	275,000	1,074,423	799,423	481,322
Miscellaneous					
Interest on notes and loans	9,723	9,723	-	(9,723)	-
Contributions and donations	107,000	107,000	37,927	(69,073)	283,249
Refunds	-	-	16,692	16,692	72,313
Other	11,200	11,200	50,134	38,934	264,203
Total miscellaneous	127,923	127,923	104,753	(23,170)	619,765
Total Revenues	18,494,743	18,496,743	19,256,475	759,732	24,129,810

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City Council					
Personal services	\$ 64,485	\$ 64,485	\$ 60,556	\$ 3,929	\$ 49,781
Supplies	2,075	2,075	2,957	(882)	3,125
Other services and charges	46,070	46,070	44,903	1,167	26,513
Total city council	112,630	112,630	108,416	4,214	79,419
Mayor					
Personal services	9,212	9,212	8,645	567	8,645
Supplies	100	100	-	100	94
Other services and charges	11,949	11,949	7,624	4,325	8,635
Total mayor	21,261	21,261	16,269	4,992	17,374
Council administration					
Other services and charges	146,590	146,590	149,080	(2,490)	138,471
Administrative customer services					
Other services and charges	96,066	96,066	96,060	6	76,940
Boards and commissions					
Personal services	38,557	38,557	12,325	26,232	31,376
Supplies	1,350	1,350	652	698	956
Other services and charges	43,000	49,208	38,915	10,293	38,386
Total boards and commissions	82,907	89,115	51,892	37,223	70,718
City clerk					
Personal services	62,718	62,718	62,712	6	110,618
Other services and charges	75,080	75,080	75,084	(4)	75,540
Total city clerk	137,798	137,798	137,796	2	186,158
Elections					
Personal services	-	-	-	-	20,649
Supplies	-	-	11	(11)	862
Other services and charges	7,000	7,000	3,492	3,508	10,284
Total elections	7,000	7,000	3,503	3,497	31,795
Finance					
Personal services	341,563	341,563	341,568	(5)	285,098
Supplies	-	-	18,378	(18,378)	-
Other services and charges	86,879	86,879	86,880	(1)	85,320
Total finance	428,442	428,442	446,826	(18,384)	370,418
Audit					
Other services and charges	44,450	44,450	46,435	(1,985)	42,100
Attorney					
Other services and charges	269,685	269,685	283,083	(13,398)	244,141
Communications					
Personal services	67,485	67,485	67,488	(3)	44,410
Other services and charges	42,279	42,279	42,576	(297)	48,900
Total communications	109,764	109,764	110,064	(300)	93,310

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Community engagement					
Personal services	\$ 108,124	\$ 108,124	\$ 113,494	\$ (5,370)	\$ 93,430
Supplies	5,000	5,000	794	4,206	467
Other services and charges	28,444	28,444	20,473	7,971	40,479
Total community engagement	141,568	141,568	134,761	6,807	134,376
Employee services					
Personal services	158,491	158,491	158,496	(5)	136,350
Other services and charges	105,238	105,238	105,240	(2)	137,340
Total employee services	263,729	263,729	263,736	(7)	273,690
Government buildings					
Personal services	15,318	15,318	16,928	(1,610)	13,454
Supplies	24,900	24,900	16,830	8,070	18,025
Other services and charges	160,270	160,270	182,555	(22,285)	140,362
Total general government buildings	200,488	200,488	216,313	(15,825)	171,841
Total general government	2,062,378	2,068,586	2,064,234	4,352	1,930,751
Public safety					
Police					
Personal services	4,007,483	4,007,483	3,831,562	175,921	3,685,521
Supplies	130,050	141,629	163,920	(22,291)	139,769
Other services and charges	584,790	590,790	561,479	29,311	522,306
Total police	4,722,323	4,739,902	4,556,961	182,941	4,347,596
Fire					
Personal services	1,841,818	1,841,818	1,940,168	(98,350)	1,841,034
Supplies	81,200	81,200	94,319	(13,119)	81,781
Other services and charges	349,735	349,735	391,619	(41,884)	362,796
Total fire	2,272,753	2,272,753	2,426,106	(153,353)	2,285,611
Fire station building - Plum Street					
Personal services	1,083	1,083	1,332	(249)	1,130
Supplies	2,500	2,500	6,706	(4,206)	3,134
Other services and charges	41,406	41,406	100,063	(58,657)	92,646
Total fire station building - plum street	44,989	44,989	108,101	(63,112)	96,910
Fire station building - West					
Supplies	2,800	2,800	2,473	327	831
Other services and charges	25,425	25,425	46,021	(20,596)	552
Total fire station building - west	28,225	28,225	48,494	(20,269)	1,383
Civil defense					
Supplies	2,050	2,050	21,626	(19,576)	18,751
Other services and charges	34,676	34,676	19,514	15,162	4,799
Total civil defense	36,726	36,726	41,140	(4,414)	23,550
Total public safety	7,105,016	7,122,595	7,180,802	(58,207)	6,755,050
Public works					
Administration					
Personal services	174,156	174,156	168,640	5,516	157,156
Supplies	46,750	46,750	37,799	8,951	40,410
Other services and charges	326,168	326,168	423,855	(97,687)	418,598
Total administration	547,074	547,074	630,294	(83,220)	616,164

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street maintenance					
Personal services	\$ 29,772	\$ 29,772	\$ 38,452	\$ (8,680)	\$ 32,031
Supplies	412,100	412,100	324,612	87,488	318,520
Other services and charges	718,371	718,371	729,166	(10,795)	746,544
Total street maintenance	1,160,243	1,160,243	1,092,230	68,013	1,097,095
Snow and ice removal					
Personal services	-	-	4,113	(4,113)	-
Supplies	202,300	202,300	196,909	5,391	207,157
Other services and charges	276,477	276,477	564,371	(287,894)	386,041
Total snow and ice removal	478,777	478,777	765,393	(286,616)	593,198
Street lighting					
Personal services	5,413	5,413	6,666	(1,253)	5,647
Supplies	84,840	84,840	63,463	21,377	106,694
Other services and charges	253,277	253,277	277,305	(24,028)	222,449
Total street lighting	343,530	343,530	347,434	(3,904)	334,790
Parking ramps					
Personal services	9,747	9,747	12,153	(2,406)	11,005
Supplies	11,400	11,400	9,972	1,428	6,730
Other services and charges	105,917	105,917	137,256	(31,339)	68,829
Total parking ramps	127,064	127,064	159,381	(32,317)	86,564
Total public works	2,656,688	2,656,688	2,994,732	(338,044)	2,727,811
Sanitation					
Composting					
Personal services	82,546	82,546	30,530	52,016	65,886
Supplies	5,055	5,055	9,651	(4,596)	2,858
Other services and charges	9,298	9,298	20,588	(11,290)	11,512
Total sanitation	96,899	96,899	60,769	36,130	80,256
Culture and recreation					
Parks and boulevards					
Personal services	185,980	185,980	188,064	(2,084)	178,423
Supplies	261,895	261,895	311,882	(49,987)	252,637
Other services and charges	815,120	815,120	875,668	(60,548)	838,310
Total parks and boulevards	1,262,995	1,262,995	1,375,614	(112,619)	1,269,370
Recreational activities and facilities					
Personal services	20,335	20,335	25,529	(5,194)	22,875
Supplies	92,855	101,355	81,806	19,549	63,537
Other services and charges	840,972	886,376	932,714	(46,338)	813,500
Total recreational activities and facilities	954,162	1,008,066	1,040,049	(31,983)	899,912
Total culture and recreation	2,217,157	2,271,061	2,415,663	(144,602)	2,169,282

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			2018
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Economic development				
Community development				
Personal services	\$ 791,850	\$ 791,850	\$ 719,323	\$ 722,026
Supplies	19,250	19,250	19,462	15,378
Other services and charges	83,687	131,396	111,379	209,008
Total community development	894,787	942,496	850,164	946,412
Planning				
Personal services	4,492	4,492	288	(269)
Supplies	6,130	6,130	4,107	8,734
Other services and charges	421,572	512,450	511,945	574,788
Total planning	432,194	523,072	516,340	583,253
Total economic development	1,326,981	1,465,568	1,366,504	1,529,665
Cemeteries				
Personal services	155,533	155,533	174,243	149,050
Supplies	78,950	78,950	71,890	78,588
Other services and charges	133,353	133,353	114,049	113,028
Total cemeteries	367,836	367,836	360,182	340,666
Transit				
Other services and charges	32,000	32,000	30,381	-
Contingencies and other				
Other services and charges	688,704	801,704	133,297	112,255
Total current	16,553,659	16,882,937	16,606,564	15,645,736
Capital outlay				
General government	82,500	262,168	24,637	281,973
Public safety	291,575	346,575	22,829	1,011,201
Public works	581,040	980,234	656,009	792,409
Culture and recreation	143,000	1,312,635	1,236,297	707,842
Economic development	-	200,000	69,624	958,545
Cemeteries	45,000	75,000	73,387	9,122
Total capital outlay	1,143,115	3,176,612	2,082,783	3,761,092
Total Expenditures	17,696,774	20,059,549	18,689,347	19,406,828
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	797,969	(1,562,806)	567,128	4,722,982
Other Financing Sources (Uses)				
Sale of capital assets	-	-	107,839	100,735
Transfers in	519,954	519,954	425,967	738,308
Bonds issued	-	-	-	1,942,980
Premium on bonds issued	-	-	-	222,720
Transfers out	(3,774,788)	(4,786,961)	(4,025,255)	(3,599,467)
Total Other Financing				
Sources (Uses)	(3,254,834)	(4,267,007)	(3,491,449)	(594,724)
Net Change in Fund Balances	(2,456,865)	(5,829,813)	(2,924,321)	4,128,258
Fund Balances, January 1 as Restated (Note 10)	30,361,342	30,361,342	30,361,342	26,233,084
Fund Balances, December 31	\$ 27,904,477	\$ 24,531,529	\$ 27,437,021	\$ 30,361,342

