



CITY OF
RED WING,
MINNESOTA



Annual Comprehensive Financial Report

For the Fiscal Year Ended
December 31, 2021

315 West Fourth Street, Red Wing, MN 55066

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CITY OF RED WING
RED WING, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

PREPARED BY:

ADMINISTRATIVE BUSINESS DEPARTMENT

MARSHALL HALLOCK
Administrative Business Director

SUE IVERSON
Finance and Accounting Manager

Member GFOA of U.S. and Canada
Published June 27, 2022

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INTRODUCTORY SECTION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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June 27, 2022

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 Annual Comprehensive Financial Report of the City of Red Wing, Minnesota (the City), for the fiscal year ended December 31, 2021.

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

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

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The financial statements in this report have been audited by Abdo, 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, 2021 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, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

This report includes all of the funds of the City. It includes all activities considered by generally accepted accounting principles to be part of (controlled by or dependent on) the City. The City is also financially accountable for the legally separate Red Wing Port Authority which is reported separately as a component unit within the report. The City adopts an annual appropriated budget for its General fund, PERA Perpetual fund, and other various special revenue funds including Airport, Library, DEED Loan, Sister Cities, and Inspection funds.

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

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

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

With a staff of approximately 203 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 2021 population of the City according to the U.S. Census Bureau is 16,547, which is a 2.7 percent increase over the 2000 U.S. Census of 16,116 and a 0.53 percent increase from the 2010 U.S. Census of 16,459.

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

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

BUDGETARY CONTROL

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

The annual budget serves as the foundation for the City's financial planning and control. The budget incorporates the City's financial policies related to operations, management policy, debt management, reserves, investments, and amendments into the overall budget document. The budget process is focused on the balancing of anticipated revenues and appropriations. City departments submit their appropriation requests to the Administrative Business Department in June. These requests, along with projected revenue, are the starting point for developing the proposed budget. The Council Administrator and Administrative Business Director present a preliminary budget to the Council on, or before, September 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 11,459 jobs. This labor market draws workers from significant distances outside Red Wing. The City's three business districts are expected to maintain their high occupancy rate with a variety of stores, specialty shops and commercial businesses.

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

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

The City's economic indicators for residential and multi-unit residential construction in 2021 was down compared to the 2016 - 2020 fiscal years. In 2021, the City issued 17 residential and multi-unit residential permits with a valuation of \$4,130,364 compared to 86 in 2020 with a valuation of \$17,808,550. The 17 residential and multi-unit residential permits issued in 2021 are below the five-year average of 57 residential and multi-unit residential permits and below the five-year average valuation of \$16,861,682.

In 2021, the City issued 55 civic, institutional, commercial and industrial permits with a valuation of \$7,505,823 compared to 45 in 2020 with a valuation of \$4,108,662. The 55 civic, institutional and commercial and industrial permits issued in 2021 are below the five-year average of 110 civic, institutional, commercial and industrial permits. The valuation of the 55 civic, institutional and commercial permits issued in 2021 is below the five-year average valuation of \$14,518,371.

A total of 72 residential and multi-unit residential, civic, institutional commercial and industrial permits were issued in 2021 with a combined valuation of \$11,636,187. The 72 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2021 are below the five-year average of 120 residential and multi-unit residential, civic, institutional commercial and industrial permits. The valuation of the 72 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2021 is below the five-year average valuation of \$19,612,533.

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
2017	\$842,017,800
2018	905,159,800
2019	762,502,400
2020	806,102,700
2021	841,622,000

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 \$42.8 million of street related transportation improvements are being planned over the next 5 years with approximately \$29.5 million for 2022.

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 2022 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 2021 on Memorial and Barn Bluff Parks including safety enhancements, trail improvements, overlook areas, and other substantive improvements. These improvements are made possible in large part by state grants and generous local philanthropic contributions.

Planning continued in 2021 on the Sturgeon Lake Road Rail Grade Separation project. The project is intended to address rail safety and access concerns. During Minnesota's 2017 legislative session the project was awarded \$14.762 million in funding. During Minnesota's 2020 legislative session the project was awarded an additional \$10 million in funding.

Work was completed in 2021 on the Levee Park River Boat Transient Dockage and Improvement Project. Minor warrantee work needs to be completed in 2022. The project area is situated on the banks of the Mississippi River and provided for safely accommodating the increasing commercial riverboat traffic the City is receiving. The project improved accommodations in Levee Park to assist in meeting the service requirements of the commercial riverboats. The opportunity to undertake this project was made possible through a partnership with the State of Minnesota. During Minnesota's 2017 legislative session the project was awarded \$2.2 million in funding.

Planning, public engagement, and construction commenced in 2021 on the Old West Main Street and River Renaissance projects. The Red Wing River View Skywalk was completed and open in late 2021. These projects will assist the redevelopment of Old West Main Street Business District, Bay Point Park, and a section of the riverfront. This project will provide will create a safe, easy, accessible connection for all people to get between the Old West Main Street Business District and Bay Point Park and its marinas and other amenities.

John Rich Park had a major restoration of the water fountain feature that was completed in 2021 and funded by private donations. This project restored the fountain to its original condition.

There were other projects commenced or completed in 2021 which enhanced the quality of life, livability, beauty and recreational opportunities for our community. Improvements were made to regional trails, neighborhood park apparatuses and facilities, as well as to numerous other public buildings and critical public infrastructure. These improvements contributed to the beautification, quality of life, and livability of the City.

INTERNAL ACCOUNTING CONTROLS

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

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

The concept of reasonable assurance recognizes that:

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

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

RELEVANT FINANCIAL POLICIES

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

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

INDEPENDENT AUDIT

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

The accompanying financial statements have been examined by Abdo, 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, 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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. 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 annual comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The timely preparation and completion of this report are due to the efficient and dedicated services of the Administrative Business Department staff. The significant amount of year-end closing procedures required prior to the audit and the documentation preparation could not have been accomplished without the professional efforts of Keith Schlichting, Judie Maas, and Sue Iverson. Appreciation is also extended to City departmental staff, who contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Sincere thanks goes to our independent auditors Abdo, 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
Administrative Business Director



Susan Iverson, CMC, MPNA, MAFM
Finance and Accounting Manager

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

COUNCIL MEMBERS AND MAYOR



(Top row) Council Member Kim Beise, Council Member Dean Hove, Council Member Andy Klitzke, Council Vice-President Evan Brown

(Bottom row) Council President Becky Norton, Council Member Erin Buss, Council Member Laurel Stinson, Mayor Mike Wilson

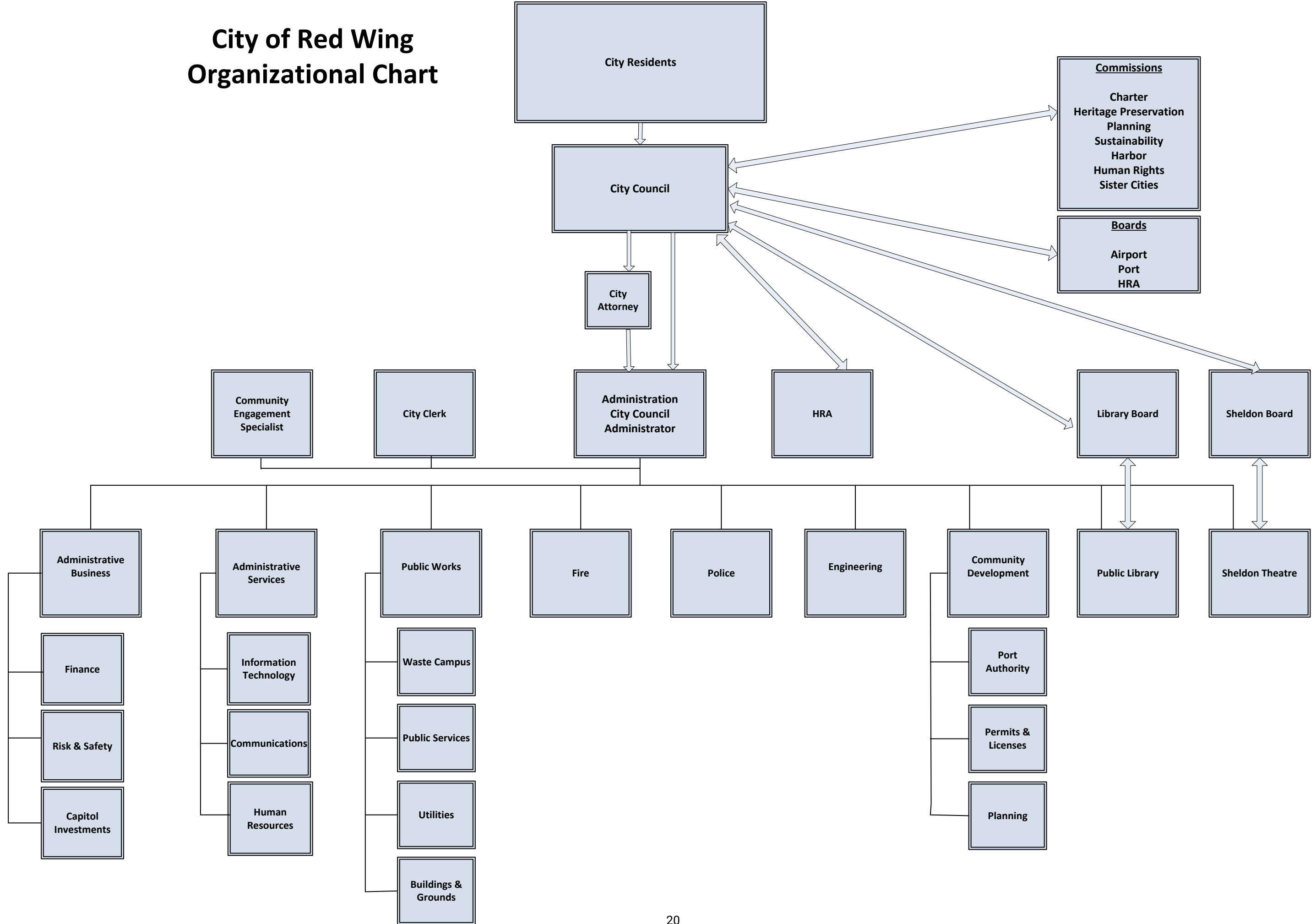
APPOINTED OFFICIALS

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

OTHER CITY OFFICIALS

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

City of Red Wing Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Red Wing
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Red Wing, Minnesota

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 29 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 122 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.



Supplementary 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 accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 statement 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.

Other Information

Management is responsible for the other information in the report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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.



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Mankato, Minnesota
June 27, 2022



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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, 2021. 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 \$207,410,428 (net position). Of this amount, \$37,762,821 (*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 \$11,148,588, compared to an increase of \$10,574,032 in the previous year. Governmental activities accounted for 82.4 percent of the total increase while business-type activities accounted for a 17.6 percent of the total increase. Business-type expenses increased during the year, which was offset by an increase of \$2,215,084 in charges for services. Governmental expenses decreased predominately due to less public safety costs related to COVID-19. The decrease in expenses was offset by a decrease in COVID related grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56,558,770, a decrease of \$881,368 in comparison with the prior year. Revenues decreased due to less COVID related grants while expenditures stayed consistent with prior year. There was also a loss on investments in current year in comparison to almost \$615,000 in interest earnings in 2020. Approximately 42.1 percent of this total amount, \$23,829,570, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$32,729,200) is not available for new spending because it is either 1) nonspendable (\$2,818,893), 2) restricted (\$16,280,810), 3) committed (\$7,919,652), or 4) assigned (\$5,709,845) 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 \$40,229,573 compared to \$39,348,205 generated in revenues and other financing sources for governmental programs.
- The General fund reported a decrease in fund balance this year of \$202,670. Revenues were more than budget by \$711,334 and expenditures were less than the final budget by \$990,293. Substantially all this decrease is attributable to decreased COVID funding and additional transfers out for operation and capital needs.
- At the end of the current year, unassigned fund balance of the General fund was \$24,190,003, or 128.9 percent of total General fund expenditures.
- The City's total bonded debt decreased by \$6,163,000, or 14.2 percent during the current fiscal year. This was a result of the City retiring principal of \$6,163,000 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

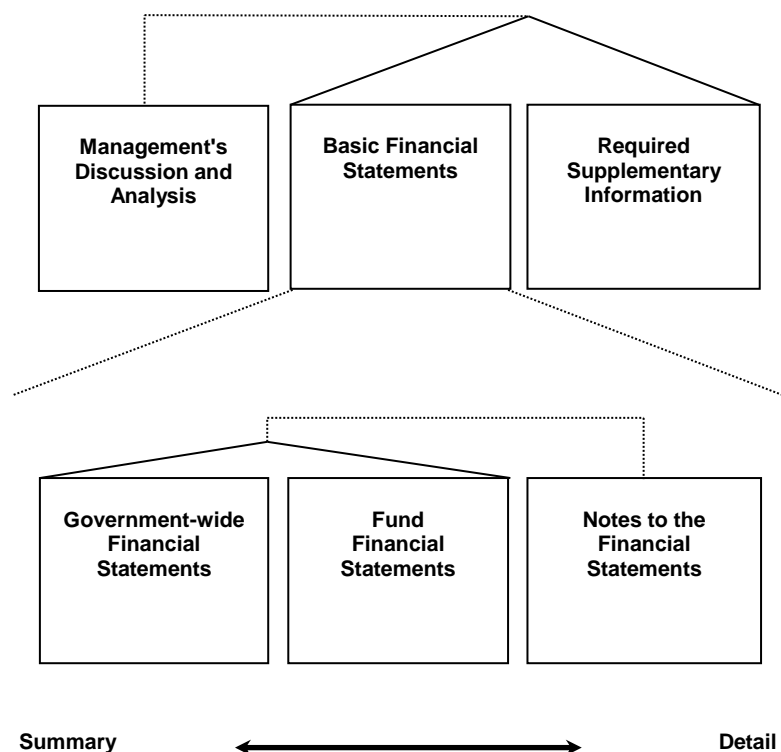


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements			
	Government-wide 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 45 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

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

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

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

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

The basic proprietary fund financial statements can be found starting on page 60 of this report.

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

The basic fiduciary fund financial statements can be found starting on page 70 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 75 of this report.

Required Supplementary Information Other than MD&A. Governments have an option of including the budgetary comparison statements for the General fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, this report also presents certain *required supplementary information* concerning the City's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees starting on page 122 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 132 of this report.