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, 2019

	301 \$1,835,000 G.O. Bonds 2011A	302 \$2,375,000 G.O. Bonds 2012A	304 \$2,930,000 G.O. Bonds 2013A	305 \$1,115,000 G.O. Equipment Certificates 2014A
Assets				
Cash and investments	\$ 241,814	\$ 302,926	\$ 415,818	\$ 145,340
Receivables				
Delinquent taxes	1,198	1,020	1,975	698
Intergovernmental	1,682	1,432	2,773	979
	<u>1,682</u>	<u>1,432</u>	<u>2,773</u>	<u>979</u>
Total Assets	<u>\$ 244,694</u>	<u>\$ 305,378</u>	<u>\$ 420,566</u>	<u>\$ 147,017</u>
Liabilities				
Accounts payable	\$ 350	\$ 350	\$ 350	\$ 350
Deferred Inflows of Resources				
Unavailable revenue - taxes	1,198	1,020	1,975	698
Fund Balances				
Restricted				
Debt service	<u>243,146</u>	<u>304,008</u>	<u>418,241</u>	<u>145,969</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 244,694</u>	<u>\$ 305,378</u>	<u>\$ 420,566</u>	<u>\$ 147,017</u>

306 \$7,735,000 G.O. Improvement Bonds 2015A	308 \$8,525,000 G.O. Improvement Bonds 2016A	309 \$6,740,000 G.O. Improvement Bonds 2017A	310 \$13,535,000 G.O. Improvement Bonds 2018A	Total
\$ 988,188	\$ 1,150,987	\$ 752,490	\$ 1,654,129	\$ 5,651,692
4,986	5,552	4,532	13,439	33,400
6,999	7,793	6,362	18,865	46,885
<u>\$ 1,000,173</u>	<u>\$ 1,164,332</u>	<u>\$ 763,384</u>	<u>\$ 1,686,433</u>	<u>\$ 5,731,977</u>
\$ 350	\$ 350	\$ 350	\$ 350	\$ 2,800
4,986	5,552	4,532	13,439	33,400
<u>994,837</u>	<u>1,158,430</u>	<u>758,502</u>	<u>1,672,644</u>	<u>5,695,777</u>
<u>\$ 1,000,173</u>	<u>\$ 1,164,332</u>	<u>\$ 763,384</u>	<u>\$ 1,686,433</u>	<u>\$ 5,731,977</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, 2019

	301 \$1,835,000 G.O. Bonds 2011A	302 \$2,375,000 G.O. Bonds 2012A	304 \$2,930,000 G.O. Bonds 2013A	305 \$1,115,000 G.O. Equipment Certificates 2014A
Revenues				
Taxes				
Property taxes	\$ 219,297	\$ 186,670	\$ 361,480	\$ 127,665
Charges for services	400	340	659	233
Investment income	1,213	352	2,514	179
Total Revenues	<u>220,910</u>	<u>187,362</u>	<u>364,653</u>	<u>128,077</u>
Expenditures				
Debt service				
Principal retirement	190,000	160,000	300,000	110,000
Interest and fiscal charges	16,503	15,170	33,850	16,895
Bond issuance costs	-	-	-	-
Total Expenditures	<u>206,503</u>	<u>175,170</u>	<u>333,850</u>	<u>126,895</u>
Net Change in Fund Balances	14,407	12,192	30,803	1,182
Fund Balances, January 1	<u>228,739</u>	<u>291,816</u>	<u>387,438</u>	<u>144,787</u>
Fund Balances, December 31	<u><u>\$ 243,146</u></u>	<u><u>\$ 304,008</u></u>	<u><u>\$ 418,241</u></u>	<u><u>\$ 145,969</u></u>

306 \$7,735,000 G.O. Improvement Bonds 2015A	308 \$8,525,000 G.O. Improvement Bonds 2016A	309 \$6,740,000 G.O. Improvement Bonds 2017A	310 \$13,535,000 G.O. Improvement Bonds 2018A	Total
\$ 912,395	\$ 1,015,917	\$ 829,360	\$ 2,459,220	\$ 6,112,004
1,664	1,853	1,512	4,485	11,146
2,131	901	-	-	7,290
<u>916,190</u>	<u>1,018,671</u>	<u>830,872</u>	<u>2,463,705</u>	<u>6,130,440</u>
750,000	820,000	605,000	-	2,935,000
119,150	148,600	176,300	794,130	1,320,598
-	-	-	-	-
<u>869,150</u>	<u>968,600</u>	<u>781,300</u>	<u>794,130</u>	<u>4,255,598</u>
47,040	50,071	49,572	1,669,575	1,874,842
<u>947,797</u>	<u>1,108,359</u>	<u>708,930</u>	<u>3,069</u>	<u>3,820,935</u>
<u>\$ 994,837</u>	<u>\$ 1,158,430</u>	<u>\$ 758,502</u>	<u>\$ 1,672,644</u>	<u>\$ 5,695,777</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or 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, 2019

	701 Administrative Services	702 Central Services	705/708 Risk Management
Assets			
Current Assets			
Cash and investments	\$ 431,801	\$ 1,200,858	\$ 3,357,736
Receivables			
Accrued interest	-	69	14,384
Accounts	-	3,354	159,515
Loans	-	-	10,571
Inventories	-	102,866	9,559
Prepaid items	-	-	766
Total Current Assets	<u>431,801</u>	<u>1,307,147</u>	<u>3,552,531</u>
Capital Assets			
Buildings	-	7,825	-
Machinery and equipment	-	36,221	-
Office equipment	-	-	-
Vehicles	-	220,745	-
Less accumulated depreciation	-	(221,550)	-
Net Capital Assets	<u>-</u>	<u>43,241</u>	<u>-</u>
Total Assets	<u>431,801</u>	<u>1,350,388</u>	<u>3,552,531</u>
Liabilities			
Current Liabilities			
Accounts payable	30,608	138,215	276,665
Due to other funds	-	-	-
Salaries payable	59,117	91,870	3,515
Compensated absences payable - current portion	121,344	183,119	518
Total Current Liabilities	<u>211,069</u>	<u>413,204</u>	<u>280,698</u>
Noncurrent Liabilities			
Compensated absences payable	<u>107,456</u>	<u>182,893</u>	<u>3,515</u>
Total Liabilities	<u>318,525</u>	<u>596,097</u>	<u>284,213</u>
Net Position			
Investment in capital assets	-	43,241	-
Unrestricted	<u>113,276</u>	<u>711,050</u>	<u>3,268,318</u>
Total Net Position	<u>\$ 113,276</u>	<u>\$ 754,291</u>	<u>\$ 3,268,318</u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ -	\$ 968,799	\$ 330,578	\$ 6,289,772
-	-	-	14,453
-	-	537	163,406
-	-	-	10,571
-	-	-	112,425
-	-	-	766
-	968,799	331,115	6,591,393
-	-	-	7,825
-	-	-	36,221
357,773	-	73,758	431,531
-	-	108,035	328,780
(101,867)	-	(151,622)	(475,039)
255,906	-	30,171	329,318
255,906	968,799	361,286	6,920,711
6,897	-	1,644	454,029
354,483	-	-	354,483
16,580	-	22,321	193,403
42,743	532,127	75,785	955,636
420,703	532,127	99,750	1,957,551
9,997	434,020	55,497	793,378
430,700	966,147	155,247	2,750,929
255,906	-	30,171	329,318
(430,700)	2,652	175,868	3,840,464
\$ (174,794)	\$ 2,652	\$ 206,039	\$ 4,169,782

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

	701 Administrative Services	702 Central Services	705/708 Risk Management
Operating Revenues			
Charges for services	\$ 2,178,625	\$ 4,224,566	\$ 5,825,794
Miscellaneous	143	6,056	62,976
Total Operating Revenues	<u>2,178,768</u>	<u>4,230,622</u>	<u>5,888,770</u>
Operating Expenses			
Personal services	1,253,964	1,808,160	65,972
Employee benefits	494,448	998,606	4,713,731
Supplies	40,100	404,488	49
Cost of merchandise sold	-	742,542	-
Professional services	227,503	258,809	94,254
Rent and leased equipment	1,224	17	-
Repairs and maintenance	2,279	27,581	-
Administration and fiscal charges	41,132	7,141	3,005
Insurance premiums	4,128	7,858	343,564
Insurance claims	-	-	26,119
Depreciation	-	4,578	-
Miscellaneous	6,813	-	314,242
Total Operating Expenses	<u>2,071,591</u>	<u>4,259,780</u>	<u>5,560,936</u>
Operating Income (Loss)	<u>107,177</u>	<u>(29,158)</u>	<u>327,834</u>
Nonoperating Revenues (Expenses)			
Investment income	6,099	7,767	152,183
Loss on sale of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>6,099</u>	<u>7,767</u>	<u>152,183</u>
Income (Loss) Before Transfers	113,276	(21,391)	480,017
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	113,276	(21,391)	480,017
Net Position, January 1	<u>-</u>	<u>775,682</u>	<u>2,788,301</u>
Net Position, December 31	<u>\$ 113,276</u>	<u>\$ 754,291</u>	<u>\$ 3,268,318</u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ 656,330	\$ -	\$ 911,821	\$ 13,797,136
1,785	-	137	71,097
<u>658,115</u>	<u>-</u>	<u>911,958</u>	<u>13,868,233</u>
331,607	-	596,181	4,055,884
159,247	-	245,260	6,611,292
76,312	-	13,492	534,441
-	-	-	742,542
45,777	-	108,967	735,310
18,957	-	144	20,342
138,272	-	1,903	170,035
21,304	-	70,649	143,231
1,701	-	3,267	360,518
-	-	-	26,119
29,539	-	22,502	56,619
354	-	37	321,446
<u>823,070</u>	<u>-</u>	<u>1,062,402</u>	<u>13,777,779</u>
<u>(164,955)</u>	<u>-</u>	<u>(150,444)</u>	<u>90,454</u>
39	2,652	17,016	185,756
-	-	(2,505)	(2,505)
<u>39</u>	<u>2,652</u>	<u>14,511</u>	<u>183,251</u>
(164,916)	2,652	(135,933)	273,705
-	-	(140,000)	(140,000)
(164,916)	2,652	(275,933)	133,705
<u>(9,878)</u>	<u>-</u>	<u>481,972</u>	<u>4,036,077</u>
<u>\$ (174,794)</u>	<u>\$ 2,652</u>	<u>\$ 206,039</u>	<u>\$ 4,169,782</u>

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2019

	701 Administrative Services	702 Central Services	705/708 Risk Management
Cash Flows From Operating Activities			
Receipts from interfund services provided	\$ 2,178,625	\$ 4,225,460	\$ 5,666,408
Payments to vendors and suppliers	(309,352)	(1,342,498)	(415,149)
Payments to and on behalf of employees	(1,774,437)	(2,742,997)	(5,454,955)
Other receipts	143	6,056	62,976
Net Cash Provided (Used) by Operating Activities	<u>94,979</u>	<u>146,021</u>	<u>(140,720)</u>
Cash Flows From Noncapital Financing Activities			
Loan payments received	-	-	8,230
Increase (decrease) in due to other funds	-	-	-
Transfers to other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>8,230</u>
Cash Flows From Capital and Related Financing Activities			
Payments for acquisition and construction of capital assets	<u>-</u>	<u>(31,793)</u>	<u>-</u>
Cash Flows From Investing Activities			
Interest receipts	<u>6,099</u>	<u>7,780</u>	<u>149,590</u>
Net Increase (Decrease) in Cash and Cash Equivalents	101,078	122,008	17,100
Cash and Cash Equivalents, January 1	<u>330,723</u>	<u>1,078,850</u>	<u>3,340,636</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 431,801</u></u>	<u><u>\$ 1,200,858</u></u>	<u><u>\$ 3,357,736</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 107,177	\$ (29,158)	\$ 327,834
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	4,578	-
(Increase) decrease in assets			
Accounts receivable	-	894	(159,386)
Inventories	-	19,588	(3,454)
Prepaid items	-	-	(145)
Increase (decrease) in liabilities			
Accounts payable	13,827	86,350	(309,085)
Salaries payable	14,448	33,131	2,377
Compensated absences payable	(40,473)	30,638	1,139
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 94,979</u></u>	<u><u>\$ 146,021</u></u>	<u><u>\$ (140,720)</u></u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ 656,330	\$ 13,224	\$ 911,384	\$ 13,651,431
(397,917)	-	(207,228)	(2,672,144)
(483,413)	-	(838,537)	(11,294,339)
1,785	-	137	71,097
<u>(223,215)</u>	<u>13,224</u>	<u>(134,244)</u>	<u>(243,955)</u>
-	-	-	8,230
282,224	-	-	282,224
-	-	(140,000)	(140,000)
<u>282,224</u>	<u>-</u>	<u>(140,000)</u>	<u>150,454</u>
(59,048)	-	-	(90,841)
39	2,652	19,905	186,065
-	15,876	(254,339)	1,723
-	952,923	584,917	6,288,049
<u>\$ -</u>	<u>\$ 968,799</u>	<u>\$ 330,578</u>	<u>\$ 6,289,772</u>
\$ (164,955)	\$ -	\$ (150,444)	\$ 90,454
29,539	-	22,502	56,619
-	-	(437)	(158,929)
-	-	-	16,134
-	-	-	(145)
(96,941)	-	(8,769)	(314,618)
5,819	-	4,319	60,094
<u>3,323</u>	<u>13,224</u>	<u>(1,415)</u>	<u>6,436</u>
<u>\$ (223,215)</u>	<u>\$ 13,224</u>	<u>\$ (134,244)</u>	<u>\$ (243,955)</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, 2019

	808	810	825
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020
Assets			
Current Assets			
Cash and temporary investments	\$ 807,643	\$ 395,903	\$ 1,061
Assets held in endowment	-	3,460,481	-
Receivables			
Accrued interest	430	-	-
Accounts	48,595	35,474	-
Prepaid items	-	25,050	-
Total Assets	<u>856,668</u>	<u>3,916,908</u>	<u>1,061</u>
Liabilities			
Current Liabilities			
Accounts payable	744,078	24,941	-
Deposits payable			
Due to other governments	26	64,469	-
Salaries payable	-	16,678	-
Compensated absences payable - current portion	-	21,029	-
Unearned revenue	-	99,152	-
Total Current Liabilities	<u>744,104</u>	<u>226,269</u>	<u>-</u>
Noncurrent Liabilities			
Compensated absences payable	-	24,343	-
Total Liabilities	<u>744,104</u>	<u>250,612</u>	<u>-</u>
Net Position			
Restricted			
Individuals, organizations, endowments and other governments	<u>\$ 112,564</u>	<u>\$ 3,666,296</u>	<u>\$ 1,061</u>

840	845	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
<hr/>	<hr/>	<hr/>
\$ 96,263	\$ 1,129	\$ 1,301,999
-	-	3,460,481
-	-	430
28,528	-	112,597
-	-	25,050
<hr/>	<hr/>	<hr/>
124,791	1,129	4,900,557
<hr/>	<hr/>	<hr/>
12,293	-	781,312
-	-	64,495
-	-	16,678
-	-	21,029
-	-	99,152
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12,293	-	982,666
<hr/>	<hr/>	<hr/>
-	-	24,343
<hr/>	<hr/>	<hr/>
12,293	-	1,007,009
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\$ 112,498	\$ 1,129	\$ 3,893,548
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City of Red Wing, Minnesota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2019

	808	810	825
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020
Additions			
Intergovernmental	\$ 286,832	\$ 162,665	\$ -
Investment earnings	9,862	471,698	-
Charges for services	118,564	226,546	-
Sale of capital assets	671	-	-
Miscellaneous	10,858	701,276	-
Total Additions	<u>426,787</u>	<u>1,562,185</u>	<u>-</u>
Deductions			
Culture and recreation			
Personal services	19,359	41,024	-
Supplies	40,314	64,582	-
Other services and charges	1,017,381	610,422	-
Miscellaneous			
Other services and charges	-	-	-
Total Deductions	<u>1,077,054</u>	<u>716,028</u>	<u>-</u>
Net Increase (Decrease) in Fiduciary Net Position	(650,267)	846,157	-
Net Position, January 1, as Restated	<u>762,831</u>	<u>2,820,139</u>	<u>1,061</u>
Net Position, December 31	<u><u>\$ 112,564</u></u>	<u><u>\$ 3,666,296</u></u>	<u><u>\$ 1,061</u></u>

840	845	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
\$ -	\$ -	\$ 449,497
-	-	481,560
-	-	345,110
-	-	671
117,149	-	829,283
<u>117,149</u>	<u>-</u>	<u>2,106,121</u>
-	-	60,383
-	-	104,896
-	-	1,627,803
157,062	-	157,062
<u>157,062</u>	<u>-</u>	<u>1,950,144</u>
(39,913)	-	155,977
152,411	1,129	3,737,571
<u>\$ 112,498</u>	<u>\$ 1,129</u>	<u>\$ 3,893,548</u>

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DISCRETELY PRESENTED COMPONENT UNIT
PORT AUTHORITY

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Balance Sheet
December 31, 2019

	236 Port Authority General	Special Revenue			Total
		231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	
Assets					
Cash and cash equivalents	\$ 880,205	\$ 480,873	\$ 71,677	\$ 590,875	\$ 2,023,630
Receivables					
Delinquent taxes	2,325	-	-	-	2,325
Accounts	1,211	8,887	-	2,000	12,098
Notes and loans	-	919,018	-	153,542	1,072,560
Intergovernmental	2,724	-	-	-	2,724
Total Assets	\$ 886,465	\$ 1,408,778	\$ 71,677	\$ 746,417	\$ 3,113,337
Liabilities					
Accounts payable	\$ 2,542	\$ -	\$ -	\$ -	\$ 2,542
Due to other governments	-	-	-	279,289	279,289
Total Liabilities	2,542	-	-	279,289	281,831
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	2,325	-	-	-	2,325
Fund Balances					
Restricted	-	-	-	467,128	467,128
Committed	-	1,408,778	71,677	-	1,480,455
Unassigned	881,598	-	-	-	881,598
Total Fund Balances	881,598	1,408,778	71,677	467,128	2,829,181
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 886,465	\$ 1,408,778	\$ 71,677	\$ 746,417	\$ 3,113,337

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

Fund Balances - governmental funds from above	\$ 2,829,181
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	528,694
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,325
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.	12,101
Total Net Position - Governmental Activities	\$ 3,372,301

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, 2019

	Special Revenue				
	236	231	232	233	
	Port Authority	Industrial	Micro	Intermediary	
	General	Loan	Loan	Relending	Total
Revenues					
Taxes					
Property taxes	\$ 345,611	\$ -	\$ -	\$ -	\$ 345,611
Other taxes	635	-	-	-	635
Investment income	6,973	1,962	211	4,667	13,813
Miscellaneous					
Lease payments received	133,756	-	-	-	133,756
Interest on notes and loans	-	12,094	-	6,724	18,818
Refunds	2,293	-	-	-	2,293
Other	5,543	-	-	1,630	7,173
Total Revenues	<u>494,811</u>	<u>14,056</u>	<u>211</u>	<u>13,021</u>	<u>522,099</u>
Expenditures					
Current					
Economic development					
Personal services	4,403	-	-	-	4,403
Supplies	1,548	-	-	-	1,548
Other services and charges	190,670	-	-	-	190,670
Miscellaneous	151,058	-	-	-	151,058
Debt service					
Interest and fiscal charges	-	-	-	3,088	3,088
Total Expenditures	<u>347,679</u>	<u>-</u>	<u>-</u>	<u>3,088</u>	<u>350,767</u>
Net Change in Fund Balances	147,132	14,056	211	9,933	171,332
Fund Balances, January 1	<u>734,466</u>	<u>1,394,722</u>	<u>71,466</u>	<u>457,195</u>	<u>2,657,849</u>
Fund Balances, December 31	<u>\$ 881,598</u>	<u>\$ 1,408,778</u>	<u>\$ 71,677</u>	<u>\$ 467,128</u>	<u>\$ 2,829,181</u>

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

Net Change in Fund Balances - Governmental Funds from Above \$ 171,332

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 (8,009)

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 (282)

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.