Statistical Section. Further, a statistical section has been included as part of the annual comprehensive financial report to facilitate additional analysis and can be found starting on page 202 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 \$207,410,428 at the close of the most recent fiscal year. A large portion of the City's net position (72.8 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		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Current and Other Assets	\$ 69,549,593	\$ 69,093,987	\$ 455,606	\$ 8,450,669	\$ 8,923,249	\$ (472,580)
Capital Assets	121,277,872	119,052,572	2,225,300	68,813,019	68,951,746	(138,727)
Total Assets	190,827,465	188,146,559	2,680,906	77,263,688	77,874,995	(611,307)
Deferred Outflows of Resources	6,692,511	3,358,455	3,334,056	4,053,718	1,453,904	2,599,814
Long-term Liabilities						
outstanding	35,530,937	43,038,274	(7,507,337)	17,027,812	21,142,766	(4,114,954)
Other Liabilities	3,045,411	3,159,562	(114,151)	1,489,553	1,571,579	(82,026)
Total Liabilities	38,576,348	46,197,836	(7,621,488)	18,517,365	22,714,345	(4,196,980)
Deferred Inflows of Resources	8,931,188	3,758,386	5,172,802	5,402,053	1,180,864	4,221,189
Net Position						
Net investment in						
capital assets	93,291,928	86,519,771	6,772,157	57,591,840	55,900,420	1,691,420
Restricted	18,763,839	18,876,295	(112,456)	-	-	-
Unrestricted	37,956,673	36,152,726	1,803,947	(193,852)	(466,730)	272,878
Total Net Position	\$ 150,012,440	\$ 141,548,792	\$ 8,463,648	\$ 57,397,988	\$ 55,433,690	\$ 1,964,298

Additionally, a portion of the City's net position (9.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (18.2 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.

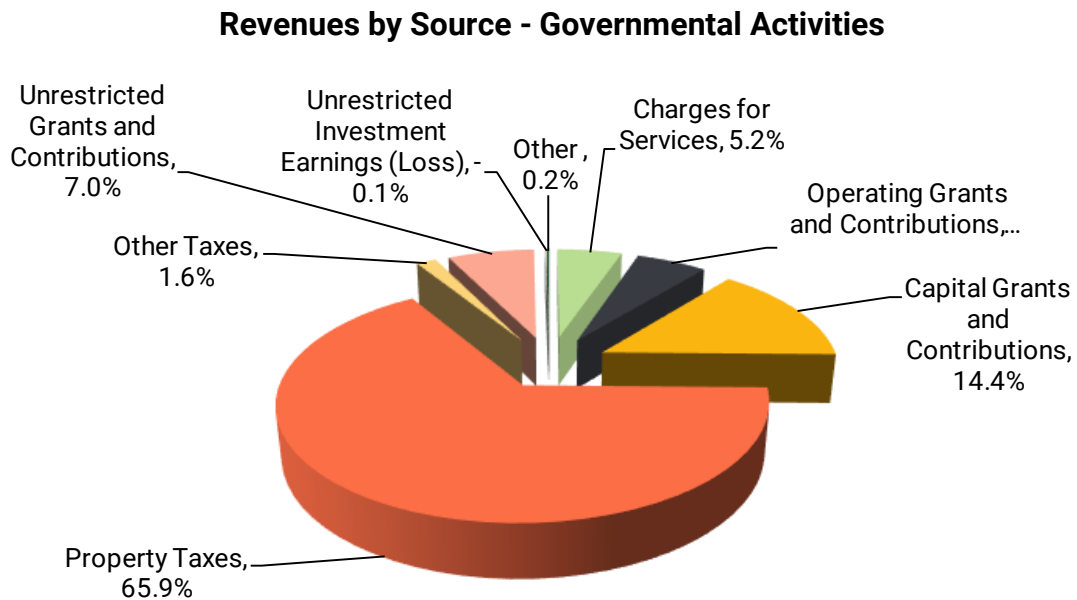
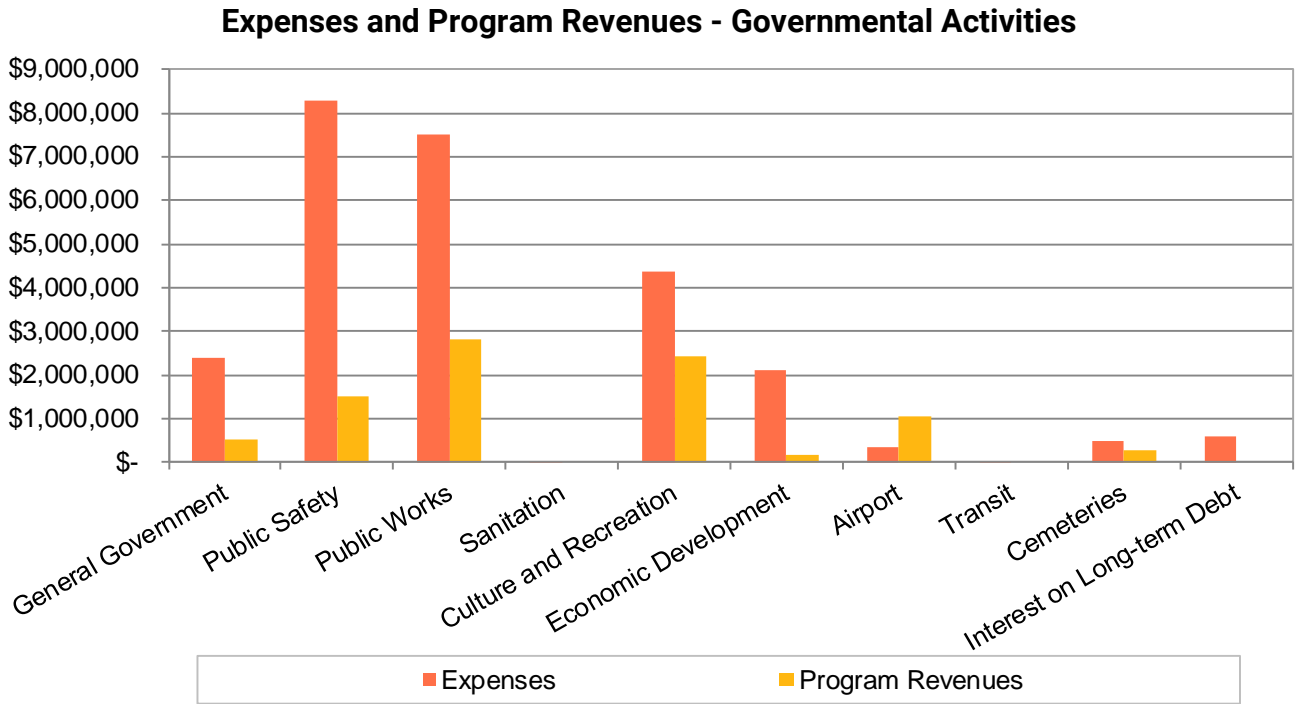
Governmental Activities. Governmental activities increased the City's net position by \$9,184,290, accounting for 82.4 percent of the total increase in the City's net position. Key elements of this increase are as follows:

City of Red Wing's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 1,813,125	\$ 1,591,236	\$ 221,889	\$ 21,972,892	\$ 19,895,087	\$ 2,077,805
Operating grants and contributions	1,985,850	2,617,452	(631,602)	217,712	182,918	34,794
Capital grants and contributions	4,991,182	4,681,547	309,635	206,427	1,999,500	(1,793,073)
General Revenues						
Property taxes	22,869,594	23,363,694	(494,100)	-	-	-
Other taxes	559,263	577,680	(18,417)	-	-	-
Grants and contributions not restricted to specific programs	2,417,613	767,552	1,650,061	-	-	-
Unrestricted investment earnings (loss)	(13,363)	655,744	(669,107)	(7,507)	60,588	(68,095)
Other	22,804	289,428	(266,624)	-	-	-
Gain on sale of capital assets	37,071	70,263	(33,192)	191,144	73,621	117,523
Total Revenues	<u>34,683,139</u>	<u>34,614,596</u>	<u>68,543</u>	<u>22,580,668</u>	<u>22,211,714</u>	<u>368,954</u>
Expenses						
General government	2,396,890	2,378,800	18,090	-	-	-
Public safety	8,299,485	9,299,639	(1,000,154)	-	-	-
Public works	7,513,849	7,236,954	276,895	-	-	-
Sanitation	43,791	62,237	(18,446)	-	-	-
Culture and recreation	4,361,808	4,438,605	(76,797)	-	-	-
Economic development	2,099,220	2,052,125	47,095	-	-	-
Airport	337,844	314,972	22,872	-	-	-
Transit	23	31,181	(31,158)	-	-	-
Cemeteries	484,345	439,843	44,502	-	-	-
Interest and fiscal charges	607,073	721,999	(114,926)	-	-	-
Ambulance	-	-	-	2,602,201	2,637,394	(35,193)
Refuse collection and recycling	-	-	-	2,949,020	2,938,594	10,426
Water	-	-	-	3,275,412	3,142,303	133,109
Sewer	-	-	-	4,670,247	4,752,683	(82,436)
Storm water	-	-	-	889,196	928,302	(39,106)
Solid waste campus	-	-	-	4,877,124	4,249,011	628,113
Marina	-	-	-	707,691	627,636	80,055
Total Expenses	<u>26,144,328</u>	<u>26,976,355</u>	<u>(832,027)</u>	<u>19,970,891</u>	<u>19,275,923</u>	<u>694,968</u>
Increase (decrease) in net position before transfers	8,538,811	7,638,241	900,570	2,609,777	2,935,791	(326,014)
Transfers	<u>645,479</u>	<u>408,310</u>	<u>237,169</u>	<u>(645,479)</u>	<u>(408,310)</u>	<u>(237,169)</u>
Change in Net Position	9,184,290	8,046,551	1,137,739	1,964,298	2,527,481	(563,183)
Net Position - January 1	141,548,792	133,502,241	8,046,551	55,433,690	53,692,912	1,740,778
Prior Period Adjustment	<u>(720,642)</u>	<u>-</u>	<u>(720,642)</u>	<u>-</u>	<u>(786,703)</u>	<u>786,703</u>
Net Position - December 31	<u>\$ 150,012,440</u>	<u>\$ 141,548,792</u>	<u>\$ 8,463,648</u>	<u>\$ 57,397,988</u>	<u>\$ 55,433,690</u>	<u>\$ 1,964,298</u>

- The 2021 general levy was \$22,863,588 compared to the 2020 general levy of \$23,363,588.
- For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

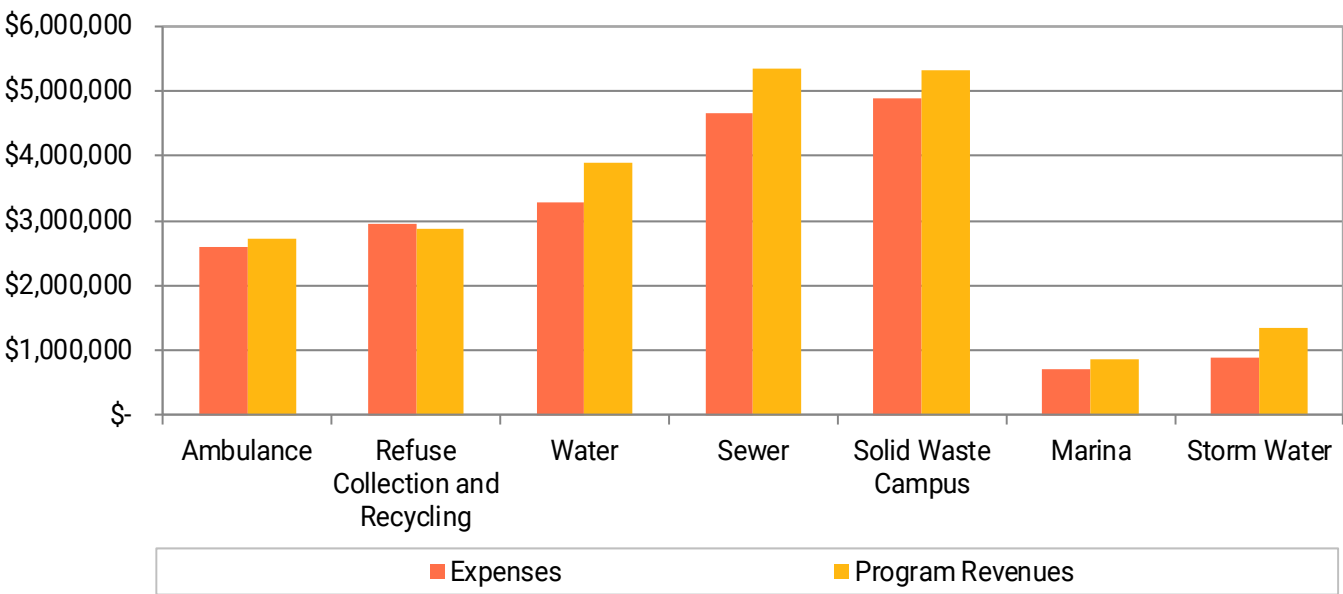
The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.



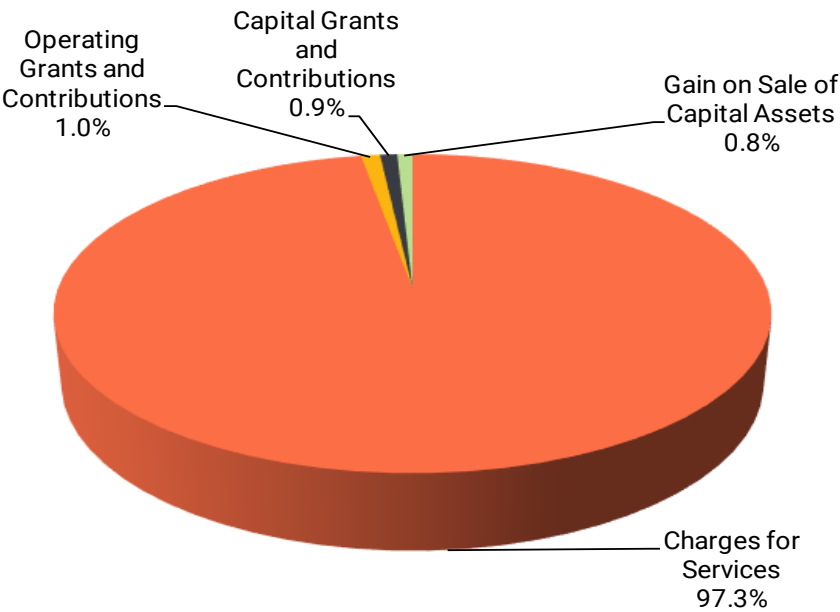
Business-type Activities. Business-type activities increased the City’s net position by \$1,964,298, accounting for a 17.6 percent increase in the total growth in the City’s net position. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$2,077,805 or 10.4 percent. This increase can be attributed to the Incinerator being open since April of 2021. The Incinerator was newly built in 2020 and was not at full capacity. There were also more businesses open in 2021 than 2020 due to COVID-19, and late fees were charged again in 2021.

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 \$56,558,770, a decrease of \$881,368 in comparison with the prior year. Approximately 42.1 percent of this total amount, \$23,829,570, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$32,729,200) is not available for new spending because it is either 1) nonspendable (\$2,818,893), 2) restricted (\$16,280,810), 3) committed (\$7,919,652), or 4) assigned (\$5,709,845) 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 \$24,190,003, while total fund balance reached \$28,375,246. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 128.9 percent of total General fund expenditures, while total fund balance represents 151.3 percent of that same amount.

The fund balance of the City's General fund decreased by \$202,670 during the current fiscal year. This decrease can be attributed to receiving \$1,244,772 in Coronavirus Relief Aid in prior year, which was not received in 2021. There was a related drop in public safety costs, but the drop in expenses was significantly less than the decrease in intergovernmental revenues. There were also increased parks and recreation capital outlay costs due to the John Rich Park Restoration project.

The *PERA Perpetual fund* has a total fund balance of \$9,118,432, all of which is restricted for future police and fire expenditures. The net decrease in fund balance during the current year in the PERA Perpetual fund was \$101,624. The decrease is a result of decreased investment income due to the downturn in markets in 2021, and the transfer to the General fund for operations of \$52,465.

The *Debt Service fund* has a total fund balance of \$5,858,880, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$199,695. The decrease is largely a result of property tax collections being insufficient to cover debt service requirements.

The *Capital Improvement Assessment fund* has a total fund balance of \$4,406,386. The net increase in fund balance during the current year in the Capital Improvement Assessment fund was \$489,510. The increase is a result of transfers in from the Red Wing Avenue and Hewitt Boulevard fund (\$548,476) which is projected to come in under original project estimates, and the 2018 Street Reconstruction Project fund (\$274,180) for capital outlay.

Proprietary Funds. Unrestricted net position of the enterprise funds at the end of the year amounted to \$1,052,812. Total increase in net position for enterprise funds was \$2,278,350. 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 \$43,208 in net adjustments increasing intergovernmental revenues, \$316,273 in net adjustments increasing contributions and donations, and \$7,416 in net adjustments increasing other revenues.
- \$786,177 in net adjustments increasing capital expenditures, \$52,935 in net adjustments increasing general government expenditures, \$53,383 in net adjustments increasing public safety expenditures, \$66,824 in net adjustments increase public works expenditures, \$51,465 in net adjustments increasing culture and recreation expenditures, \$771,025 in net adjustments increasing economic development expenditures and \$387,363 in net adjustments decreasing contingencies, and \$221,711 in adjustments increasing other financing sources and uses.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021 amounts to \$190,090,891 (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:

- 2022 Peterbilt Refuse truck costing \$279,975
- Interceptive Manhole at Wastewater Campus Station totaling \$99,450
- 2021 Kenworth Vactor Truck costing \$405,719
- City Wastewater Treatment Plant Facility Improvements totaling \$157,237
- 2022 Mac Walking Floor Tractor costing \$106,464
- SCBA replacement totaling \$337,237
- Additions for the CSO-PBF Building totaled \$1,126,013
- Federal Airport Project costs were \$995,458
- River Renaissance Phase III project costs totaled \$1,964,051
- Old West Main Reconstruction costs were \$1,863,241
- Solid Waste Fire Project was completed with 2021 costs totaling \$125,584
- Water Treatment Plant project was completed with 2021 costs totaling \$530,169

Additional information on the City's capital assets can be found in Note 3D starting on page 92 of this report.

City of Red Wing's Capital Assets
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020 As Restated	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 9,654,480	\$ 9,654,480	\$ -	\$ 214,980	\$ 214,980	\$ -
Construction in Progress	25,884,713	37,561,851	(11,677,138)	428,730	14,142,661	(13,713,931)
Buildings	18,617,964	19,702,235	(1,084,271)	22,016,031	22,713,661	(697,630)
Improvements	24,494,965	16,270,784	8,224,181	27,950,468	13,928,320	14,022,148
Machinery and Equipment	1,639,792	1,417,586	222,206	777,228	688,151	89,077
Office Equipment	265,926	247,300	18,626	-	-	-
Vehicles	3,282,408	4,005,034	(722,626)	3,103,615	2,439,835	663,780
Infrastructure	37,437,624	29,472,660	7,964,964	14,321,967	14,824,138	(502,171)
Total	<u>\$ 121,277,872</u>	<u>\$ 118,331,930</u>	<u>\$ 2,945,942</u>	<u>\$ 68,813,019</u>	<u>\$ 68,951,746</u>	<u>\$ (138,727)</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$37,103,000. Of this amount, \$10,823,000 comprises revenue related debt backed by the full faith and credit of the City and \$26,280,000 is general obligation debt.

City of Red Wing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 26,280,000	\$ 30,645,000	\$ (4,365,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	10,823,000	12,621,000	(1,798,000)
Total	<u>\$ 26,280,000</u>	<u>\$ 30,645,000</u>	<u>\$ (4,365,000)</u>	<u>\$ 10,823,000</u>	<u>\$ 12,621,000</u>	<u>\$ (1,798,000)</u>

The City's total bonded debt decreased by \$6,163,000, (14.2 percent) during the current fiscal year. This was a result of the City retiring principal of \$6,163,000 during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2021.

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 \$69,095,586, 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 2022 budget, rates, and fees that will be charged. The major factors accounted for when adopting the budget are highlighted below.

- Maintain the current level of basic government services.
- Continue long-term infrastructure investments.
- Allocate resources based on prioritization of City Council strategic goals.
- The unemployment rate for the Goodhue County is currently 2.5 percent, which is a decrease from a rate of 4.1 percent last year. This compares favorably with unemployment rates of 2.6 percent for the State of Minnesota and 3.7 percent for the United States.
- History of strong property tax collections.
- Changes to user charges for proprietary funds to reflect current and anticipated conditions and asset renewal and replacement needs.

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

Proactive management and planning assists ensuring Red Wing remains a viable, attractive, livable, and diverse community in which growth and renewal is encouraged. The 2022 budget is a strong financial plan that will move Red Wing toward its long-term goals. Through strong financial management and fiscal responsibility we are prepared to meet the challenges of turbulent economic times. Our commitment to excellence in service while keeping costs affordable to residents will direct the course as we map our community's progress for the future.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Business Director, City of Red Wing, 315 West 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, 2021

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City of Red Wing, Minnesota
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
Assets				
Cash and investments	\$ 56,608,276	\$ 6,731,331	\$ 63,339,607	\$ 2,273,184
Assets held in endowment	718,514	-	718,514	-
Receivables				
Accrued interest	52,806	1,306	54,112	-
Delinquent taxes	127,390	-	127,390	2,154
Accounts - net of allowance for doubtful accounts of \$1,809,797	530,462	4,719,676	5,250,138	10,435
Loans - net of allowance for doubtful accounts of \$332,198	100,194	-	100,194	1,695,622
Special assessments	1,823,152	-	1,823,152	-
Intergovernmental	3,002,890	1,999	3,004,889	1,948
Loans to other governments	-	-	-	-
Internal balances	3,340,705	(3,340,705)	-	-
Due from primary government	-	-	-	2,369
Inventories	125,099	299,334	424,433	-
Prepaid items	1,937	37,728	39,665	-
Land held for resale	2,719,877	-	2,719,877	-
Net pension asset	398,291	-	398,291	-
Capital assets				
Nondepreciable	35,539,193	643,710	36,182,903	175,042
Depreciable, net of accumulated depreciation	85,738,679	68,169,309	153,907,988	462,599
Total Assets	<u>190,827,465</u>	<u>77,263,688</u>	<u>268,091,153</u>	<u>4,623,353</u>
Deferred Outflows of Resources				
Deferred pension resources	6,334,200	3,662,386	9,996,586	-
Deferred other postemployment benefit resources	358,311	391,332	749,643	-
Total Deferred Outflows of Resources	<u>6,692,511</u>	<u>4,053,718</u>	<u>10,746,229</u>	<u>-</u>
Liabilities				
Accounts and contracts payable	1,441,230	848,337	2,289,567	58,051
Escrow accounts and deposits payable	78,774	-	78,774	-
Due to component unit	2,369	-	2,369	-
Due to other governments	61,053	95,674	156,727	219,363
Accrued interest payable	363,200	138,586	501,786	-
Salaries payable	1,036,326	346,557	1,382,883	-
Unearned revenue	62,459	60,399	122,858	1,078
Noncurrent liabilities				
Due within one year				
Long-term liabilities	5,549,548	2,312,021	7,861,569	-
Due in more than one year				
Long-term liabilities	24,266,850	9,875,886	34,142,736	-
Net pension liability	4,780,316	3,819,597	8,599,913	-
Other postemployment benefit resources	934,223	1,020,308	1,954,531	-
Total Liabilities	<u>38,576,348</u>	<u>18,517,365</u>	<u>57,093,713</u>	<u>278,492</u>
Deferred Inflows of Resources				
Deferred pension resources	8,534,150	4,968,428	13,502,578	-
Deferred other postemployment benefit resources	397,038	433,625	830,663	-
Total Deferred Inflows of Resources	<u>8,931,188</u>	<u>5,402,053</u>	<u>14,333,241</u>	<u>-</u>
Net Position				
Net investment in capital assets	93,291,928	57,591,840	150,883,768	637,641
Restricted				
Permanently restricted				
Library endowments	718,514	-	718,514	-
Cemetery perpetual	2,098,627	-	2,098,627	-
Temporarily restricted				
Debt service	5,524,768	-	5,524,768	-
Police and fire activities	9,118,432	-	9,118,432	-
Future loans	251,137	-	251,137	-
Library activities	27,620	-	27,620	-
Cemetery operations	1,024,741	-	1,024,741	-
Unrestricted	<u>37,956,673</u>	<u>(193,852)</u>	<u>37,762,821</u>	<u>3,707,220</u>
Total Net Position	<u>\$ 150,012,440</u>	<u>\$ 57,397,988</u>	<u>\$ 207,410,428</u>	<u>\$ 4,344,861</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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,396,890	\$ 509,725	\$ 5,632	\$ -
Public safety	8,299,485	559,901	960,307	-
Public works	7,513,849	110,747	544,444	2,166,163
Sanitation	43,791	-	-	-
Culture and recreation	4,361,808	229,146	197,113	2,010,368
Economic development	2,099,220	5,598	165,235	-
Airport	337,844	121,003	113,119	814,651
Transit	23	-	-	-
Cemeteries	484,345	277,005	-	-
Interest and fiscal charges	607,073	-	-	-
Total Governmental Activities	<u>26,144,328</u>	<u>1,813,125</u>	<u>1,985,850</u>	<u>4,991,182</u>
Business-Type Activities				
Refuse collection and recycling	2,949,020	2,849,662	26,715	-
Water	3,275,412	3,814,559	7,319	69,054
Sewer	4,670,247	5,336,604	2,033	19,773
Solid waste campus	4,877,124	5,222,827	1,649	100,000
Marina	707,691	873,320	277	-
Ambulance	2,602,201	2,564,035	167,772	-
Storm water	889,196	1,311,885	11,947	17,600
Total Business-type Activities	<u>19,970,891</u>	<u>21,972,892</u>	<u>217,712</u>	<u>206,427</u>
Totals Primary Government	<u>\$ 46,115,219</u>	<u>\$ 23,786,017</u>	<u>\$ 2,203,562</u>	<u>\$ 5,197,609</u>
Component Unit				
Port authority	<u>\$ 718,720</u>	<u>\$ 335,091</u>	<u>\$ 261,040</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 (loss)
Other revenues
Gain on sale of capital assets
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Prior Period Adjustment (Note 10)

Net Position, December 31

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Port Authority
\$ (1,881,533)		\$ (1,881,533)	
(6,779,277)		(6,779,277)	
(4,692,495)		(4,692,495)	
(43,791)		(43,791)	
(1,925,181)		(1,925,181)	
(1,928,387)		(1,928,387)	
710,929		710,929	
(23)		(23)	
(207,340)		(207,340)	
(607,073)		(607,073)	
<u>(17,354,171)</u>		<u>(17,354,171)</u>	
	\$ (72,643)	(72,643)	
	615,520	615,520	
	688,163	688,163	
	447,352	447,352	
	165,906	165,906	
	129,606	129,606	
	452,236	452,236	
	<u>2,426,140</u>	<u>2,426,140</u>	
<u>(17,354,171)</u>	<u>2,426,140</u>	<u>(14,928,031)</u>	
			<u>\$ (122,589)</u>
17,786,198	-	17,786,198	-
-	-	-	380,094
5,083,396	-	5,083,396	-
25,572	-	25,572	425
232,637	-	232,637	-
249,531	-	249,531	-
51,523	-	51,523	761
2,417,613	-	2,417,613	91
(13,363)	(7,507)	(20,870)	2,650
22,804	-	22,804	-
37,071	191,144	228,215	-
645,479	(645,479)	-	-
<u>26,538,461</u>	<u>(461,842)</u>	<u>26,076,619</u>	<u>384,021</u>
9,184,290	1,964,298	11,148,588	261,432
141,548,792	55,433,690	196,982,482	4,083,429
<u>(720,642)</u>	<u>-</u>	<u>(720,642)</u>	<u>-</u>
<u>\$150,012,440</u>	<u>\$ 57,397,988</u>	<u>\$207,410,428</u>	<u>\$ 4,344,861</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, 2021

City of Red Wing, Minnesota

Balance Sheet Governmental Funds December 31, 2021

	General	PERA Perpetual	Debt Service
Assets			
Cash and investments	\$ 24,968,063	\$ 9,701,317	\$ 5,833,443
Assets held in endowment	-	-	-
Receivables			
Accrued interest	35,517	12,656	-
Delinquent taxes	98,302	-	29,088
Accounts (net of allowance)	469,584	-	-
Loans (net of allowance)	-	-	-
Special assessments	-	-	-
Intergovernmental	1,029,655	-	25,437
Loans to other governments	-	-	-
Due from other funds	3,992,329	-	-
Prepaid items	-	-	-
Land held for resale	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 30,593,450</u></u>	<u><u>\$ 9,713,973</u></u>	<u><u>\$ 5,887,968</u></u>
Liabilities			
Accounts payable	\$ 406,233	\$ -	\$ -
Escrow accounts payable	73,265	-	-
Contracts payable	-	-	-
Due to other funds	-	595,541	-
Due to other governments	2,239	-	-
Salaries payable	678,454	-	-
Deposits payable	5,509	-	-
Unearned revenue	62,459	-	-
Total Liabilities	<u>1,228,159</u>	<u>595,541</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue			
Taxes	98,302	-	29,088
Special assessments	-	-	-
Intergovernmental	891,743	-	-
Total Deferred Inflows of Resources	<u>990,045</u>	<u>-</u>	<u>29,088</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	9,118,432	5,858,880
Committed	3,600,000	-	-
Assigned	585,243	-	-
Unassigned	24,190,003	-	-
Total Fund Balances	<u>28,375,246</u>	<u>9,118,432</u>	<u>5,858,880</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 30,593,450</u></u>	<u><u>\$ 9,713,973</u></u>	<u><u>\$ 5,887,968</u></u>

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

Capital Improvement Assessment	Other Governmental Funds	Total Governmental Funds
\$ 1,676,112	\$ 8,642,397	\$ 50,821,332
-	718,514	718,514
41	4,023	52,237
-	-	127,390
848	37,963	508,395
-	95,377	95,377
1,823,152	-	1,823,152
1,111,136	836,551	3,002,779
-	-	-
-	-	3,992,329
-	1,752	1,752
2,719,877	-	2,719,877
<u>\$ 7,331,166</u>	<u>\$ 10,336,577</u>	<u>\$ 63,863,134</u>
\$ 330	\$ 615,786	\$ 1,022,349
-	-	73,265
-	78,410	78,410
-	724,834	1,320,375
-	58,814	61,053
-	58,907	737,361
-	-	5,509
-	-	62,459
<u>330</u>	<u>1,536,751</u>	<u>3,360,781</u>
-	-	127,390
1,823,152	-	1,823,152
1,101,298	-	1,993,041
<u>2,924,450</u>	<u>-</u>	<u>3,943,583</u>
-	2,818,893	2,818,893
-	1,303,498	16,280,810
-	4,319,652	7,919,652
4,406,386	718,216	5,709,845
-	(360,433)	23,829,570
<u>4,406,386</u>	<u>8,799,826</u>	<u>56,558,770</u>
<u>\$ 7,331,166</u>	<u>\$ 10,336,577</u>	<u>\$ 63,863,134</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, 2021