(2,971)

Change in Net Position - Governmental Activities \$ 160,070

City of Red Wing, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2019 and 2018

	Totals		Percent Increase (Decrease)
	2019	2018	
Revenues			
Taxes	\$ 20,976,818	\$ 23,625,190	(11.21) %
Special assessments	430,028	700,994	(38.65)
Licenses and permits	368,777	395,487	(6.75)
Intergovernmental	8,647,517	7,082,531	22.10
Charges for services	976,522	814,189	19.94
Fines and forfeits	81,956	89,398	(8.32)
Investment earnings	1,657,766	711,905	132.86
Miscellaneous	908,341	1,387,844	(34.55)
Total Revenues	<u>\$ 34,047,725</u>	<u>\$ 34,807,538</u>	(2.18) %
Per Capita	\$ 2,061	\$ 2,100	(1.89) %
Expenditures			
Current			
General government	\$ 2,064,234	\$ 1,930,751	6.91 %
Public safety	7,455,079	6,999,578	6.51
Public works	2,995,786	2,799,613	7.01
Sanitation	60,769	80,256	(24.28)
Culture and recreation	3,732,936	3,464,235	7.76
Economic development	1,753,077	1,899,496	(7.71)
Airport	704,372	299,996	134.79
Transit	30,381	-	N/A
Cemeteries	360,182	340,666	5.73
Unallocated	133,297	112,255	18.74
Capital outlay			
General government	24,637	281,973	(91.26)
Public safety	850,463	6,663,439	(87.24)
Public works	12,371,797	9,024,168	37.10
Culture and recreation	2,325,751	3,053,895	(23.84)
Economic development	69,624	958,545	(92.74)
Airport	86,886	1,840	4,622.07
Cemeteries	73,387	9,122	704.51
Debt service			
Principal	2,935,000	3,020,000	(2.81)
Interest and fiscal charges	1,320,598	781,395	69.01
Total Expenditures	<u>\$ 39,348,256</u>	<u>\$ 41,721,223</u>	(5.69) %
Per Capita	\$ 2,382	\$ 2,518	(5.40) %
Total Long-term Indebtedness	\$ 34,885,000	\$ 37,820,000	(7.76) %
Per Capita	2,111	2,282	(7.48)
General Fund Balance - December 31	\$ 27,437,021	\$ 30,361,342	(9.63) %
Per Capita	1,661	1,832	(9.36)

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

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				
	2019	2018	2017	2016	2015
Governmental Activities					
Net investment in capital assets	\$ 80,102,509	\$ 74,558,012	\$ 65,465,148	\$ 58,051,200	\$ 49,648,560
Restricted	18,292,106	15,669,640	15,331,092	14,254,984	13,309,298
Unrestricted	35,107,626	32,445,017	30,800,095	28,121,151	32,917,382
Total Governmental Activities Net Position	<u>\$ 133,502,241</u>	<u>\$ 122,672,669</u>	<u>\$ 111,596,335</u>	<u>\$ 100,427,335</u>	<u>\$ 95,875,240</u>
Business-type Activities					
Net investment in capital assets	\$ 53,690,749	\$ 50,671,411	\$ 48,252,911	\$ 44,944,878	\$ 44,265,403
Restricted	490,600	472,538	454,476	436,414	418,352
Unrestricted	(488,437)	994,152	797,066	2,894,021	2,404,032
Total Business-type Activities Net Position	<u>\$ 53,692,912</u>	<u>\$ 52,138,101</u>	<u>\$ 49,504,453</u>	<u>\$ 48,275,313</u>	<u>\$ 47,087,787</u>
Primary Government					
Net investment in capital assets	\$ 133,793,258	\$ 125,229,423	\$ 113,718,059	\$ 102,996,078	\$ 93,913,963
Restricted	18,782,706	16,142,178	15,785,568	14,691,398	13,727,650
Unrestricted	34,619,189	33,439,169	31,597,161	31,015,172	35,321,414
Total Primary Government Net Position	<u>\$ 187,195,153</u>	<u>\$ 174,810,770</u>	<u>\$ 161,100,788</u>	<u>\$ 148,702,648</u>	<u>\$ 142,963,027</u>

Table 1

Fiscal Year				
2014	2013	2012	2011	2010
\$ 46,262,064	\$ 41,825,328	\$ 38,453,702	\$ 35,820,191	\$ 35,233,880
12,812,857	11,964,453	13,650,753	15,311,936	13,566,492
31,756,579	30,881,953	31,159,022	30,782,252	31,603,457
<u>\$ 90,831,500</u>	<u>\$ 84,671,734</u>	<u>\$ 83,263,477</u>	<u>\$ 81,914,379</u>	<u>\$ 80,403,829</u>
\$ 41,964,192	\$ 40,517,978	\$ 35,251,711	\$ 32,865,281	\$ 31,280,810
400,290	382,228	364,166	346,104	328,042
7,743,886	10,649,128	15,314,254	14,168,386	15,808,643
<u>\$ 50,108,368</u>	<u>\$ 51,549,334</u>	<u>\$ 50,930,131</u>	<u>\$ 47,379,771</u>	<u>\$ 47,417,495</u>
\$ 88,226,256	\$ 82,343,306	\$ 73,705,413	\$ 68,685,472	\$ 66,514,690
13,213,147	12,346,681	14,014,919	15,658,040	13,894,534
39,500,465	41,531,081	46,473,276	44,950,638	47,412,100
<u>\$ 140,939,868</u>	<u>\$ 136,221,068</u>	<u>\$ 134,193,608</u>	<u>\$ 129,294,150</u>	<u>\$ 127,821,324</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				
	2019	2018	2017	2016	2015
Expenses					
Governmental Activities					
General government	\$ 2,302,696	\$ 2,197,544	\$ 1,978,680	\$ 2,186,067	\$ 2,014,182
Public safety	7,999,708	7,403,798	7,458,841	8,359,216	6,037,426
Public works	6,339,104	6,310,412	5,616,530	5,502,852	4,967,050
Storm water	-	-	-	-	-
Sanitation	70,548	89,269	96,063	66,457	38,978
Culture and recreation	4,453,930	4,187,586	4,223,786	4,091,398	3,308,523
Economic development	1,961,397	1,967,863	1,116,449	526,193	861,913
Airport	788,599	405,650	354,440	375,284	375,939
Cemeteries	411,340	415,040	368,286	494,246	371,341
Transit	30,305	206	236	27,885	48,200
Interest and fiscal charges	849,877	1,023,906	567,690	411,189	324,976
Total Governmental Activities Expenses	<u>25,207,504</u>	<u>24,001,274</u>	<u>21,781,001</u>	<u>22,040,787</u>	<u>18,348,528</u>
Business-Type Activities					
Ambulance	2,427,424	2,053,098	2,186,069	2,385,807	1,865,373
Refuse collection and recycling	2,751,975	2,564,204	2,450,536	2,377,624	2,452,011
Water	3,083,037	3,100,054	3,250,721	3,291,289	3,176,793
Sewer	4,308,018	4,695,023	4,246,080	4,720,564	4,341,896
Storm water	917,945	656,048	801,777	639,856	719,183
Solid waste campus	3,863,171	3,254,076	3,242,387	2,575,882	2,647,529
Marina	650,314	591,098	550,923	564,350	620,148
Total Business-type Activities Expenses	<u>18,001,884</u>	<u>16,913,601</u>	<u>16,728,493</u>	<u>16,555,372</u>	<u>15,822,933</u>
Total Primary Government Expenses	<u>\$ 43,209,388</u>	<u>\$ 40,914,875</u>	<u>\$ 38,509,494</u>	<u>\$ 38,596,159</u>	<u>\$ 34,171,461</u>
Program Revenue					
Governmental Activities					
Charges for services					
General government	\$ 360,160	\$ 401,318	\$ 242,075	\$ 220,509	\$ 213,967
Public safety	697,271	752,079	717,634	446,891	445,281
Public works	196,529	121,458	205,902	106,649	116,943
Storm water	-	-	-	-	-
Culture and recreation	163,828	217,036	204,738	201,576	205,901
Economic development	10,905	14,051	20,474	19,641	18,891
Airport	508,244	118,063	102,222	104,043	117,471
Cemeteries	217,172	175,621	183,357	196,675	186,409
Transit	-	-	-	-	-
Operating grants and contributions	1,985,988	1,642,979	1,130,771	1,157,393	1,676,665
Capital grants and contributions	5,660,185	5,517,336	5,726,499	3,509,448	8,248,980
Total Governmental Activities Program Revenues	<u>9,800,282</u>	<u>8,959,941</u>	<u>8,533,672</u>	<u>5,962,825</u>	<u>11,230,508</u>
Business-type Activities					
Charges for services					
Ambulance	2,165,995	2,091,102	1,817,922	1,770,147	1,732,331
Refuse collection and recycling	2,581,246	2,536,707	2,494,292	2,474,252	2,401,294
Water	3,674,091	3,579,496	3,435,180	3,349,471	3,313,412
Sewer	4,999,087	5,040,547	4,593,955	4,397,573	3,819,287
Storm water	1,357,185	1,334,966	1,303,006	1,325,296	1,274,544
Solid waste campus	5,793,406	4,260,460	3,618,528	2,713,880	2,695,806
Marina	688,091	691,877	665,935	550,365	554,370
Operating grants and contributions	345,628	40,735	19,346	36,059	28,093
Capital grants and contributions	52,568	368,812	-	-	68,977
Total Business-type Activities Program Revenues	<u>21,657,297</u>	<u>19,944,702</u>	<u>17,948,164</u>	<u>16,617,043</u>	<u>15,888,114</u>
Total Primary Government Program Revenues	<u>\$ 31,457,579</u>	<u>\$ 28,904,643</u>	<u>\$ 26,481,836</u>	<u>\$ 22,579,868</u>	<u>\$ 27,118,622</u>
Net (Expense) Revenue					
Governmental Activities	\$ (15,407,222)	\$ (15,041,333)	\$ (13,247,329)	\$ (16,077,962)	\$ (7,118,020)
Business-type Activities	<u>3,655,413</u>	<u>3,031,101</u>	<u>1,219,671</u>	<u>61,671</u>	<u>65,181</u>
Total Primary Government Net Expense	<u>\$ 11,751,809</u>	<u>\$ 12,010,232</u>	<u>\$ 12,027,658</u>	<u>\$ 16,016,291</u>	<u>\$ 7,052,839</u>