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

Total Fund Balances - Governmental Funds	\$ 56,558,770
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	121,016,944
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	(26,280,000)
Unamortized bond premium, net of amortization	(1,705,944)
Other postemployment benefits obligation	(934,223)
Net pension liability	(4,780,316)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	127,390
Special assessments	1,823,152
Intergovernmental	1,993,041
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	398,291
Governmental funds do not report a liability for accrued interest until due and payable.	(363,200)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	6,334,200
Deferred inflows of pension resources	(8,534,150)
Deferred outflows of other postemployment benefit resources	358,311
Deferred inflows of other postemployment benefit resources	(397,038)
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.	4,397,212
Total Net Position - Governmental Activities	<u><u>\$150,012,440</u></u>

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

City of Red Wing, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	PERA Perpetual	Debt Service
Revenues			
Taxes	\$ 18,083,447	\$ -	\$ 5,090,692
Special assessments	-	-	-
Licenses and permits	26,519	-	-
Intergovernmental	2,993,357	-	-
Charges for services	1,145,987	-	10,033
Fines and forfeits	60,302	-	-
Investment income (loss)	(74,447)	(49,159)	-
Miscellaneous	377,967	-	-
Total Revenues	<u>22,613,132</u>	<u>(49,159)</u>	<u>5,100,725</u>
Expenditures			
Current			
General government	2,122,793	-	-
Public safety	7,749,456	-	-
Public works	3,136,233	-	-
Sanitation	44,118	-	-
Culture and recreation	2,253,538	-	-
Economic development	1,790,340	-	-
Airport	-	-	-
Cemeteries	408,384	-	-
Contingencies and other	78,879	-	-
Capital outlay			
General government	65,364	-	-
Public safety	539,165	-	-
Public works	125,330	-	-
Culture and recreation	425,720	-	-
Economic development	9,413	-	-
Airport	-	-	-
Cemeteries	11,260	-	-
Debt service			
Principal retirement	-	-	4,365,000
Interest and fiscal charges	-	-	935,420
Total Expenditures	<u>18,759,993</u>	<u>-</u>	<u>5,300,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,853,139</u>	<u>(49,159)</u>	<u>(199,695)</u>
Other Financing Sources (Uses)			
Sale of capital assets	37,071	-	-
Transfers in	59,881	-	-
Transfers out	(4,152,761)	(52,465)	-
Total Other Financing Sources (Uses)	<u>(4,055,809)</u>	<u>(52,465)</u>	<u>-</u>
Net Change in Fund Balances	(202,670)	(101,624)	(199,695)
Fund Balances, January 1	28,148,151	9,220,056	6,058,575
Prior Period Adjustment (Note 10)	429,765	-	-
Fund Balances, December 31	<u>\$ 28,375,246</u>	<u>\$ 9,118,432</u>	<u>\$ 5,858,880</u>

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

Capital Improvement Assessment	Other Governmental Funds	Totals
\$ -	\$ 249,531	\$ 23,423,670
630,228	-	630,228
-	213,578	240,097
245,597	3,462,779	6,701,733
1,500	139,317	1,296,837
-	680	60,982
46	114,627	(8,933)
6,268	228,117	612,352
<u>883,639</u>	<u>4,408,629</u>	<u>32,956,966</u>
-	-	2,122,793
-	448,762	8,198,218
145,798	-	3,282,031
-	-	44,118
-	1,375,968	3,629,506
-	254,656	2,044,996
-	269,713	269,713
-	-	408,384
-	-	78,879
-	-	65,364
-	-	539,165
-	3,872,917	3,998,247
-	2,383,332	2,809,052
-	-	9,413
-	995,458	995,458
-	-	11,260
-	-	4,365,000
-	-	935,420
<u>145,798</u>	<u>9,600,806</u>	<u>33,807,017</u>
<u>737,841</u>	<u>(5,192,177)</u>	<u>(850,051)</u>
-	1,000	38,071
979,769	5,313,518	6,353,168
(1,228,100)	(989,230)	(6,422,556)
<u>(248,331)</u>	<u>4,325,288</u>	<u>(31,317)</u>
489,510	(866,889)	(881,368)
3,916,876	10,096,480	57,440,138
-	(429,765)	-
<u>\$ 4,406,386</u>	<u>\$ 8,799,826</u>	<u>\$ 56,558,770</u>

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

City of Red Wing, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statements of Activities -
Governmental Funds
For the Year Ended December 31, 2021

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

Net Change in Fund Balances - Governmental Funds	\$ (881,368)
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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	8,418,148
Depreciation expense	(5,394,467)

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins and donations) is to decrease net position

Book value of disposed of capital assets	(1,249)
--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments	4,365,000
Bonds premiums amortization	280,814

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

47,533

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	(4,846)
Special assessments	(62,215)
Intergovernmental	1,709,165

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	(57,233)
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Long-term pension activity is not reported in governmental funds.

Pension expense	1,030,023
Direct aid contributions	50,428

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.

(315,443)

Change in Net Position - Governmental Activities	<u>\$ 9,184,290</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, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 18,179,312	\$ 18,179,312	\$ 18,083,447	\$ (95,865)
Licenses and permits	70,455	70,455	26,519	(43,936)
Intergovernmental	1,824,814	1,868,022	2,993,357	1,125,335
Charges for services	1,079,862	1,079,862	1,145,987	66,125
Fines and forfeits	76,674	76,674	60,302	(16,372)
Investment income (loss)	275,000	275,000	(74,447)	(349,447)
Miscellaneous				
Contributions and donations	25,000	341,273	354,482	13,209
Refunds	-	-	4,103	4,103
Other	11,200	11,200	19,382	8,182
Total Revenues	<u>21,542,317</u>	<u>21,901,798</u>	<u>22,613,132</u>	<u>711,334</u>
Expenditures				
Current				
General government	2,239,169	2,248,065	2,122,793	125,272
Public safety	7,725,512	7,831,514	7,749,456	82,058
Public works	2,721,735	2,793,265	3,136,233	(342,968)
Sanitation	53,035	53,153	44,118	9,035
Culture and recreation	2,448,944	2,454,659	2,253,538	201,121
Economic development	1,852,592	1,904,778	1,790,340	114,438
Cemeteries	397,520	398,466	408,384	(9,918)
Transit	36,000	36,000	-	36,000
Contingencies and other	586,203	198,839	78,879	119,960
Capital outlay				
General government	206,202	247,104	65,364	181,740
Public safety	654,295	654,295	539,165	115,130
Public works	213,476	213,476	125,330	88,146
Culture and recreation	309,739	626,012	425,720	200,292
Economic development	77,660	77,660	9,413	68,247
Cemeteries	13,000	13,000	11,260	1,740
Total Expenditures	<u>19,535,082</u>	<u>19,750,286</u>	<u>18,759,993</u>	<u>990,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,007,235</u>	<u>2,151,512</u>	<u>3,853,139</u>	<u>1,701,627</u>
Other Financing Sources (Uses)				
Sale of capital assets	9,000	9,000	37,071	28,071
Transfers in	149,000	156,416	59,881	(96,535)
Transfers out	(3,819,824)	(4,085,496)	(4,152,761)	(67,265)
Total Other Financing Sources (Uses)	<u>(3,661,824)</u>	<u>(3,920,080)</u>	<u>(4,055,809)</u>	<u>(135,729)</u>
Net Change in Fund Balances	(1,654,589)	(1,768,568)	(202,670)	1,565,898
Fund Balances, January 1	28,148,151	28,148,151	28,148,151	-
Prior Period Adjustment (Note 10)	-	-	429,765	429,765
Fund Balances, December 31	<u>\$ 26,493,562</u>	<u>\$ 26,379,583</u>	<u>\$ 28,375,246</u>	<u>\$ 1,995,663</u>

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

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City of Red Wing, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
PERA Perpetual Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Investment income (loss)	\$ 165,556	\$ 165,556	\$ (49,159)	\$ (214,715)
Other Financing Sources (Uses)				
Transfers out	<u>(149,000)</u>	<u>(149,000)</u>	<u>(52,465)</u>	<u>96,535</u>
Net Change in Fund Balances	16,556	16,556	(101,624)	(118,180)
Fund Balances, January 1	<u>9,220,056</u>	<u>9,220,056</u>	<u>9,220,056</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 9,236,612</u></u>	<u><u>\$ 9,236,612</u></u>	<u><u>\$ 9,118,432</u></u>	<u><u>\$ (118,180)</u></u>

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

City of Red Wing, Minnesota
Statement of Net Position
Proprietary Funds (Continued on the Following Pages)
December 31, 2021

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	319/494	320/322/323/	403/406
	Collection	Water Utility	402/490/492	Solid Waste
	& Recycling		Sewer Utility	Campus
Assets				
Current Assets				
Cash and investments	\$ 1,047,093	\$ 630,173	\$ 1,933,614	\$ 605,532
Receivables				
Accrued interest	10	-	-	-
Accounts - net of allowance for doubtful accounts of \$1,799,797	526,814	579,002	790,569	797,871
Loans	-	-	-	-
Intergovernmental	-	540	123	1,336
Inventories	-	242,098	36,465	-
Prepaid items	-	-	11,556	30
Total Current Assets	1,573,917	1,451,813	2,772,327	1,404,769
Noncurrent Assets				
Capital assets at cost				
Land	-	37,791	134,839	42,350
Construction in progress	-	407,893	20,837	-
Buildings	-	16,736,711	11,321,724	6,789,962
Improvements other than buildings	76,638	5,195,069	12,769,424	16,968,708
Machinery and equipment	647,738	145,732	2,030,347	210,562
Office equipment	-	-	-	-
Vehicles	2,184,147	765,523	1,387,043	2,193,625
Infrastructure	-	12,401,727	16,126,019	-
Less accumulated depreciation	(1,672,881)	(14,181,727)	(21,253,164)	(4,478,854)
Total Noncurrent Assets	1,235,642	21,508,719	22,537,069	21,726,353
Total Assets	2,809,559	22,960,532	25,309,396	23,131,122
Deferred Outflows of Resources				
Deferred pension resources	491,076	506,535	582,195	471,971
Deferred other postemployment benefit resources	84,900	70,275	70,801	39,143
Total Deferred Outflows of Resources	575,976	576,810	652,996	511,114

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
\$ -	\$ 2,514,919	\$ 6,731,331	\$ 5,786,944
-	1,296	1,306	569
1,775,487	249,933	4,719,676	22,067
-	-	-	4,817
-	-	1,999	111
-	20,771	299,334	125,099
-	26,142	37,728	185
<u>1,775,487</u>	<u>2,813,061</u>	<u>11,791,374</u>	<u>5,939,792</u>
-	-	214,980	-
-	-	428,730	-
-	-	34,848,397	7,825
-	3,323,904	38,333,743	-
315,479	37,269	3,387,127	61,379
-	-	-	448,531
987,956	491,306	8,009,600	363,778
-	-	28,527,746	-
(742,852)	(2,607,826)	(44,937,304)	(620,585)
<u>560,583</u>	<u>1,244,653</u>	<u>68,813,019</u>	<u>260,928</u>
<u>2,336,070</u>	<u>4,057,714</u>	<u>80,604,393</u>	<u>6,200,720</u>
1,436,662	173,947	3,662,386	-
113,181	13,032	391,332	-
<u>1,549,843</u>	<u>186,979</u>	<u>4,053,718</u>	<u>-</u>

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

City of Red Wing, Minnesota
Statement of Net Position
Proprietary Funds (Continued)
December 31, 2021

	Business-type Activities-Enterprise Funds			
	600 Refuse Collection & Recycling	601/651/ 319/494 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	\$ 10,618	\$ 122,144	\$ 390,299	\$ 245,277
Due to other funds	-	-	-	-
Due to other governments	28,899	52,730	-	3,064
Accrued interest payable	-	20,499	9,842	108,245
Salaries payable	62,911	54,076	57,998	50,140
Unearned revenue	-	-	-	-
Compensated absences payable	67,054	92,503	95,224	42,075
G.O. revenue bonds payable	-	992,000	429,000	425,000
Total Current Liabilities	<u>169,482</u>	<u>1,333,952</u>	<u>982,363</u>	<u>873,801</u>
Noncurrent Liabilities				
Compensated absences payable	77,836	135,540	80,343	38,893
G.O. revenue bonds payable	-	1,020,000	672,000	7,683,179
Net pension liability	696,162	718,080	825,337	669,080
Other postemployment benefits obligation	221,358	183,225	184,598	102,057
Total Noncurrent Liabilities	<u>995,356</u>	<u>2,056,845</u>	<u>1,762,278</u>	<u>8,493,209</u>
Total Liabilities	<u>1,164,838</u>	<u>3,390,797</u>	<u>2,744,641</u>	<u>9,367,010</u>
Deferred Inflows of Resources				
Deferred pension resources	646,113	666,454	766,000	620,977
Deferred other postemployment benefit resources	94,076	77,870	78,453	43,373
Total Deferred Inflows of Resources	<u>740,189</u>	<u>744,324</u>	<u>844,453</u>	<u>664,350</u>
Net Position				
Net investment in capital assets	1,235,642	19,496,719	21,436,069	13,618,174
Unrestricted	<u>244,866</u>	<u>(94,498)</u>	<u>937,229</u>	<u>(7,298)</u>
Total Net Position	<u>\$ 1,480,508</u>	<u>\$ 19,402,221</u>	<u>\$ 22,373,298</u>	<u>\$ 13,610,876</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
\$ 29,945	\$ 50,054	\$ 848,337	\$ 340,471
1,830,177	263,864	2,094,041	577,913
10,981	-	95,674	-
-	-	138,586	-
103,187	18,245	346,557	298,965
-	60,399	60,399	-
142,145	27,020	466,021	1,084,548
-	-	1,846,000	-
<u>2,116,435</u>	<u>419,582</u>	<u>5,895,615</u>	<u>2,301,897</u>
129,312	38,783	500,707	745,906
-	-	9,375,179	-
664,345	246,593	3,819,597	-
295,093	33,977	1,020,308	-
<u>1,088,750</u>	<u>319,353</u>	<u>14,715,791</u>	<u>745,906</u>
<u>3,205,185</u>	<u>738,935</u>	<u>20,611,406</u>	<u>3,047,803</u>
2,040,023	228,861	4,968,428	-
125,413	14,440	433,625	-
<u>2,165,436</u>	<u>243,301</u>	<u>5,402,053</u>	<u>-</u>
560,583	1,244,653	57,591,840	260,928
(2,045,291)	2,017,804	1,052,812	2,891,989
<u>\$ (1,484,708)</u>	<u>\$ 3,262,457</u>	58,644,652	<u>\$ 3,152,917</u>
		<u>(1,246,664)</u>	
		<u>\$ 57,397,988</u>	

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

City of Red Wing, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	319/494	320/322/323/	403/406
	Collection	Water Utility	402/490/492	Solid Waste
	& Recycling		Sewer Utility	Campus
Operating Revenues				
Charges for services	\$ 2,807,306	\$ 3,540,423	\$ 5,221,653	\$ 5,170,268
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	44,071	40,737	2,033	1,649
Total Operating Revenues	<u>2,851,377</u>	<u>3,581,160</u>	<u>5,223,686</u>	<u>5,171,917</u>
Operating Expenses				
Personal services	742,556	791,714	894,916	713,115
Employee benefits	362,738	264,822	320,501	256,707
Supplies	229,296	321,787	912,741	445,952
Cost of merchandise sold	-	-	-	-
Professional services	219,542	373,803	770,220	2,400,683
Rent and leased equipment	169	23,420	398	6,786
Repairs and maintenance	128,159	102,445	200,580	163,245
Administration and fiscal charges	971,455	537,101	361,532	115,727
Insurance premiums	14,154	31,218	69,944	30,460
Insurance claims	-	-	-	-
Depreciation	217,765	671,094	1,015,985	455,118
Miscellaneous	15,343	13,278	11,878	29,821
Total Operating Expenses	<u>2,901,177</u>	<u>3,130,682</u>	<u>4,558,695</u>	<u>4,617,614</u>
Operating Income (Loss)	<u>(49,800)</u>	<u>450,478</u>	<u>664,991</u>	<u>554,303</u>
Nonoperating Revenues (Expenses)				
Intergovernmental				
Federal and state grants	25,000	5,550	-	-
Investment income (loss)	(8,886)	-	-	-
Rents and leases	-	125,744	-	-
Refunds	-	-	-	-
Miscellaneous	-	109,424	114,951	52,559
Gain (loss) on sale of capital assets	6,878	14,082	130,749	39,435
Interest and fiscal charges	-	(74,091)	(34,382)	(261,480)
Amortization expense	-	-	-	32,147
Total Nonoperating Revenues (Expenses)	<u>22,992</u>	<u>180,709</u>	<u>211,318</u>	<u>(137,339)</u>
Income (Loss) Before Contributions and Transfers	<u>(26,808)</u>	<u>631,187</u>	<u>876,309</u>	<u>416,964</u>
Capital Grants and Contributions	-	69,054	19,773	100,000
Transfers In	-	-	50,000	23,135
Transfers Out	-	(238,000)	(238,000)	-
Change in Net Position	<u>(26,808)</u>	<u>462,241</u>	<u>708,082</u>	<u>540,099</u>
Net Position, January 1	<u>1,507,316</u>	<u>18,939,980</u>	<u>21,665,216</u>	<u>13,070,777</u>
Net Position, December 31	<u>\$ 1,480,508</u>	<u>\$ 19,402,221</u>	<u>\$ 22,373,298</u>	<u>\$ 13,610,876</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	
\$ 2,561,594	\$ 2,032,740	\$ 21,333,984	\$ 14,215,354
-	151,628	151,628	-
-	(125,045)	(125,045)	-
-	13,071	101,561	165,936
<u>2,561,594</u>	<u>2,072,394</u>	<u>21,462,128</u>	<u>14,381,290</u>
1,400,353	330,183	4,872,837	4,320,291
452,355	108,176	1,765,299	7,777,590
141,776	85,897	2,137,449	564,791
-	-	-	795,934
289,421	682,629	4,736,298	1,177,933
-	4,150	34,923	23,677
36,485	33,128	664,042	289,919
34,899	79,836	2,100,550	149,149
16,555	1,685	164,016	402,393
-	-	-	119,798
118,264	88,564	2,566,790	76,490
59,221	18,768	148,309	24,529
<u>2,549,329</u>	<u>1,433,016</u>	<u>19,190,513</u>	<u>15,722,494</u>
12,265	639,378	2,271,615	(1,341,204)
167,772	-	198,322	-
-	1,379	(7,507)	(4,430)
-	-	125,744	-
1,330	-	1,330	-
1,111	-	278,045	-
-	-	191,144	-
-	(3,485)	(373,438)	-
-	-	32,147	-
<u>170,213</u>	<u>(2,106)</u>	<u>445,787</u>	<u>(4,430)</u>
182,478	637,272	2,717,402	(1,345,634)
-	17,600	206,427	-
-	48,500	121,635	744,229
-	(291,114)	(767,114)	(29,362)
182,478	412,258	2,278,350	(630,767)
<u>(1,667,186)</u>	<u>2,850,199</u>	<u>56,366,302</u>	<u>3,783,684</u>
<u>\$ (1,484,708)</u>	<u>\$ 3,262,457</u>	<u>\$ 58,644,652</u>	<u>\$ 3,152,917</u>
		\$ 2,278,350	
		(314,052)	
		<u>\$ 1,964,298</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, 2021

	Business-type Activities-Enterprise Funds			
	600	601/651/ 319/494	602/650/317 320/322/323/ 402/490/492	603/307/326/ 403/406
	Refuse Collection & Recycling	Water Utility	Sewer Utility	Solid Waste Campus
Cash Flows From Operating Activities				
Receipts from customers and users	\$ 2,765,318	\$ 3,475,638	\$ 5,084,552	\$ 4,911,675
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,577,586)	(1,414,965)	(2,257,008)	(3,136,434)
Payments to and on behalf of employees	(1,169,452)	(1,142,361)	(1,304,482)	(1,046,538)
Other receipts	44,071	275,905	116,984	54,208
Net Cash Provided (Used) by Operating Activities	<u>62,351</u>	<u>1,194,217</u>	<u>1,640,046</u>	<u>782,911</u>
Cash Flows From Noncapital Financing Activities				
Grants received	25,000	5,550	-	-
Loan payments received	-	-	-	-
Increase (decrease) in due to other funds	-	-	-	-
Transfers from other funds	-	-	50,000	23,135
Transfers to other funds	-	(238,000)	(238,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>25,000</u>	<u>(232,450)</u>	<u>(188,000)</u>	<u>23,135</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants and contributions received	-	69,054	19,773	175,060
Proceeds from sale of capital assets	6,878	14,082	130,749	39,435
Principal paid on bonds and leases	-	(965,000)	(418,000)	(415,000)
Interest and fiscal charges paid on bonds and leases	-	(83,922)	(38,428)	(267,438)
Payments for acquisition and construction of capital assets	(279,974)	(578,613)	(838,255)	(621,904)
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>(273,096)</u>	<u>(1,544,399)</u>	<u>(1,144,161)</u>	<u>(1,089,847)</u>
Cash Flows From Investing Activities				
Interest receipts	<u>(8,896)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(194,641)	(582,632)	307,885	(283,801)
Cash and Cash Equivalents, January 1	<u>1,241,734</u>	<u>1,212,805</u>	<u>1,625,729</u>	<u>889,333</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,047,093</u>	<u>\$ 630,173</u>	<u>\$ 1,933,614</u>	<u>\$ 605,532</u>

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

Business-type Activities-Enterprise Funds			Governmental
610	Other		Activities-
Ambulance	Business-type	Total	Internal
	Activities		Service
			Funds
\$ 1,982,012	\$ 2,194,407	\$ 20,413,602	\$ -
-	-	-	14,356,711
(604,892)	(1,037,276)	(10,028,161)	(3,095,483)
(2,056,575)	(443,502)	(7,162,910)	(12,979,641)
2,441	12,463	506,072	165,936
(677,014)	726,092	3,728,603	(1,552,477)
149,864	17,600	198,014	-
-	-	-	104
582,343	126,318	708,661	(29,666)
-	48,500	121,635	744,229
-	(291,114)	(767,114)	(29,362)
732,207	(98,696)	261,196	685,305
-	-	263,887	-
-	-	191,144	-
-	-	(1,798,000)	-
-	-	(389,788)	-
(55,193)	(53,377)	(2,427,316)	-
-	(157,114)	(157,114)	-
-	(3,485)	(3,485)	-
(55,193)	(213,976)	(4,320,672)	-
-	4,132	(4,764)	(4,425)
-	417,552	(335,637)	(871,597)
-	2,097,367	7,066,968	6,658,541
<u>\$ -</u>	<u>\$ 2,514,919</u>	<u>\$ 6,731,331</u>	<u>\$ 5,786,944</u>

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

City of Red Wing, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2021

	Business-type Activities-Enterprise Funds			
	600	601/651/ 319/494	602/650/317 320/322/323/ 402/490/492	603/307/326/ 403/406
	Refuse Collection & Recycling	Water Utility	Sewer Utility	Solid Waste Campus
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (49,800)	\$ 450,478	\$ 664,991	\$ 554,303
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	235,168	114,951	52,559
Depreciation	217,765	671,094	1,015,985	455,118
(Increase) decrease in assets				
Accounts receivable	(40,273)	(62,476)	(134,945)	(1,096)
Due from other governments	-	(540)	(123)	-
Inventories	-	17,996	545	-
Prepaid items	-	-	(928)	15
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	(415,903)	(428,054)	(497,495)	(404,101)
Deferred other postemployment benefit resources	24,935	20,163	32,931	14,438
Increase (decrease) in liabilities				
Accounts payable	(1,153)	(31,773)	70,668	56,927
Due to other governments	1,685	1,864	-	(702)
Salaries payable	21,909	13,121	15,332	14,853
Compensated absences payable	12,020	16,975	(15,405)	(39,296)
Other postemployment benefits obligation	(96,489)	(78,489)	(115,589)	(53,000)
Net pension liability	(293,285)	(314,906)	(289,499)	(224,238)
Unearned revenue	-	-	-	(255,848)
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	591,975	609,934	705,001	572,099
Deferred other postemployment benefit resources	88,965	73,662	73,626	40,880
Net Cash Provided (Used) by Operating Activities	\$ 62,351	\$ 1,194,217	\$ 1,640,046	\$ 782,911
Schedule of Noncash Financing and Investing Activities				
Capital assets acquired on account	\$ -	\$ 57,184	\$ 263,092	\$ -
Amortization of bond (premium) discount	\$ -	\$ -	\$ -	\$ (32,147)
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
\$ 12,265	\$ 639,378	\$ 2,271,615	\$ (1,341,204)
20,349	-	423,027	-
118,264	88,564	2,566,790	76,490
(579,582)	4,004	(814,368)	89,264
-	-	(663)	16,239
-	(5,723)	12,818	(24,729)
-	(3,333)	(4,246)	690
(821,924)	(149,246)	(2,716,723)	-
14,109	10,333	116,909	-
(30,922)	2,918	66,665	(412,110)
4,387	-	7,234	-
40,287	6,866	112,368	81,954
26,696	13,438	14,428	(39,071)
(73,270)	(33,639)	(450,476)	-
(648,295)	(78,536)	(1,848,759)	-
-	6,643	(249,205)	-
1,121,132	211,072	3,811,213	-
119,490	13,353	409,976	-
<u>\$ (677,014)</u>	<u>\$ 726,092</u>	<u>\$ 3,728,603</u>	<u>\$ (1,552,477)</u>
<u>\$ -</u>	<u>\$ 13,886</u>	<u>\$ 334,162</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,147)</u>	<u>\$ -</u>
<u>\$ 4,240,579</u>	<u>\$ -</u>	<u>\$ 4,240,579</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, 2021

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ 1,823,504
Assets held in endowment	4,135,257
Receivables	
Interest	1,188
Accounts	89,312
Prepaid items	33,141
Total Assets	<u>6,082,402</u>
Liabilities	
Accounts payable	154,451
Due to other governments	1,077
Salaries payable	26,287
Compensated absences payable	8,857
Unearned revenue	120,119
Total Current Liabilities	<u>310,791</u>
Noncurrent Liabilities	
Compensated absences payable	24,997
Total Liabilities	<u>335,788</u>
Net Position	
Restricted	
Individuals, organizations, endowments and other governments	<u><u>\$ 5,746,614</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
For the Year Ended December 31, 2021

	Custodial Funds
Additions	
Intergovernmental	\$ 858,432
Investment earnings	712,065
Charges for services	372,509
Miscellaneous	486,572
Total Additions	<u>2,429,578</u>
Deductions	
Culture and recreation	
Personal services	500,990
Supplies	169,877
Other services and charges	656,565
Capital outlay	100,592
Miscellaneous	
Other services and charges	119,846
Total Deductions	<u>1,547,870</u>
Net Increase (Decrease) in Fiduciary Net Position	881,708
Net Position, January 1	<u>4,864,906</u>
Net Position, December 31	<u><u>\$ 5,746,614</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, 2021

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

The *Solid Waste Campus fund* is used to account for all fees collected from customers using the facilities for disposal of refuse and for all expenses of operating the system.

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

Additionally, the City reports the following fund types:

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

Fiduciary funds

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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 89 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2021:

- Treasury bills and U.S. government agency securities of \$25,690,336 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$2,805,050 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, 2021

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 2021. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts in the General fund was \$10,000 and enterprise funds were \$1,799,797 as of December 31, 2021.

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

Inventories held for resale are reported at the lower of cost or market on the first-in, first-out (FIFO) method and 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, 2021

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, 2021

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, 2021. 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$ 119,096	\$ (291,112)	\$ 2,079	\$ 296,188	\$ 126,251

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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 increases in appropriations to the General fund of \$215,204, to the Airport special revenue fund of \$2,320, to the Inspection special revenue fund of \$7,192 and to the Library special revenue fund of \$16,538.

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, 2021

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2021:

Fund	Amount
Governmental Funds	
Nonmajor	
Special revenue	
Lodging Tax	\$ 1,541
Capital Projects	
Railroad Crossing Quiet Zone	5,403
River Renaissance Phase III	80,109
Parkland Acquisition	6,625
2021 Street Reconstruction Project	62,830
2023 Street Reconstruction Project	43,520
Memorial Park Improvements	116,414
Spring Creek and Highway 61 Access	19,295
Sturgeon Lake Road Overpass	19,411
Sidewalk Construction Project	5,285
Proprietary Funds	
Major	
Ambulance	1,484,708
Nonmajor	
Marina	186,511

It is anticipated that the Lodging Tax fund deficit will be eliminated through future lodging tax revenues.

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

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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 \$11,825,622, including \$1,822,404 reported in fiduciary funds. The bank balance was \$12,249,095. The bank balance was covered by federal depository insurance of \$255,509 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, 2021

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2021 the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Minnesota Municipal Money Market (4M) Fund	N/A	less than 1 year	\$ 319		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 1 year	27,112,767		
St. Paul Foundation	N/A	less than 1 year	4,853,771		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	1 to 5 years	18,633,667	\$ 18,633,667	\$ -
Government Agency Securities	AAA	more than 5 years	7,056,669	7,056,669	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	2,805,050	-	2,805,050
Total Investments			\$ 60,461,924	\$ 25,690,336	\$ 2,805,050

(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 78 of the notes.
- **Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.
- **Concentration of Credit Risk.** The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2021, 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, 2021

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 \$2,520.