Table 2

Fiscal Year				
2014	2013	2012	2011	2010
\$ 1,928,550	\$ 1,950,660	\$ 1,904,155	\$ 2,120,072	\$ 2,802,055
6,033,337	5,556,816	5,405,760	5,364,753	5,437,702
5,291,324	5,560,184	5,269,097	5,358,673	4,976,666
-	-	-	-	294,734
48,969	94,652	36,645	48,509	41,256
3,791,583	4,000,733	3,235,924	3,422,720	3,183,989
562,704	553,909	1,238,660	429,599	406,373
358,401	872,190	645,686	663,642	654,954
368,248	326,916	291,059	273,316	247,108
22,904	45,120	10,269	13,869	-
153,007	108,675	141,251	168,349	182,266
18,559,027	19,069,855	18,178,506	17,863,502	18,227,103
1,842,459	1,667,481	1,590,032	1,531,222	1,541,281
2,050,561	2,086,819	1,934,248	1,810,551	1,776,307
3,127,351	2,901,369	3,013,293	2,913,991	2,838,949
4,216,823	3,972,286	3,680,551	4,124,679	3,724,271
622,651	660,862	674,328	-	-
2,272,893	2,678,199	3,078,048	3,268,700	3,042,167
711,761	617,166	671,424	728,269	737,230
14,844,499	14,584,182	14,641,924	14,377,412	13,660,205
<u>\$ 33,403,526</u>	<u>\$ 33,654,037</u>	<u>\$ 32,820,430</u>	<u>\$ 32,240,914</u>	<u>\$ 31,887,308</u>
\$ 222,553	\$ 262,776	\$ 188,538	\$ 137,823	\$ 917,260
487,672	372,731	412,246	395,215	426,580
222,671	81,070	92,462	52,905	629,296
-	-	-	-	440,723
171,026	948,035	557,739	336,254	301,088
31,460	22,497	22,821	24,293	27,177
107,625	88,226	82,923	81,033	59,022
159,976	191,814	172,325	169,300	154,837
-	16,496	-	-	-
1,306,110	2,714,394	2,096,584	1,428,308	1,123,423
2,493,704	2,280,238	2,932,743	888,223	1,199,748
5,202,797	6,978,277	6,558,381	3,513,354	5,279,154
1,700,329	1,757,302	1,743,601	1,631,812	1,528,239
2,245,610	2,297,080	2,117,154	2,014,532	1,864,877
3,305,736	3,271,779	3,341,564	3,175,525	3,022,454
3,808,506	3,606,266	3,389,196	3,471,031	3,236,300
1,110,841	880,982	723,152	557,890	-
2,435,248	2,652,499	2,735,126	2,649,929	2,413,378
565,965	553,234	584,739	643,048	665,688
54,787	4,710	6,100	32,650	7,212
-	-	6,011	6,899	179,102
15,227,022	15,023,852	14,646,643	14,183,316	12,917,250
<u>\$ 20,429,819</u>	<u>\$ 22,002,129</u>	<u>\$ 21,205,024</u>	<u>\$ 17,696,670</u>	<u>\$ 18,196,404</u>
\$ (13,356,230)	\$ (12,091,578)	\$ (11,620,125)	\$ (14,350,148)	\$ (12,947,949)
382,523	439,670	4,719	(194,096)	(742,955)
<u>\$ 12,973,707</u>	<u>\$ 11,651,908</u>	<u>\$ 11,615,406</u>	<u>\$ 14,544,244</u>	<u>\$ 13,690,904</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 14,161,673	\$ 19,522,521	\$ 18,570,054	\$ 17,565,362	\$ 15,926,127
Property taxes, levied for debt service	6,125,216	3,653,662	3,037,320	2,087,390	1,228,574
Tax increments	128,248	136,802	130,672	126,293	130,668
Franchise taxes	251,768	247,661	252,374	250,847	231,315
Hotel-motel taxes	263,495	-	-	-	-
Other taxes	43,752	39,681	38,728	36,789	34,934
Grants and contributions not restricted to specific programs	888,367	1,305,856	1,215,076	1,350,331	1,517,171
Unrestricted investment earnings (loss)	1,843,522	783,568	818,561	(29,598)	528,855
Other revenues	72,111	400,875	201,387	54,659	68,355
Gain on sale of capital assets	105,334	176,756	10,316	71,779	105,141
Transfers	2,354,897	135,694	141,841	(883,795)	(1,940,807)
Total Governmental Activities	<u>26,238,383</u>	<u>26,403,076</u>	<u>24,416,329</u>	<u>20,630,057</u>	<u>17,830,333</u>
Business-type Activities					
Unrestricted investment earnings (loss)	252,317	82,102	90,603	211,253	339,807
Gain on sale of capital assets	1,978	26,472	60,707	30,807	104,459
Transfers	(2,354,897)	(135,694)	(141,841)	883,795	1,940,807
Loss on discontinued operations	-	-	-	-	-
Total Business-type Activities	<u>(2,100,602)</u>	<u>(27,120)</u>	<u>9,469</u>	<u>1,125,855</u>	<u>2,385,073</u>
Total Primary Government	<u>\$ 24,137,781</u>	<u>\$ 26,375,956</u>	<u>\$ 24,425,798</u>	<u>\$ 21,755,912</u>	<u>\$ 20,215,406</u>
Changes in Net Position					
Governmental Activities	\$ 10,831,161	\$ 11,361,743	\$ 11,169,000	\$ 4,552,095	\$ 10,712,313
Business-type Activities	<u>1,554,811</u>	<u>3,003,981</u>	<u>1,229,140</u>	<u>1,187,526</u>	<u>2,450,254</u>
Total Primary Government	<u>\$ 12,385,972</u>	<u>\$ 14,365,724</u>	<u>\$ 12,398,140</u>	<u>\$ 5,739,621</u>	<u>\$ 13,162,567</u>

Table 2 (Continued)

Fiscal Year				
2014	2013	2012	2011	2010
\$ 13,979,615	\$ 13,737,387	\$ 13,003,532	\$ 12,103,712	\$ 12,437,594
612,320	426,594	(64)	-	-
119,509	129,926	182,081	172,726	232,901
228,567	216,365	357,416	148,140	140,157
-	-	-	-	-
39,793	58,538	30,405	31,924	30,403
1,796,830	1,136,834	1,611,696	1,561,023	2,020,134
2,190,982	(1,419,916)	657,293	1,257,152	655,351
30,032	101,291	57,700	89,945	36,711
31,854	89,842	149,127	10,300	9,175
486,494	(977,026)	(3,036,946)	(301,902)	238,157
19,515,996	13,499,835	13,012,240	15,073,020	15,800,583
1,115,146	(919,620)	350,178	739,540	456,910
112,220	122,127	115,500	24,928	561,634
(486,494)	977,026	3,036,946	301,902	(238,157)
(2,564,361)	-	-	-	-
(1,823,489)	179,533	3,502,624	1,066,370	780,387
\$ 17,692,507	\$ 13,679,368	\$ 16,514,864	\$ 16,139,390	\$ 16,580,970
\$ 6,159,766	\$ 1,408,257	\$ 1,392,115	\$ 722,872	\$ 2,852,634
(1,440,966)	619,203	3,507,343	872,274	37,432
\$ 4,718,800	\$ 2,027,460	\$ 4,899,458	\$ 1,595,146	\$ 2,890,066

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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					
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
2010	12,437,594	-	232,901	140,157	-	30,403	12,841,055

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

	Fiscal Year				
	2019	2018	2017	2016	2015
General Fund					
Nonspendable	\$ 1,064,270	\$ 1,064,052	\$ 1,063,817	\$ 142,122	\$ 113,387
Restricted (Reserved 2010)	98,424	4,897,102	2,504,393	1,467,860	1,010,204
Committed	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Assigned	742,741	542,741	542,741	-	-
Unassigned (Unreserved 2010)	21,931,586	20,259,408	18,524,408	17,598,256	14,992,326
Total General Fund	<u>\$ 27,437,021</u>	<u>\$ 30,363,303</u>	<u>\$ 26,235,359</u>	<u>\$ 22,808,238</u>	<u>\$ 19,715,917</u>
All Other Governmental Funds					
Nonspendable	\$ 2,588,039	\$ 2,454,190	\$ 2,474,046	\$ 2,351,681	\$ 2,208,470
Restricted (Reserved 2010)	17,111,630	18,985,163	14,714,608	12,706,743	11,169,450
Committed	5,743,100	2,967,968	3,240,965	3,277,743	5,788,854
Assigned	5,107,669	6,458,925	5,772,009	5,761,280	6,483,127
Unassigned (Unreserved 2010)	(839,382)	(1,382,088)	(1,258,162)	(1,931,540)	(429,114)
Total All Other Governmental Funds	<u>\$ 29,711,056</u>	<u>\$ 29,484,158</u>	<u>\$ 24,943,466</u>	<u>\$ 22,165,907</u>	<u>\$ 25,220,787</u>