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	\$ 8,620,567	\$ 1,382,651	\$ 1,822,404	\$ 11,825,622
Investments	55,436,134	890,533	4,135,257	60,461,924
Cash on Hand	1,420	-	1,100	2,520
	<u>\$ 64,058,121</u>	<u>\$ 2,273,184</u>	<u>\$ 5,958,761</u>	<u>\$ 72,290,066</u>
Total				
	<u>\$ 64,058,121</u>	<u>\$ 2,273,184</u>	<u>\$ 5,958,761</u>	<u>\$ 72,290,066</u>
Cash and Investments	\$ 63,339,607	\$ 2,273,184	\$ 1,823,504	\$ 67,436,295
Assets Held in Endowment	718,514	-	4,135,257	4,853,771
	<u>\$ 64,058,121</u>	<u>\$ 2,273,184</u>	<u>\$ 5,958,761</u>	<u>\$ 72,290,066</u>
Total				
	<u>\$ 64,058,121</u>	<u>\$ 2,273,184</u>	<u>\$ 5,958,761</u>	<u>\$ 72,290,066</u>

B. Assets Held in Endowment

Assets held in endowment at December 31, 2021 were \$4,853,771. 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, 2021 are \$718,514 and \$4,135,257, respectively. The net appreciation on these investments totaled \$647,253 for 2021. 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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Loans Receivable

Specific special revenue funds make installment loans to promote economic development within the City. Economic development loans receivable of \$100,194 and \$1,695,622 are reported as assets in the primary government and component unit, respectively. These loans are reported net of allowances of \$250,000 and \$68,058, respectively:

Fund	Amount
Primary Government	
Special Revenue	
DEED Loan	\$ 95,377
Internal Service	
Risk Management	4,817
	<u>4,817</u>
Total Governmental Activities	<u>\$ 100,194</u>
Component Unit	
Industrial Loan	\$ 1,452,053
Micro Loan	78,159
Intermediary Relending	165,410
	<u>165,410</u>
Total Component Unit	<u>\$ 1,695,622</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 9,654,480	\$ -	\$ -	\$ 9,654,480
Construction in progress	37,561,851	7,236,476	(18,913,614)	25,884,713
Total Capital Assets not Being Depreciated	<u>47,216,331</u>	<u>7,236,476</u>	<u>(18,913,614)</u>	<u>35,539,193</u>
Capital Assets Being Depreciated				
Buildings	43,638,026	45,138	-	43,683,164
Improvements other than buildings	30,159,231	9,039,219	-	39,198,450
Machinery and equipment	3,027,785	401,284	-	3,429,069
Office equipment	1,339,601	65,363	-	1,404,964
Vehicles	13,289,027	216,550	(147,498)	13,358,079
Infrastructure	68,084,319	10,327,732	-	78,412,051
Total Capital Assets Being Depreciated	<u>159,537,989</u>	<u>20,095,286</u>	<u>(147,498)</u>	<u>179,485,777</u>
Less Accumulated Depreciation for				
Buildings	(23,935,791)	(1,129,409)	-	(25,065,200)
Improvements other than buildings	(13,888,447)	(815,038)	-	(14,703,485)
Machinery and equipment	(1,610,199)	(179,078)	-	(1,789,277)
Office equipment	(1,092,301)	(46,737)	-	(1,139,038)
Vehicles	(9,283,993)	(937,927)	146,249	(10,075,671)
Infrastructure	(38,611,659)	(2,362,768)	-	(40,974,427)
Total Accumulated Depreciation	<u>(88,422,390)</u>	<u>(5,470,957)</u>	<u>146,249</u>	<u>(93,747,098)</u>
Total Capital Assets Being Depreciated, Net	<u>71,115,599</u>	<u>14,624,329</u>	<u>(1,249)</u>	<u>85,738,679</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 118,331,930</u></u>	<u><u>\$ 21,860,805</u></u>	<u><u>\$ (18,914,863)</u></u>	<u><u>\$ 121,277,872</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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	14,142,661	554,314	(14,268,245)	428,730
Total Capital Assets not Being Depreciated	14,357,641	554,314	(14,268,245)	643,710
Capital Assets Being Depreciated				
Buildings	34,848,397	-	-	34,848,397
Improvements other than buildings	23,592,177	14,741,566	-	38,333,743
Machinery and equipment	3,195,536	191,591	-	3,387,127
Vehicles	7,304,371	1,208,837	(503,608)	8,009,600
Infrastructure	28,527,746	-	-	28,527,746
Total Capital Assets Being Depreciated	97,468,227	16,141,994	(503,608)	113,106,613
Less Accumulated Depreciation for				
Buildings	(12,134,736)	(697,630)	-	(12,832,366)
Improvements other than buildings	(9,663,857)	(719,418)	-	(10,383,275)
Machinery and equipment	(2,507,385)	(102,514)	-	(2,609,899)
Vehicles	(4,864,536)	(545,057)	503,608	(4,905,985)
Infrastructure	(13,703,608)	(502,171)	-	(14,205,779)
Total Accumulated Depreciation	(42,874,122)	(2,566,790)	503,608	(44,937,304)
Total Capital Assets Being Depreciated, Net	54,594,105	13,575,204	-	68,169,309
Business-type Activities Capital Assets, Net	<u>\$ 68,951,746</u>	<u>\$ 14,129,518</u>	<u>\$ (14,268,245)</u>	<u>\$ 68,813,019</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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	\$ 167,784
Public safety	779,565
Public works	3,448,656
Culture and recreation	767,874
Economic development	96,474
Miscellaneous	
Airport	60,144
Cemeteries	73,970
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>76,490</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,470,957</u></u>

Business-type Activities

Refuse collection and recycling	\$ 217,765
Water utility	671,094
Sewer utility	1,015,985
Solid waste campus	455,118
Marina	38,967
Ambulance	118,264
Storm water utility	<u>49,597</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 2,566,790</u></u>

Component Unit

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
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	124,962	-	997,441
Less Accumulated Depreciation for				
Improvements other than buildings	<u>(526,835)</u>	<u>(8,007)</u>	<u>-</u>	<u>(534,842)</u>
Total Capital Assets				
Being Depreciated, Net	<u>345,644</u>	<u>116,955</u>	<u>-</u>	<u>462,599</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$ 520,686</u></u>	<u><u>\$ 116,955</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 637,641</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense charged to the component unit was as follows:

Component Unit Activities

Port Authority	<u>\$ 8,007</u>
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Construction Commitments

The City has active construction projects as of December 31, 2021. 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
Old West Main Reconstruction	\$ 1,325,385	\$ 2,991,718
River Renaissance Phase III	1,649,755	39,138
Federal Airport Projects	660,091	172,276
CSO-PBF Building	<u>691,584</u>	<u>210,404</u>
Total	<u>\$ 4,326,815</u>	<u>\$ 3,413,536</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2021 is as follows:

Due from/to Other Funds

Receivable Fund	Primary Government Payable Fund	Amount
General	PERA Perpetual	\$ 595,541
	Nonmajor Governmental	724,834
	Nonmajor Enterprise	263,864
	Ambulance Enterprise	1,830,177
	Information Services Internal Service	<u>577,913</u>
Total		<u>\$ 3,992,329</u>
Governmental activities - internal balances	Business-type activities - internal balances	<u>\$ 3,340,705</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 \$595,541 is for the operating subsidy not yet remitted to the General fund. The remaining balances totaling \$3,396,788 are for temporary advances to cover cash deficits. A portion of the amount due to the governmental activities from the business-type activities (\$1,246,664) is due to the elimination of internal service fund profits and losses.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Due to/from Component Unit/Primary Government

Receivable Entity	Payable Entity	Amount
Component Unit	Primary Government	
Adjustment to reflect the consolidation of internal service fund activities to Port Authority - component unit		<u>\$ 2,369</u>

Interfund Transfers

The following transfers were made for the year ended December 31, 2021:

Fund	Transfers In									Total
	General	Capital Improvement Assessment	Nonmajor Governmental	Sewer Utility	Solid Waste Campus	Nonmajor Enterprise	Administrative Services Internal Service	Risk Management Internal Service	Engineering Management Internal Service	
Transfers Out										
General	\$ -	\$ -	\$ 3,516,588	\$ -	\$ -	\$ 48,500	\$ 4,400	\$ 1,815	\$ 581,458	\$ 4,152,761
PERA Perpetual	52,465	-	-	-	-	-	-	-	-	52,465
Capital Improvement Assessment	-	-	1,228,100	-	-	-	-	-	-	1,228,100
Nonmajor governmental	7,416	822,655	2,603	-	-	-	-	-	156,556	989,230
Water Utility enterprise	-	-	238,000	-	-	-	-	-	-	238,000
Sewer Utility enterprise	-	-	238,000	-	-	-	-	-	-	238,000
Nonmajor enterprise										
Marina	-	157,114	-	-	-	-	-	-	-	157,114
Storm Water	-	-	84,000	50,000	-	-	-	-	-	134,000
Internal service										
Risk Management	-	-	-	-	23,135	-	-	-	-	23,135
Engineering	-	-	6,227	-	-	-	-	-	-	6,227
Total	<u>\$ 59,881</u>	<u>\$ 979,769</u>	<u>\$ 5,313,518</u>	<u>\$ 50,000</u>	<u>\$ 23,135</u>	<u>\$ 48,500</u>	<u>\$ 4,400</u>	<u>\$ 1,815</u>	<u>\$ 738,014</u>	<u>\$ 7,219,032</u>

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 2021:

- From the General fund to the following funds for operating subsidies: Airport special revenue fund (\$119,760), Library special revenue fund (\$1,141,836), Sister Cities special revenue fund (\$5,500), Building Inspection special revenue fund (\$40,961), Engineering Management internal service fund (\$581,458), Storm Water enterprise fund (\$35,000)
- From the PERA Perpetual fund to the General fund for operating subsidy (\$52,465).

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

In the year ended December 31, 2021, the City made the following one-time significant transfers:

- From the General fund to various nonmajor capital project funds for one-time capital improvements (\$1,871,559).
- From the Capital Improvement Assessment fund to various nonmajor capital project funds for one-time capital improvements (\$1,228,100).
- From the Water Utility enterprise fund to various nonmajor capital project funds for one-time capital improvements (\$238,000).
- From the Sewer Utility enterprise fund to a nonmajor capital project funds for one-time capital improvements (\$238,000)
- From the Storm Water enterprise fund to a nonmajor capital project funds for one-time capital improvements (\$84,000)
- From the Marina enterprise fund to the Capital Improvement Assessment fund for internal loan payment (\$157,114) .
- Various transfers were made to close nonmajor capital project funds.

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:

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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	\$ 205,000
G.O. Bonds of 2012A	2,375,000	0.45 - 2.15	07/12/12	02/01/23	340,000
G.O. Bonds of 2013A	2,930,000	2.00	04/24/13	02/01/24	865,000
G.O. Equipment Certificates of 2014A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	355,000
G.O. Bonds of 2015A	7,735,000	2.00	05/13/15	02/01/26	4,000,000
G.O. Bonds of 2016A	8,525,000	2.00	08/25/16	02/01/27	5,300,000
G.O. Bonds of 2017A	6,740,000	2.00 - 4.00	05/25/17	02/01/27	4,220,000
G.O. Bonds of 2018A	13,535,000	3.00 - 5.00	04/26/18	02/01/28	10,995,000
Total G.O. Bonds					<u>\$ 26,280,000</u>

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

Year Ending December 31	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2022	\$ 4,465,000	\$ 806,223	\$ 5,271,223
2023	4,400,000	672,033	5,072,033
2024	4,250,000	534,850	4,784,850
2025	4,040,000	398,975	4,438,975
2026	4,035,000	259,300	4,294,300
2027 - 2028	5,090,000	147,675	5,237,675
Total	<u>\$ 26,280,000</u>	<u>\$ 2,819,056</u>	<u>\$ 29,099,056</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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	\$ 105,000
G.O. Water Revenue Bonds of 2004	15,283,450	2.82	06/24/04	08/20/23	2,012,000
G.O. Sewer Revenue Bonds of 2004	5,283,360	2.34	09/23/04	08/20/24	996,000
G.O. Refunding Revenue Bonds of 2017A	2,585,000	2.00 - 4.00	05/25/17	02/01/29	1,955,000
G.O. Solid Waste Revenue Bonds of 2019A	4,844,000	3.00 - 5.00	03/28/19	02/01/40	<u>5,755,000</u>
Total G.O. Revenue Bonds					<u><u>\$ 10,823,000</u></u>

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

Year Ending December 31	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2022	\$ 1,846,000	\$ 336,413	\$ 2,182,413
2023	1,797,000	282,944	2,079,944
2024	795,000	230,668	1,025,668
2025	475,000	204,162	679,162
2026	495,000	183,537	678,537
2027 - 2031	2,215,000	634,392	2,849,392
2032 - 2036	1,675,000	362,281	2,037,281
2037 - 2040	<u>1,525,000</u>	<u>96,178</u>	<u>1,621,178</u>
Total	<u><u>\$ 10,823,000</u></u>	<u><u>\$ 2,330,575</u></u>	<u><u>\$ 13,153,575</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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	\$ 3,581,160	\$ 5,223,686	\$ 5,171,917
Principal and Interest	1,048,922	456,428	682,438
Percentage of Revenues	29.3%	8.7%	13.2%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 30,645,000	\$ -	\$ (4,365,000)	\$ 26,280,000	\$ 4,465,000
Unamortized Bond Premiums	1,986,758	-	(280,814)	1,705,944	-
Total Bonds Payable	32,631,758	-	(4,645,814)	27,985,944	4,465,000
Compensated Absences Payable	1,869,525	898,504	(937,575)	1,830,454	1,084,548
Governmental Activity Long-term Liabilities	<u>\$ 34,501,283</u>	<u>\$ 898,504</u>	<u>\$ (5,583,389)</u>	<u>\$ 29,816,398</u>	<u>\$ 5,549,548</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General Obligation Revenue Bonds	\$ 12,621,000	\$ -	\$ (1,798,000)	\$ 10,823,000	\$ 1,846,000
Unamortized Bond Premiums	430,326	-	(32,147)	398,179	-
Total Bonds Payable	13,051,326	-	(1,830,147)	11,221,179	1,846,000
Compensated Absences Payable	952,300	487,391	(472,963)	966,728	466,021
Business-type Activity Long-term Liabilities	<u>\$ 14,003,626</u>	<u>\$ 487,391</u>	<u>\$ (2,303,110)</u>	<u>\$ 12,187,907</u>	<u>\$ 2,312,021</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2021, 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, 2021 was \$32,497,211.