Table 4

Fiscal Year				
2014	2013	2012	2011	2010
\$ 193,687	\$ 252,568	\$ 289,632	\$ 378,256	\$ -
1,005,870	1,101,363	467,881	179,473	88,286
3,600,000	3,400,000	3,200,000	6,900,000	-
-	-	-	-	-
12,674,073	11,058,961	11,445,368	9,653,893	16,404,412
<u>\$ 17,473,630</u>	<u>\$ 15,812,892</u>	<u>\$ 15,402,881</u>	<u>\$ 17,111,622</u>	<u>\$ 16,492,698</u>
\$ 4,991,700	\$ 2,113,081	\$ 2,016,704	\$ 1,855,521	\$ -
10,865,226	10,238,897	11,187,608	12,677,653	14,620,699
767,845	831,826	475,212	50,000	-
4,389,895	8,441,271	7,189,612	8,029,651	-
(1,339,709)	(1,177,706)	(143,690)	(866,737)	6,161,448
<u>\$ 19,674,957</u>	<u>\$ 20,447,369</u>	<u>\$ 20,725,446</u>	<u>\$ 21,746,088</u>	<u>\$ 20,782,147</u>

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Revenues					
Taxes	\$ 20,976,818	\$ 23,625,190	\$ 22,016,695	\$ 20,149,887	\$ 17,522,463
Special assessments	430,028	700,994	867,140	491,636	410,235
Intergovernmental revenue	8,647,517	7,082,531	6,069,508	5,519,205	11,750,265
Licenses and permits	368,777	395,487	390,394	234,925	251,182
Charges for services	976,522	814,189	721,865	605,117	577,233
Fines and forfeits	81,956	89,398	82,057	89,599	88,125
Interest income (loss)	1,665,491	722,293	785,340	17,545	494,171
Miscellaneous	900,616	1,377,456	992,282	599,655	818,731
Total Revenues	<u>34,047,725</u>	<u>34,807,538</u>	<u>31,925,281</u>	<u>27,707,569</u>	<u>31,912,405</u>
Expenditures					
General government	2,064,234	1,930,751	1,657,839	1,814,476	1,834,768
Public safety	7,455,079	6,999,578	6,329,892	6,339,056	5,882,501
Public works	2,995,786	2,799,613	2,833,260	2,609,653	2,570,328
Storm water	-	-	-	-	-
Sanitation	60,769	80,256	84,249	49,339	43,891
Culture and recreation	3,732,936	3,464,235	3,606,939	3,259,092	3,033,293
Economic development	1,753,077	1,899,496	1,098,068	486,445	822,158
Airport	704,372	299,996	233,749	227,118	251,797
Cemeteries	360,182	340,666	286,930	404,413	332,475
Transit	30,381	-	-	27,720	48,200
Contingencies and other	133,297	112,255	153,065	180,769	81,536
Capital outlay	15,802,545	19,992,982	14,255,013	18,711,325	14,630,507
Debt service					
Principal	2,935,000	3,020,000	1,600,000	870,000	845,000
Interest and fiscal charges	1,320,598	781,395	515,743	312,479	140,702
Bond issuance costs	-	-	-	107,617	116,103
Total Expenditures	<u>39,348,256</u>	<u>41,721,223</u>	<u>32,654,747</u>	<u>35,399,502</u>	<u>30,633,259</u>
Excess of Revenues Over (Under) Expenditures	<u>(5,300,531)</u>	<u>(6,913,685)</u>	<u>(729,466)</u>	<u>(7,691,933)</u>	<u>1,279,146</u>
Other Financing Sources (Uses)					
Sale of capital assets	107,839	208,008	39,566	148,679	105,141
Transfers in	12,072,382	5,491,216	4,587,172	4,349,273	4,723,724
Bonds issued	-	13,535,000	6,740,000	8,525,000	7,735,000
Premium on bonds issued	-	1,617,340	494,647	339,490	221,357
Transfers out	(9,577,485)	(5,269,243)	(4,927,239)	(5,633,068)	(6,276,251)
Total Other Financing Sources (Uses)	<u>2,602,736</u>	<u>15,582,321</u>	<u>6,934,146</u>	<u>7,729,374</u>	<u>6,508,971</u>
Net Change in Fund Balance	<u>\$ (2,697,795)</u>	<u>\$ 8,668,636</u>	<u>\$ 6,204,680</u>	<u>\$ 37,441</u>	<u>\$ 7,788,117</u>
Debt service as a percentage of noncapital expenditures	18.07%	17.51%	11.54%	7.07%	6.21%
Debt service as a percentage of total expenditures	10.82%	9.11%	6.48%	3.34%	3.22%

Table 5

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

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City of Red Wing, Minnesota
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Tax Increments	Franchise Tax	Other Tax	Total
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
2010	12,303,314	325,053	140,157	30,403	12,798,927

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
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
2010	10,422,221	4,557,140	7,830,792	255,484	268,738

Sources: Springsted Inc. and Goodhue County Auditor.

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

Table 7

<u>Total Real Estate Tax Capacity</u>	<u>Personal Property Tax Capacity</u>	<u>Total Net Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Fully Taxable Market Value</u>	<u>Tax Capacity as a Percentage of Fully Market Value</u>
\$ 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
22,796,899	321,288	23,118,187	55.132	1,695,585,300	1.38

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).			
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
2010	55.132	-	55.132

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	
45.025	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
42.329	19.528	2.404	64.261	119.393

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

Table 9

Taxpayer	Type of Business	2019			2010		
		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	54.9 %	\$ 8,043,277	1	34.8 %
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	159,583	6	0.7
Wal-Mart Stores Incorporated	Retail	180,536	4	0.6	241,016	3	1.0
Menards, Inc.	Retail	173,076	5	0.5	213,890	2	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	5	0.7
M & E Realty Company	Real Estate	103,132	10	0.3	133,926	7	0.6
Red Wing Port Authority	Real Estate	-	-	-	86,899	9	0.4
CJB Real Estate	Real Estate	-	-	-	94,813	8	0.4
Neal Siewert	Real Estate	-	-	-	85,937	10	0.4
		<u>\$ 18,704,938</u>		<u>59.4 %</u>	<u>\$ 9,412,182</u>		<u>40.7 %</u>
Total All Property		<u>\$ 31,485,915</u>			<u>\$ 23,118,187</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
2019	\$ 20,781,443	\$ 20,682,863	99.5 %	\$ -	\$ 20,682,863	99.5 %
2018	23,199,969	23,100,472	99.6	82,660	23,183,132	99.9
2017	21,590,468	21,498,988	99.6	84,032	21,583,020	100.0
2016	19,551,029	19,464,518	99.6	83,192	19,547,710	100.0
2015	17,187,783	17,068,910	99.3	118,851	17,187,761	100.0
2014	14,572,110	14,474,632	99.3	95,701	14,570,333	100.0
2013	14,147,810	13,976,021	98.8	169,870	14,145,891	100.0
2012	13,015,000	12,779,149	98.2	234,014	13,013,163	100.0
2011	12,226,569	12,070,830	98.7	154,338	12,225,168	100.0
2010	12,179,625	11,978,988	98.4	200,086	12,179,074	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
2019	\$ 37,152,572	\$ -	\$ -	\$ -	\$ -	\$ 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
2010	-	-	1,920,000	1,131,421	260,711	24,168,891

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
\$ 51,776,254	2.08 %	\$ 3,134
50,262,530	2.18	3,033
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
27,481,023	1.51	1,670

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	
2019	\$ 37,152,572	\$ -	\$ -	\$ 14,623,682	\$ 51,776,254
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
2010	-	-	1,920,000	24,168,891	26,088,891

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
\$ 5,695,777	\$ 46,080,477	2.19 %	\$ 2,789
3,820,935	46,441,595	2.21	2,802
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
1,495,690	24,593,201	1.45	1,494

City of Red Wing, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2019

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Red Wing	\$ 37,152,572	100.00 %	\$ 37,152,572
Overlapping Debt			
Goodhue County	17,845,000	42.70	7,619,815
Independent School District #256	34,330,000	85.30	29,283,490
Total Overlapping Debt	<u>52,175,000</u>		<u>36,903,305</u>
Total Direct and Overlapping Debt	<u>\$ 89,327,572</u>		<u>\$ 74,055,877</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
2019	16,522	\$ 63,268,260	\$ 31,456,795	\$ 31,811,465	49.72 %	\$ 1,904
2018	16,572	62,987,688	36,547,451	26,440,237	58.02	2,205
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
2010	16,459	50,867,559	424,310	50,443,249	0.83	26

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

Legal Debt Margin Calculation for Fiscal Year 2018

Market Value	\$ 2,108,942,000
Add Back Exempt Real Property	-
Total Assessed Value	<u>2,108,942,000</u>
Debt Limit (3% of Market Value)	<u>63,268,260</u>
Debt Applicable to Limit	
General obligation bonds	37,152,572
Less amount set aside for repayment of general obligation debt	<u>5,695,777</u>
Total Net Debt Applicable to Limit	<u>31,456,795</u>
Legal Debt Margin	<u><u>\$ 31,811,465</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 ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2019	\$ 3,327,004	\$ 2,220,056	\$ 1,106,948	\$ 913,000	\$ 136,101	\$ 1,049,101	1.06
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
2010	2,938,283	1,964,288	973,995	786,000	344,872	1,130,872	0.86

Sewer Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2010	3,160,976	2,876,002	284,974	522,771	209,451	732,222	0.39

Marina Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2010	566,808	446,809	119,999	65,000	47,117	112,117	1.07

Disposal System Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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)
2010	2,405,074	2,757,932	(352,858)	80,000	165,683	245,683	(1.44)

(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 ⁽¹⁾	Goodhue County Personal Income ⁽²⁾	Goodhue County Per Capita Personal Income ⁽²⁾	Goodhue County Unemployment Rate ⁽³⁾
2019	16,522	\$ 2,484,856,000	\$ 53,549	3.1 %
2018	16,572	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
2010	16,459	1,817,438,000	39,339	7.0

(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 2019 Personal Income information for Goodhue County will not be released until sometime in August of 2020, therefore the 2018 figures were used.