G. Components of Fund Balance

At December 31, 2021, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 1,752	\$ 1,752
Library endowment	-	-	-	-	718,514	718,514
Permanent principal endowments	-	-	-	-	2,098,627	2,098,627
Total Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,818,893</u>	<u>\$ 2,818,893</u>
Restricted						
Debt service	\$ -	\$ -	\$ 5,858,880	\$ -	\$ -	\$ 5,858,880
Library activities	-	-	-	-	27,620	27,620
Police and fire activities	-	9,118,432	-	-	-	9,118,432
Future loans	-	-	-	-	251,137	251,137
Cemetery perpetual	-	-	-	-	1,024,741	1,024,741
Total Restricted	<u>\$ -</u>	<u>\$ 9,118,432</u>	<u>\$ 5,858,880</u>	<u>\$ -</u>	<u>\$ 1,303,498</u>	<u>\$ 16,280,810</u>
Committed						
Capital improvements	<u>\$ 3,600,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,319,652</u>	<u>\$ 7,919,652</u>
Assigned						
General improvements	\$ 585,243	\$ -	\$ -	\$ -	\$ -	\$ 585,243
Future operations	-	-	-	-	662,127	662,127
Capital improvements	-	-	-	4,406,386	56,089	4,462,475
Total Assigned	<u>\$ 585,243</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,406,386</u>	<u>\$ 718,216</u>	<u>\$ 5,709,845</u>
Unassigned	<u>\$ 24,190,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (360,433)</u>	<u>\$ 23,829,570</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3-percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

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

General Employees Fund Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$706,358, \$664,004 and \$668,150, 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 members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.79 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$868,465, \$832,241 and \$797,818, 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, 2021, the City of Red Wing reported a liability of \$5,440,551 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The state of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$166,155. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1274 percent which was an increase of 0.0038 percent from its proportion measured as of June 30, 2020.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

City's Proportionate Share of the Net Pension Liability	\$ 5,440,551
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>166,155</u>
Total	<u><u>\$ 5,606,706</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$105,690 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$13,406 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, 2021, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 32,795	\$ 165,921
Changes in Actuarial Assumptions	3,321,887	117,179
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,722,875
Changes in Proportion	132,583	43,428
Contributions Paid to PERA Subsequent to the Measurement Date	<u>350,515</u>	<u>-</u>
Total	<u><u>\$ 3,837,780</u></u>	<u><u>\$ 5,049,403</u></u>

The \$350,515 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (178,453)
2023	(50,664)
2024	(47,883)
2025	(1,285,138)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$3,159,362 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.4093 percent which was a 0.0026 percent decrease from its proportion measured June 30, 2020.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$316,979 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$25,867 for the year ended December 31, 2021 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.

At December 31, 2021, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 614,926	\$ 32,474
Changes in Actuarial Assumptions	4,738,021	1,903,320
Net Difference Between Projected and Actual Earnings on Plan Investments	-	6,039,975
Changes in Proportion	163,166	384,671
Contributions Paid to PERA Subsequent to the Measurement Date	463,953	-
Total	<u>\$ 5,980,066</u>	<u>\$ 8,360,440</u>

The \$463,953 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (2,237,552)
2023	(445,426)
2024	(457,407)
2025	(720,479)
2026	1,016,537

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	25.0	0.75
International Equity	16.5	5.30
Total	<u>100.0 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 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.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 11,095,946	\$ 5,440,551	\$ 799,954
Police and Fire Fund	10,030,441	3,159,362	(2,473,220)

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Elected officials of the City are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The DCP is a tax qualified plan under section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,079	\$ 2,079	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2021, 2020 and 2019 were \$2,079, \$2,084, and \$2,077, 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, 2021, the plan covered 25 active firefighters and 4 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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 \$129,217 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021. 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, 2021 were \$129,217. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2021, the City reported a net pension liability (asset) of (\$398,291) for the plan. The net pension liability (asset) was measured as of December 31, 2020. 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 <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a-b)</u>
Beginning Balance January 1, 2021	\$ 1,042,701	\$ 1,401,480	\$ (358,779)
Changes for the Year			
Service cost	43,504	-	43,504
Interest cost	67,888	-	67,888
Assumption changes	16,256	-	16,256
Plan changes	102,092	-	102,092
Nonemployer contributions	-	123,113	(123,113)
Projected investment return	-	91,099	(91,099)
(Gain)/loss	(54,611)	11,348	(65,959)
Administrative expenses	-	(10,919)	10,919
Total Net Changes	<u>175,129</u>	<u>214,641</u>	<u>(39,512)</u>
Ending Balance December 31, 2021	<u>\$ 1,217,830</u>	<u>\$ 1,616,121</u>	<u>\$ (398,291)</u>

For the year ended December 31, 2021, the City recognized pension expense of \$296,188 for the plan.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

At December 31, 2021, 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	\$ -	\$ 65,008
Changes in Actuarial Assumptions	49,523	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	27,727
Contributions to Plan Subsequent to the Measurement Date	129,217	-
Total	<u>\$ 178,740</u>	<u>\$ 92,735</u>

Deferred outflows of resources totaling \$129,217 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, 2022. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2022	\$ (6,236)
2023	11,668
2024	(30,981)
2025	(2,298)
2026	(26)
Thereafter	(15,339)

E. Actuarial Assumptions

The total pension liability at December 31, 2021 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	N/A

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The following changes in benefit changes occurred in 2021:

- 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 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal rates for non-public-safety employees were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

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	66.0 %	6.90 %
Cash	13.0	1.80
Fixed Income	19.0	3.00
Other	2.0	7.00
Total	100.0 %	

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, 2021

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	\$ (372,539)	\$ (398,291)	\$ (423,184)

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, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	10
Active Plan Members	203
	<hr/>
Total Plan Members	213
	<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, 2021, the City had no direct contributions to the Plan, while implicit contributions totaled \$169,265.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$1,954,531 was measured as of January 1, 2021.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Dental Rate	N/A
Inflation Rate	2.00%
Salary Increases	N/A
Medical Trend Rate	6.5% grading to 5.00% over 6 years

The discount rate used to measure the total OPEB liability was 2.00 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, 2021 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, 2021	\$ 2,836,463
Changes for the Year	
Service cost	138,631
Interest	83,719
Assumption changes	(4,444)
Differences between expected and actual experience	(922,095)
Benefit payments	(177,743)
Total Net Changes	(881,932)
Ending Balance December 31, 2021	\$ 1,954,531

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The retirement and withdrawal rates for non-public safety employees were updated to reflect the latest experience study.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.
- These changes decreased the liability \$4,444.

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

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage-point higher (3.00 percent) than the current discount rate:

1 Percent Decrease (1.0%)	Current (2.0%)	1 Percent Increase (3.0%)
\$ 2,081,306	\$ 1,954,531	\$ 1,835,101

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 4.00%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.00%)	1 Percent Increase (7.5% Decreasing to 6.00%)
\$ 1,778,069	\$ 1,954,531	\$ 2,162,612

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$133,640. At December 31, 2021, 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	\$ 489,253	\$ 790,367
Changes in Actuarial Assumptions	91,125	40,296
Contributions to OPEB Subsequent to the Measurement Date	169,265	-
Total	<u>\$ 749,643</u>	<u>\$ 830,663</u>

Deferred outflows of resources totaling \$169,265 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	
2022	\$ (945)
2023	(945)
2024	(945)
2025	(947)
2026	(114,142)
Thereafter	(132,361)

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 2021. Should the LMCIT Workers' Compensation Division liabilities exceed assets, LMCIT may assess the City in a method and amount to be determined by LMCIT.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Other Information (Continued)

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, 2021 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, 2021 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
2021	\$ -	\$ 3,341,174	\$ 3,341,174	\$ -
2020	-	3,235,217	3,235,217	-
2019	-	2,859,027	2,859,027	-

B. Contingent Liabilities

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

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

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

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

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2021, the City is under the legal debt margin.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Other Information (Continued)

D. Principal Taxpayer

Property owned by Xcel Energy located in Red Wing represents approximately 50.81 percent of the City's 2021 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.

Note 9: Tax Abatements

As of December 31, 2021, the City has five agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

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

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

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

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

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 9: Tax Abatements (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2021 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			\$ 31,720
Capital Safety USA			31,631
Red Wing Shoe Company			24,563
Tax Increment Districts (PAYGO)			
TIF District #7.1	37.270%	\$ 142,718	53,191
Total			<u>\$ 141,105</u>

Note 10: Prior Period Adjustment

A prior period adjustment was required in governmental funds to record beginning accumulated depreciation on projects that were placed into service in prior years, but not capitalized until 2021. There was also a prior period adjustment in the General fund and Levee Wall Improvements for grant money that was transferred incorrectly in 2020.

As a result of the adjustment of beginning balances, the following schedule reconciles the previously reported December 31, 2020 balances to the January 1, 2021 financial statement balances:

Fund	Net Position December 31, 2020 as Previously Reported	Prior Period Adjustment	Net Position January 1, 2021 as Restated
Governmental Activities	<u>\$ 141,548,792</u>	<u>\$ (720,642)</u>	<u>\$ 140,828,150</u>
Governmental Funds			
General Fund	\$ 28,148,151	\$ 429,765	\$ 28,577,916
Nonmajor governemtnal Levee Wall Improvements	<u>427,583</u>	<u>(429,765)</u>	<u>(2,182)</u>
Total Governemtnal Funds	<u>\$ 28,575,734</u>	<u>\$ -</u>	<u>\$ 28,575,734</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 11: COVID-19

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Red Wing, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1274 %	\$ 5,440,551	\$ 166,155	\$ 5,606,706	\$ 9,172,247	59.3 %	87.0 %
06/30/20	0.1236	7,410,385	228,489	7,638,874	8,817,787	84.0	79.0
06/30/19	0.1250	6,910,970	214,824	7,125,794	8,848,704	78.1	80.2
06/30/18	0.1238	6,867,916	225,349	7,093,265	8,323,151	82.5	79.5
06/30/17	0.1256	8,018,221	100,845	8,119,066	8,083,262	99.2	75.9
06/30/16	0.1199	9,735,285	127,182	9,862,467	7,441,188	130.8	68.9
06/30/15	0.1243	6,441,871	-	6,441,871	7,304,651	88.2	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 706,358	\$ 706,358	\$ -	\$ 9,418,111	7.5 %
12/31/20	664,004	664,004	-	8,853,386	7.5
12/31/19	668,150	668,150	-	8,908,672	7.5
12/31/18	645,793	645,793	-	8,610,576	7.5
12/31/17	599,003	599,003	-	7,986,712	7.5
12/31/16	572,477	572,477	-	7,633,023	7.5
12/31/15	573,387	573,387	-	7,645,160	7.5

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, 2021

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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

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

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

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

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

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

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

2021 - There was no changes in plan provisions since the previous valuation.

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

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

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

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

2016 - There were no changes in plan provisions since the previous valuation.

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, 2021

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.4093 %	\$ 3,159,362	\$ 142,036	\$ 3,301,398	\$ 4,790,978	65.9 %	93.7 %
06/30/20	0.4119	5,429,283	127,903	5,557,186	4,653,487	116.7	87.2
06/30/19	0.4439	4,725,764	-	4,725,764	4,686,281	100.8	89.3
06/30/18	0.4326	4,611,070	-	4,611,070	4,559,588	101.1	88.8
06/30/17	0.4240	5,724,505	-	5,724,505	4,352,266	131.5	85.4
06/30/16	0.4190	16,815,199	-	16,815,199	4,034,376	416.8	63.9
06/30/15	0.4210	4,783,545	-	4,783,545	3,793,022	126.1	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 868,465	\$ 868,465	\$ -	\$ 4,906,580	17.7 %
12/31/20	832,241	832,241	-	4,701,927	17.7
12/31/19	797,818	797,818	-	4,706,891	16.9
12/31/18	766,041	766,041	-	4,728,647	16.2
12/31/17	698,764	698,764	-	4,313,361	16.2
12/31/16	669,647	669,647	-	4,133,623	16.2
12/31/15	664,038	664,038	-	4,099,002	16.2

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

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

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

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

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

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

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

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

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

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.

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

2016 - There were no changes in plan provisions since the previous valuation.

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, 2021

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

	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability							
Service cost	\$ 43,504	\$ 33,954	\$ 35,899	\$ 35,023	\$ 31,215	\$ 32,281	\$ 29,711
Interest	67,888	59,468	52,986	55,953	54,805	50,164	52,081
Assumption changes	16,256	-	55,833	-	-	-	-
Plan changes	102,092	206,951	114,640	-	85,400	-	-
Gain (loss)	(54,611)	-	(13,838)	-	(14,431)	-	-
Benefit payments	-	(350,400)	-	(282,600)	(729)	(71,869)	(52,955)
Net Change in Total Pension Liability	175,129	(50,027)	245,520	(191,624)	156,260	10,576	28,837
Total Pension Liability - January 1	1,042,701	1,092,728	847,208	1,038,832	882,572	871,996	843,159
Total Pension Liability - December 31 (A)	\$ 1,217,830	\$ 1,042,701	\$ 1,092,728	\$ 847,208	\$ 1,038,832	\$ 882,572	\$ 871,996
Plan Fiduciary Net Position							
Nonemployer contributions	123,113	121,074	117,144	115,830	112,854	111,577	103,082
Projected investment return	91,099	81,079	89,249	81,049	75,252	76,878	73,047
Gain (loss)	11,348	143,413	(213,263)	89,546	58,084	(168,310)	(44,168)
Benefit payments, including refunds of employee contributions	-	(350,400)	-	(282,600)	(729)	(71,869)	(52,955)
Administrative expenses	(10,919)	(11,220)	(9,029)	(9,201)	(9,580)	(13,593)	(6,307)
Net Change in Plan Fiduciary Net Position	214,641	(16,054)	(15,899)	(5,376)	235,881	(65,317)	72,699
Plan Fiduciary Net Position - January 1	1,401,480	1,417,534	1,433,433	1,438,809	1,202,928	1,268,245	1,195,546
Plan Fiduciary Net Position - December 31 (B)	\$ 1,616,121	\$ 1,401,480	\$ 1,417,534	\$ 1,433,433	\$ 1,438,809	\$ 1,202,928	\$ 1,268,245
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (398,291)	\$ (358,779)	\$ (324,806)	\$ (586,225)	\$ (399,977)	\$ (320,356)	\$ (396,249)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	132.70%	134.41%	129.72%	169.19%	138.50%	136.30%	145.44%
Covered Payroll	N/A	N/A	N/A	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	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

2021 - The benefit level changed from \$6,500 to \$7,500.

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

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

2018 - None noted.

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

2016 - None noted.

2015 - None noted.

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Assumptions

2021 - The discount rate changed from 6.25% to 5.50%.

2020 - None noted

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

2018 - None noted.

2017 - None noted.

2016 - None noted.

2015 - None noted.

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

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 138,631	\$ 119,910	\$ 100,072	\$ 99,068
Interest	83,719	102,986	67,501	65,835
Assumption changes	(4,444)	127,577	(63,853)	-
Plan changes	-	-	(147,835)	-
Differences between expected and actual experience	(922,095)	-	856,195	-
Benefit payments	(177,743)	(206,604)	(128,761)	(102,305)
Net Change in Total OPEB Liability	<u>(881,932)</u>	<u>143,869</u>	<u>683,319</u>	<u>62,598</u>
Total OPEB Liability - January 1	<u>2,836,463</u>	<u>2,692,594</u>	<u>2,009,275</u>	<u>1,946,677</u>
Total OPEB Liability - December 31	<u><u>\$ 1,954,531</u></u>	<u><u>\$ 2,836,463</u></u>	<u><u>\$ 2,692,594</u></u>	<u><u>\$ 2,009,275</u></u>
Covered-Employee Payroll	\$ 13,054,109	\$ 13,719,204	\$ 13,319,616	\$ 11,803,086
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	14.97%	20.68%	20.22%	17.02%

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, 2021

Notes to the Required Supplementary Information - Total OPEB Liability

Changes in Actuarial Assumptions

2021 - The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates for non-public safety employees were updated. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group. The inflation rate was changed from 2.50% to 2.00%. The discount rate was changed from 2.90% to 2.00%.

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

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

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

Changes in Benefit Terms

2021 - None noted.

2020 - None noted.

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

2018 - None noted.