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

	2019		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,644 (b)	1	13.05 %
Red Wing Shoe Company	1,040	2	8.25
Xcel Energy	750	3	5.95
Mayo Clinic Health System	747	4	5.93
3M Fall Protection	509 (b)	5	4.04
Bic Graphic USA	440	6	3.49
Independent School District #256	405 (b)	7	3.21
Goodhue County	356	8	2.82
City of Red Wing	194 (b)	9	1.54
St. Crispin Living Community (c)	189	10	1.50
S.B. Foot Tanning			
Red Wing Health Center			
Total	<u>6,274</u>		<u>49.78 %</u>
Total City Employment	<u>12,602</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) Operated by the Prairie Island Mdewakanton Dakota Tribe on tax-exempt reservation land.

(b) Includes full and part-time employees.

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

Table 17

2010		
Employees	Rank	Percentage of Total City Employment
1,500	1	11.50 %
998	2	7.65
700	3	5.36
800	4	6.13
420	7	3.22
560	5	4.29
425 (b)	6	3.26
325 (b)	8	2.49
204	9	1.56
198	10	1.52
<u>6,130</u>		<u>46.98 %</u>
<u>13,049</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			
	2019	2018	2017	2016
Governmental Activities				
General Government				
Council administrator	-	-	-	-
City clerk	-	-	-	-
Finance	-	-	-	-
Employee services	-	-	-	-
Community development	-	-	-	-
Communications	-	-	-	-
Information services	-	-	-	-
Public Safety				
Police	35	35	34	32
Fire	13	13	13	12
Inspection	2	2	1	2
Streets and Highways				
Maintenance	10	10	10	12
Engineering	7	7	6	6
Culture and Recreation				
Library	10	10	9	9
Parks	6	6	6	6
All Other Governmental Employees				
Cemetery	1	1	1	1
Public services	2	2	2	3
Buildings and grounds	6	5	5	5
Central services	6	6	6	6
Community development	6	7	6	-
Port Authority	0	0	-	1
Sheldon Theatre	4	5	4	4
Internal service administration	23	25	20	20
Business-type Activities				
Refuse and Recycling	12	13	12	12
Water	12	11	10	11
Sewer	15	15	13	13
Storm Water	2	2	3	2
Solid Waste Campus	10	9	9	10
Marina	1	1	1	1
Ambulance	15	14	13	13
Total	<u>198</u>	<u>199</u>	<u>184</u>	<u>181</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					
2015	2014	2013	2012	2011	2010
-	-	-	-	-	2
-	-	-	-	-	2
-	-	-	-	-	4
-	-	-	-	-	4
-	-	-	1	3	3
-	-	-	-	-	2
-	-	-	-	-	3
32	32	31	31	31	31
12	13	12	12	12	12
2	2	2	2	1	4
11	10	11	10	15	15
7	7	7	7	7	7
9	9	9	8	9	9
6	6	7	7	9	9
1	1	-	-	-	-
2	2	2	2	-	-
5	5	5	5	-	-
6	7	5	6	6	6
-	-	-	-	-	-
1	2	2	2	2	2
4	4	3	3	3	3
21	18	18	17	18	-
11	10	9	9	9	10
11	11	11	11	11	12
13	12	13	14	14	14
2	1	1	1	1	1
10	9	12	12	12	12
1	1	1	1	1	1
13	13	13	12	12	12
181	175	174	173	176	180

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

Function/Program	Fiscal Year			
	2019	2018	2017	2016
Elections*				
Number of registered voters		10,289		10,602
Number of votes cast		7,903		8,557
Police				
Number of calls for service	13,912	15,700	14,341	14,754
Fire				
Number of fire calls	765	712	454	639
Building Permits				
Newly issued residential permits	17	24	26	15
Total valuation of residential permits	\$ 14,077,115	\$ 5,169,015	\$ 3,749,772	\$ 2,723,955
Newly issued civic, institutional, commercial, & industrial permits	3	8	4	4
Total valuation of civic, institutional, commercial, & industrial permits	\$ 1,341,000	\$ 3,484,546	\$ 5,997,178	\$ 5,133,000
Refuse				
Refuse collected (tons/year)	7,309	8,054	7,871	7,041
Water				
Number of accounts	6,179	6,264	6,238	6,231
Average daily water demand in gallons	15,000	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					
2015	2014	2013	2012	2011	2010
	9,644		9,443		9,522
	5,426		8,748		6,568
14,669	14,976	15,497	15,980	15,472	14,479
704	732	837	877	920	949
18	17	7	8	9	8
\$ 3,426,276	\$ 4,514,616	\$ 1,565,000	\$ 1,333,434	\$ 1,539,000	\$ 1,601,745
3	8	8	5	4	1
\$ 3,349,910	\$ 11,728,189	\$ 1,732,280	\$ 3,533,494	\$ 1,708,850	\$ 1,664,000
7,063	6,603	6,614	6,802	6,787	6,458
6,235	6,227	6,205	6,205	6,206	6,249
1,500,000	1,500,000	1,500,000	1,700,000	1,700,000	1,700,000
3,300,000	3,300,000	3,300,000	4,000,000	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			
	2019	2018	2017	2016
General Government				
Municipal governmental buildings	12	10	9	9
Public Safety				
Police				
Police units	22	22	21	21
Fire				
Fire units	9	9	9	10
Public Works				
Street division				
Miles of street	117.93	117.93	117.55	117.65
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					
2015	2014	2013	2012	2011	2010
9	9	9	9	9	9
20	18	18	18	17	18
9	8	8	8	7	7
117.56	117.50	117.50	117.59	117.47	117.33
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, 2019

City of Red Wing
Red Wing, Minnesota
Schedule of Cash and Investments
December 31, 2019

	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Carrying Amount</u>
General Pooled Deposits and Investments			
Checking accounts			
Merchants Bank	Varies	-	\$ 4,835,160.95
Wells Fargo	Varies	-	5,503.42
Total checking accounts			4,840,664.37
Petty cash			2,525.00
Negotiable certificates of deposit			
MOUNTAINONE BANK, NORTH ADAMS, MA	2.45%	January 21, 2020	245,115.15
GOLDMAN SACHS BK USA, NY, NY	2.00%	January 28, 2020	247,069.16
DISCOVER BANK, GREENWOOD, DE	2.00%	February 19, 2020	245,122.50
WORLDS FOREMOST BANK, SIDNEY, NE	2.00%	April 15, 2020	199,968.00
AMERICAN EXPRESS CENTURIAN BANK, SALT LAKE CITY, UT	2.10%	June 3, 2020	245,301.35
BMW BANK OF NORTH AMERICA, SALT LAKE CITY, UT	2.10%	June 15, 2020	245,325.85
CAPITAL ONE BANK, GLEN ALLEN, VA	2.15%	June 17, 2020	225,301.50
CAPITAL ONE NA, MCLEAN, VA	2.30%	August 12, 2020	245,970.20
COMENITY BANK, WILMINGTON, DE	2.35%	August 12, 2020	200,374.00
LAKE CITY BANK, WARSAW, IN	1.90%	September 8, 2020	245,075.95
STATE BANK INDIA, CHICAGO, IL	1.85%	October 28, 2020	245,051.45
CUSTOMERS BANK, PHOENIXVILLE, PA	1.60%	November 27, 2020	244,870.15
NEW YORK COMMUNITY BANK, WESTBURY, NY	1.65%	December 10, 2020	49,995.50
BERKSHIRE BK, PITTSFIELD, MA	2.40%	May 2, 2021	234,157.40
MORGAN STANLEY PRIVATE BANK, PURCHASE, NY	2.45%	May 10, 2021	152,561.34
WELLS FARGO BANK, SIOUX FALLS, SD	3.00%	June 7, 2021	50,933.50
ZIONS BANCORP, SALT LAKE CITY, UT	1.60%	June 11, 2021	168,797.20
FLAGSTAR BANK FSB, TROY, MI	2.40%	June 14, 2021	50,514.50
FIRST STATE BANK of DEQUEE, DEQUEE, AR	2.00%	July 19, 2021	246,168.65
TIAA FSB, JACKSONVILLE, FL	2.75%	August 4, 2021	250,088.52
CIT BANK, PASADENA, CA	1.90%	August 23, 2021	245,818.30
ALLY BANK, SANDY, UT	3.00%	September 27, 2021	250,446.35
JP MORGAN CHASE BANK, COLUMBUS, OH	1.95%	September 30, 2021	245,161.70
HSBC BANK, MC LEAN, VA	2.00%	October 7, 2021	490,252.35
CEDAR RAPIDS BK & TR, CEDAR RAPIDS, IA	1.85%	October 15, 2021	245,022.05
AUBURN SAVINGS BANK, AUBURN, ME	1.70%	November 29, 2021	244,968.15
WELLS FARGO NATL BANK, WST LAS VEGAS, NV	1.70%	December 13, 2021	244,958.35
METABANK, SIOUX FALLS, SD	1.75%	December 20, 2021	245,071.05
MORGAN STANLEY BK NA, SALT LAKE CITY, UT	1.70%	December 27, 2021	244,948.55
RAYMOND JAMES BANK, ST PETERSBURG, FL	2.97%	January 25, 2022	252,130.32
CITIBANK NATIONAL ASSN, SIOUX FALLS, SD	2.90%	February 7, 2022	251,958.12
VALLEY NATIONAL BANK OF WAYNE, WAYNE, NJ	2.75%	March 28, 2022	245,624.75
WELLS FARGO BANK, SIOUX FALLS, SD	2.75%	March 28, 2022	118,579.84
FNBC BANK OF ARIZONA, ASH FLAT, AR	1.75%	June 6, 2022	244,938.75
CELTIC BANK, SALT LAKE CITY, UT	2.15%	July 19, 2022	245,061.25
FRANKLIN SYNERGY BANK, FRANKLIN, TN	2.15%	July 29, 2022	245,088.20
BMO HARRIS BANK, CHICAGO, IL	2.00%	November 7, 2022	243,929.35
SILVERGATE BANK, LA JOLLA, CA	2.00%	November 29, 2023	245,161.70
FIRST UNTD BK & TR CO, DURANT, OK	2.10%	August 30, 2024	245,218.05
Total negotiable certificates of deposit			\$ 8,832,099.05

City of Red Wing
Red Wing, Minnesota
Schedule of Cash and Investments (Continued)
December 31, 2019

				<u>Schedule A</u>
U.S. government securities				
FHLB	1.45%	January 7, 2020	\$	7,534,417.44
TBILL	1.27%	January 7, 2020		4,299,183.00
TBILL	1.34%	January 16, 2020		5,297,138.00
TBILL	1.37%	February 4, 2020		2,995,710.00
TBILL	1.43%	February 27, 2020		2,992,950.00
TBILL	1.44%	March 26, 2020		2,989,440.00
FFCB	4.90%	December 28, 2020		1,945,305.36
FHLB	Step Up 1.00% -4.00%	January 27, 2022		1,000,370.00
FFCB	2.07%	July 10, 2023		493,900.00
FHLMC	Step Up 1.00% - 3.00%	October 27, 2023		3,749,590.00
FHLMC	2.00%	June 19, 2024		600,000.00
FHLMC	2.23%	July 22, 2024		500,320.00
FHLB	Step Up 2.05% - 5.00%	October 7, 2024		500,005.00
FHLB	Step Up 1.50% - 8.00%	November 25, 2024		498,325.00
FHLMC	1.75%	November 27, 2024		1,499,985.00
FHLB	Step Up 1.25% - 9.00%	March 28, 2025		2,992,170.00
FHLMC	Step Up 2.00% - 3.50%	April 28, 2026		4,117,946.25
FNMA	Step Up 1.50% - 4.50%	April 28, 2026		399,708.00
FHLB	Step Up 1.50% - 5.00%	September 30, 2026		1,830,112.50
FHLB	Step Up 1.50% - 8.00%	October 28, 2026		1,000,060.00
FHLMC	Step Up 1.50% - 6.00%	October 28, 2026		2,989,970.00
FHLB	Step Up 1.75% - 8.00%	July 27, 2028		2,654,803.75
FHLB	Step Up 1.50% - 10.00%	November 1, 2028		993,930.00
FHLB	Step Up 2.25% - 5.00%	July 21, 2031		496,815.00
FNMA POOL	5.00%	May 1, 2033		18,291.68
FNMA POOL	5.00%	May 15, 2033		20,610.17
FNMA POOL	4.50%	June 1, 2033		<u>86,571.82</u>
Total U.S. government securities				<u>54,497,627.97</u>
Other Investments				
St. Paul Foundation				4,065,401.00
BROKER GOVERNMENT MONEY MARKET	Varies	-		2,227,110.08
Total other investments				<u>6,292,511.08</u>
Total General Pooled Deposits and Investments				<u>\$ 74,465,427.47</u>

City of Red Wing, Minnesota
Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2019

		Special Revenue Funds		
	General Fund	Airport	Library	Total
Shared Revenue				
State				
Highway users tax	\$ 319,332	\$ -	\$ -	\$ -
Market value credit	4,866	-	-	-
Local government aid	794,066	-	-	-
State PERA aid	32,922	-	-	-
State police pension aid	269,443	-	-	-
State fire pension aid	120,074	-	-	-
Total Shared Revenue	1,540,703	-	-	-
Grants				
County and Local				
Miscellaneous	206,918	-	130,372	130,372
Total County and Local	206,918	-	130,372	130,372
State				
Minnesota Department of				
Public Safety	14,973	-	-	-
Police - Toward Zero Deaths	4,919	-	-	-
Transportation	-	-	-	-
Natural Resources	48,153	-	-	-
Aeronautics	-	44,074	-	44,074
Employment & Economic Development	-	-	-	-
Minnesota Historical & Cultural	621,181	-	-	-
Minnesota Peace Officers Board (POST)	28,412	-	-	-
Total State	717,638	44,074	-	44,074
Federal				
U.S. Department of				
Transportation	-	-	-	-
Housing and Urban Development	195,088	-	-	-
Homeland Security	6,637	-	-	-
Total Federal	201,725	-	-	-
Total Grants	1,126,281	44,074	130,372	174,446
Total Intergovernmental Revenue	\$ 2,666,984	\$ 44,074	\$ 130,372	\$ 174,446

Schedule B**Capital Projects Funds**

Levee Wall Improvements	Spring Creek Creek Intersection	Airport Federal Projects	Barn Bluff Improvements	River Renaissance Phase II	State Aid Street Overlays	Total	Totals All Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 658,939	\$ 658,939	\$ 978,271
-	-	-	-	-	-	-	4,866
-	-	-	-	-	-	-	794,066
-	-	-	-	-	-	-	32,922
-	-	-	-	-	-	-	269,443
-	-	-	-	-	-	-	120,074
-	-	-	-	-	658,939	658,939	2,199,642
-	100,000	-	25,000	-	-	125,000	462,290
-	100,000	-	25,000	-	-	125,000	462,290
-	-	-	-	-	-	-	14,973
-	-	-	-	-	-	-	4,919
1,022,300	10,674	-	-	-	-	1,032,974	1,032,974
-	-	-	-	-	-	-	48,153
-	-	28,482	-	-	-	28,482	72,556
2,877,572	-	-	-	-	-	2,877,572	2,877,572
-	-	-	-	-	-	-	621,181
-	-	-	-	-	-	-	28,412
3,899,872	10,674	28,482	-	-	-	3,939,028	4,700,740
-	1,103,513	1,489	-	3,118	-	1,108,120	1,108,120
-	-	-	-	-	-	-	195,088
-	-	-	-	-	-	-	6,637
-	1,103,513	1,489	-	3,118	-	1,108,120	1,309,845
3,899,872	1,214,187	29,971	25,000	3,118	-	5,172,148	6,472,875
\$ 3,899,872	\$ 1,214,187	\$ 29,971	\$ 25,000	\$ 3,118	\$ 658,939	\$ 5,831,087	\$ 8,672,517

City of Red Wing, Minnesota
Detailed Combined Schedule of Indebtedness
For the Year Ended December 31, 2019

<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 2020</u>	<u>Interest Due in 2020</u>
\$ 1,835,000	\$ 1,835,000	\$ 1,240,000	\$ 595,000	\$ 195,000	\$ 12,155
2,375,000	2,375,000	1,705,000	670,000	165,000	11,758
2,930,000	2,930,000	1,430,000	1,500,000	315,000	26,850
1,115,000	1,115,000	535,000	580,000	110,000	10,745
7,735,000	7,735,000	2,195,000	5,540,000	760,000	103,200
8,525,000	8,525,000	1,545,000	6,980,000	830,000	131,300
6,740,000	6,740,000	1,255,000	5,485,000	625,000	157,175
13,535,000	13,535,000	-	13,535,000	1,240,000	596,650
<u>44,790,000</u>	<u>44,790,000</u>	<u>9,905,000</u>	<u>34,885,000</u>	<u>4,240,000</u>	<u>1,049,833</u>
2,100,000	1,494,594	1,190,594	304,000	98,000	11,370
15,417,000	15,283,450	11,368,450	3,915,000	938,000	110,364
5,283,360	5,283,360	3,660,360	1,623,000	310,000	37,978
2,585,000	2,585,000	205,000	2,380,000	210,000	64,606
5,955,000	5,955,000	-	5,955,000	-	285,280
<u>31,340,360</u>	<u>30,601,404</u>	<u>16,424,404</u>	<u>14,177,000</u>	<u>1,556,000</u>	<u>509,598</u>
<u>\$ 76,460,440</u>	<u>\$ 75,721,484</u>	<u>\$ 26,659,484</u>	<u>\$ 49,062,000</u>	<u>\$ 5,796,000</u>	<u>\$ 1,559,431</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, 2019
(Unaudited)

Schedule D

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	\$ 6,092,300	\$ 2,443,193	\$ 128,248	\$ 3,520,859
Interest on invested funds	-	172	-	172
Total Sources of Funds	<u>6,092,300</u>	<u>2,443,365</u>	<u>128,248</u>	<u>3,521,031</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	1,290,305	121,836	1,047,859
Administration	295,000	84,461	813	209,726
Capitalized interest	120,000	-	-	120,000
Total Uses of Funds	<u>6,092,300</u>	<u>2,405,767</u>	<u>122,649</u>	<u>3,563,884</u>
District Balance (or Deficiency)	<u>-</u>	<u>37,598</u>	<u>5,599</u>	<u>7,084,915</u>
Funds Remaining (or Deficiency)	<u>\$ -</u>	<u>\$ 37,598</u>	<u>\$ 5,599</u>	<u>\$ 7,084,915</u>

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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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, 2019, 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 12, 2020.

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 12, 2020

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, 2019, 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 12, 2020.

Internal Control Over Financial Reporting

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

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

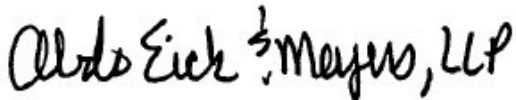
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 12, 2020

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, 2019. 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, 2019.

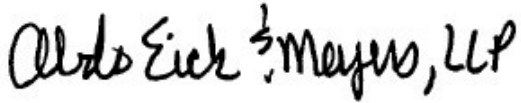
Report on Internal Control Over Compliance

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 12, 2020

City of Red Wing, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Department of Transportation Direct Programs Highway	20.205	156-060-001/ 156-080-015	\$ 541,506
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	N/A	6,637
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	TMNFAA00821517	4,607
U.S. Department of Transportation	Minnesota Department of Health	Interagency Hazardous Materials Public Sector Training	20.703	CDAP-16-0035-O-FY17	195,088
U.S. Department of Homeland Security	Direct	Reimbursement of Emergency Health Services Furnished to Undocumented Aliens	93.784	N/A	<u>52,568</u>
	Total Federal Expenditures				<u>\$ 800,406</u>

City of Red Wing, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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, 2019. 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, 2019 the City did not elect to use the 10 percent de minimis indirect cost rate.

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City of Red Wing, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a).	No

Identification of Major Programs/Projects

	<u>CFDA No.</u>
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under 2CFR section 200.516(a).