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Red Wing, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Assets				
Cash and investments	\$ 966,400	\$ 4,556,652	\$ 3,119,345	\$ 8,642,397
Assets held in endowment	718,514	-	-	718,514
Receivables				
Accrued interest	-	-	4,023	4,023
Accounts	37,963	-	-	37,963
Loans (net of allowance)	95,377	-	-	95,377
Intergovernmental	21,900	814,651	-	836,551
Prepaid items	1,752	-	-	1,752
Total Assets	<u>\$ 1,841,906</u>	<u>\$ 5,371,303</u>	<u>\$ 3,123,368</u>	<u>\$ 10,336,577</u>
Liabilities				
Accounts payable	\$ 51,812	\$ 563,974	\$ -	\$ 615,786
Contracts payable	-	78,410	-	78,410
Due to other funds	12,764	712,070	-	724,834
Due to other governments	58,814	-	-	58,814
Salaries payable	58,907	-	-	58,907
Total Liabilities	<u>182,297</u>	<u>1,354,454</u>	<u>-</u>	<u>1,536,751</u>
Fund Balances				
Nonspendable	720,266	-	2,098,627	2,818,893
Restricted	278,757	-	1,024,741	1,303,498
Committed	-	4,319,652	-	4,319,652
Assigned	662,127	56,089	-	718,216
Unassigned	(1,541)	(358,892)	-	(360,433)
Total Fund Balances	<u>1,659,609</u>	<u>4,016,849</u>	<u>3,123,368</u>	<u>8,799,826</u>
Total Liabilities and Fund Balances	<u>\$ 1,841,906</u>	<u>\$ 5,371,303</u>	<u>\$ 3,123,368</u>	<u>\$ 10,336,577</u>

City of Red Wing, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Revenues				
Taxes	\$ 249,531	\$ -	\$ -	\$ 249,531
Licenses and permits	213,578	-	-	213,578
Intergovernmental	271,737	3,191,042	-	3,462,779
Charges for services	139,317	-	-	139,317
Fines and forfeits	680	-	-	680
Investment income (loss)	126,771	-	(12,144)	114,627
Miscellaneous	50,557	69,440	108,120	228,117
Total Revenues	<u>1,052,171</u>	<u>3,260,482</u>	<u>95,976</u>	<u>4,408,629</u>
Expenditures				
Current				
Public safety	448,762	-	-	448,762
Culture and recreation	1,375,968	-	-	1,375,968
Economic development	254,656	-	-	254,656
Airport	269,713	-	-	269,713
Capital outlay				
Public works	-	3,872,917	-	3,872,917
Culture and recreation	-	2,383,332	-	2,383,332
Airport	-	995,458	-	995,458
Total Expenditures	<u>2,349,099</u>	<u>7,251,707</u>	<u>-</u>	<u>9,600,806</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(1,296,928)</u>	<u>(3,991,225)</u>	<u>95,976</u>	<u>(5,192,177)</u>
Other Financing Sources (Uses)				
Sale of capital assets	1,000	-	-	1,000
Transfers in	1,330,703	3,982,815	-	5,313,518
Transfers out	-	(989,230)	-	(989,230)
Total Other Financing Sources (Uses)	<u>1,331,703</u>	<u>2,993,585</u>	<u>-</u>	<u>4,325,288</u>
Net Change in Fund Balances	34,775	(997,640)	95,976	(866,889)
Fund Balances, January 1	1,624,834	5,444,254	3,027,392	10,096,480
Prior Period Adjustment (Note 10)	<u>-</u>	<u>(429,765)</u>	<u>-</u>	<u>(429,765)</u>
Fund Balances, December 31	<u>\$ 1,659,609</u>	<u>\$ 4,016,849</u>	<u>\$ 3,123,368</u>	<u>\$ 8,799,826</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.

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, 2021

	203	204	209	211	243
	Health Initiatives	South Park Skating Rink	Airport	Library	DEED Loan
Assets					
Cash and investments	\$ 11,098	\$ 57,141	\$ -	\$ 548,634	\$ 214,269
Assets held in endowment	-	-	-	718,514	-
Receivables					
Accounts	-	-	23,467	-	-
Loans (net of allowance)	-	-	-	-	95,377
Intergovernmental	-	-	21,900	-	-
Prepaid items	-	-	1,752	-	-
Total Assets	<u>\$ 11,098</u>	<u>\$ 57,141</u>	<u>\$ 47,119</u>	<u>\$ 1,267,148</u>	<u>\$ 309,646</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 3,630	\$ 9,113	\$ -
Due to other funds	-	-	12,764	-	-
Due to other governments	-	-	-	305	58,509
Salaries payable	-	-	2,724	41,336	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>19,118</u>	<u>50,754</u>	<u>58,509</u>
Fund Balances					
Nonspendable	-	-	1,752	718,514	-
Restricted	-	-	-	-	251,137
Assigned	11,098	57,141	26,249	497,880	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>11,098</u>	<u>57,141</u>	<u>28,001</u>	<u>1,216,394</u>	<u>251,137</u>
Total Liabilities and Fund Balances	<u>\$ 11,098</u>	<u>\$ 57,141</u>	<u>\$ 47,119</u>	<u>\$ 1,267,148</u>	<u>\$ 309,646</u>

248	291	299	806	
Sister Cities	Inspection	Library Memorial	Lodging Tax	Total
\$ 19,754	\$ 68,594	\$ 27,620	\$ 19,290	\$ 966,400
-	-	-	-	718,514
-	-	-	14,496	37,963
-	-	-	-	95,377
-	-	-	-	21,900
-	-	-	-	1,752
<u>\$ 19,754</u>	<u>\$ 68,594</u>	<u>\$ 27,620</u>	<u>\$ 33,786</u>	<u>\$ 1,841,906</u>
\$ -	\$ 3,742	\$ -	\$ 35,327	\$ 51,812
-	-	-	-	12,764
-	-	-	-	58,814
-	14,847	-	-	58,907
-	18,589	-	35,327	182,297
-	-	-	-	720,266
-	-	27,620	-	278,757
19,754	50,005	-	-	662,127
-	-	-	(1,541)	(1,541)
<u>19,754</u>	<u>50,005</u>	<u>27,620</u>	<u>(1,541)</u>	<u>1,659,609</u>
<u>\$ 19,754</u>	<u>\$ 68,594</u>	<u>\$ 27,620</u>	<u>\$ 33,786</u>	<u>\$ 1,841,906</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, 2021

	203	204	209	211	243
	Health Initiatives	South Park Skating Rink	Airport	Library	DEED Loan
Revenues					
Taxes					
Hotel-motel	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental					
Federal	-	-	69,000	-	-
State	-	-	44,119	-	-
County	-	-	-	158,618	-
Charges for services					
General government	-	-	-	3,934	-
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	2,333	-
Airport	-	-	85,219	-	-
Fines and forfeits	-	-	-	680	-
Investment income	-	-	-	126,771	-
Miscellaneous					
Contributions and donations	-	-	-	4,622	-
Other	-	-	34,784	5,386	2,113
Total Revenues	-	-	233,122	302,344	2,113
Expenditures					
Current					
Public safety	-	-	-	-	-
Culture and recreation	-	1,622	-	1,374,346	-
Economic development	-	-	-	-	1,177
Airport	-	-	269,713	-	-
Total Expenditures	-	1,622	269,713	1,374,346	1,177
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,622)	(36,591)	(1,072,002)	936
Other Financing Sources (Uses)					
Sale of capital assets	-	-	1,000	-	-
Transfers in	-	-	131,035	1,141,836	-
Total Other Financing Sources (Uses)	-	-	132,035	1,141,836	-
Net Change in Fund Balances	-	(1,622)	95,444	69,834	936
Fund Balances, January 1	11,098	58,763	(67,443)	1,146,560	250,201
Fund Balances, December 31	\$ 11,098	\$ 57,141	\$ 28,001	\$ 1,216,394	\$ 251,137

248	291	299	806	
Sister Cities	Inspection	Library Memorial	Lodging Tax	Total
\$ -	\$ -	\$ -	\$ 249,531	\$ 249,531
-	213,578	-	-	213,578
-	-	-	-	69,000
-	-	-	-	44,119
-	-	-	-	158,618
-	-	-	-	3,934
-	47,831	-	-	47,831
-	-	-	-	2,333
-	-	-	-	85,219
-	-	-	-	680
-	-	-	-	126,771
2,772	-	880	-	8,274
-	-	-	-	42,283
<u>2,772</u>	<u>261,409</u>	<u>880</u>	<u>249,531</u>	<u>1,052,171</u>
-	448,762	-	-	448,762
-	-	-	-	1,375,968
-	-	-	253,479	254,656
-	-	-	-	269,713
<u>-</u>	<u>448,762</u>	<u>-</u>	<u>253,479</u>	<u>2,349,099</u>
<u>2,772</u>	<u>(187,353)</u>	<u>880</u>	<u>(3,948)</u>	<u>(1,296,928)</u>
-	-	-	-	1,000
<u>5,500</u>	<u>52,332</u>	<u>-</u>	<u>-</u>	<u>1,330,703</u>
<u>5,500</u>	<u>52,332</u>	<u>-</u>	<u>-</u>	<u>1,331,703</u>
8,272	(135,021)	880	(3,948)	34,775
<u>11,482</u>	<u>185,026</u>	<u>26,740</u>	<u>2,407</u>	<u>1,624,834</u>
<u>\$ 19,754</u>	<u>\$ 50,005</u>	<u>\$ 27,620</u>	<u>\$ (1,541)</u>	<u>\$ 1,659,609</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, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Intergovernmental					
Federal	\$ -	\$ -	\$ 69,000	\$ 69,000	\$ -
State	104,500	104,500	44,119	(60,381)	58,680
Charges for services					
Rents	30,000	30,000	30,000	-	35,000
Lease payments received	51,000	51,000	55,219	4,219	45,060
Miscellaneous					
Other	19,000	19,000	34,784	15,784	24,925
Total Revenues	<u>204,500</u>	<u>204,500</u>	<u>233,122</u>	<u>28,622</u>	<u>163,665</u>
Expenditures					
Current					
Airport					
Personal services	51,977	54,297	58,409	(4,112)	55,323
Supplies	32,950	32,950	24,604	8,346	22,641
Other services and charges	177,513	177,513	186,700	(9,187)	172,057
Capital outlay					
Airport	93,250	93,250	-	93,250	-
Total Expenditures	<u>355,690</u>	<u>358,010</u>	<u>269,713</u>	<u>88,297</u>	<u>250,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(151,190)</u>	<u>(153,510)</u>	<u>(36,591)</u>	<u>116,919</u>	<u>(86,356)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	1,000	1,000	-
Transfers in	153,510	153,510	131,035	(22,475)	111,437
Total Other Financing Sources (Uses)	<u>153,510</u>	<u>153,510</u>	<u>132,035</u>	<u>(21,475)</u>	<u>111,437</u>
Net Change in Fund Balances	2,320	-	95,444	95,444	25,081
Fund Balances, January 1	<u>(67,443)</u>	<u>(67,443)</u>	<u>(67,443)</u>	<u>-</u>	<u>(92,524)</u>
Fund Balances, December 31	<u>\$ (65,123)</u>	<u>\$ (67,443)</u>	<u>\$ 28,001</u>	<u>\$ 95,444</u>	<u>\$ (67,443)</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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Intergovernmental					
County	\$ 158,618	\$ 158,618	\$ 158,618	\$ -	\$ 143,686
Charges for services					
General government	8,000	8,000	3,934	(4,066)	2,747
Culture and recreation	3,500	3,500	2,333	(1,167)	1,419
Fines and forfeits	12,000	12,000	680	(11,320)	2,380
Investment income	40,815	40,815	126,771	85,956	47,657
Miscellaneous					
Contributions and donations	3,350	3,350	4,622	1,272	4,598
Other	6,000	6,000	5,386	(614)	59,551
Total Revenues	<u>232,283</u>	<u>232,283</u>	<u>302,344</u>	<u>70,061</u>	<u>262,038</u>
Expenditures					
Current					
Culture and recreation					
Library					
Personal services	919,843	936,381	926,648	9,733	920,991
Supplies	40,616	40,616	30,470	10,146	18,554
Other services and charges	448,634	448,634	417,228	31,406	368,357
Total Expenditures	<u>1,409,093</u>	<u>1,425,631</u>	<u>1,374,346</u>	<u>51,285</u>	<u>1,307,902</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,176,810)	(1,193,348)	(1,072,002)	121,346	(1,045,864)
Other Financing Sources (Uses)					
Transfers in	<u>1,141,836</u>	<u>1,141,836</u>	<u>1,141,836</u>	-	<u>1,141,835</u>
Net Change in Fund Balances	(34,974)	(51,512)	69,834	121,346	95,971
Fund Balances, January 1	<u>1,146,560</u>	<u>1,146,560</u>	<u>1,146,560</u>	-	<u>1,050,589</u>
Fund Balances, December 31	<u>\$ 1,111,586</u>	<u>\$ 1,095,048</u>	<u>\$ 1,216,394</u>	<u>\$ 121,346</u>	<u>\$ 1,146,560</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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous					
Other	\$ 4,000	\$ 4,000	\$ 2,113	\$ (1,887)	\$ 2,687
Expenditures					
Current					
Economic development					
Other services and charges	2,000	2,000	1,177	823	1,745
Net Change in Fund Balances	2,000	2,000	936	(1,064)	942
Fund Balances, January 1	250,201	250,201	250,201	-	249,259
Fund Balances, December 31	<u>\$ 252,201</u>	<u>\$ 252,201</u>	<u>\$ 251,137</u>	<u>\$ (1,064)</u>	<u>\$ 250,201</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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Miscellaneous					
Contributions and donations	\$ 11,000	\$ 11,000	\$ 2,772	\$ (8,228)	\$ 6,760
Expenditures					
Current					
Culture and recreation					
Other services and charges	16,000	16,000	-	16,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	2,772	7,772	6,760
Other Financing Sources (Uses)					
Transfers in	5,500	5,500	5,500	-	5,500
Net Change in Fund Balances	500	500	8,272	7,772	12,260
Fund Balances, January 1	11,482	11,482	11,482	-	(778)
Fund Balances, December 31	<u>\$ 11,982</u>	<u>\$ 11,982</u>	<u>\$ 19,754</u>	<u>\$ 7,772</u>	<u>\$ 11,482</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, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Licenses and permits	\$ 333,000	\$ 333,000	\$ 213,578	\$ (119,422)	\$ 264,079
Charges for services					
Public safety	70,000	70,000	47,831	(22,169)	50,743
Total Revenues	403,000	403,000	261,409	(141,591)	314,822
Expenditures					
Current					
Public safety					
Inspection					
Personal services	252,401	252,963	237,711	15,252	224,813
Supplies	5,600	5,600	6,722	(1,122)	7,103
Other services and charges	210,398	217,028	204,329	12,699	42,653
Total Expenditures	468,399	475,591	448,762	26,829	274,569
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,399)	(72,591)	(187,353)	(114,762)	40,253
Other Financing Sources (Uses)					
Transfers in	40,961	47,591	52,332	4,741	79,349
Transfers out	-	-	-	-	(140,120)
Total Other Financing Sources (Uses)	40,961	47,591	52,332	4,741	(60,771)
Net Change in Fund Balances	(24,438)	(25,000)	(135,021)	(110,021)	(20,518)
Fund Balances, January 1	185,026	185,026	185,026	-	205,544
Fund Balances, December 31	<u>\$ 160,588</u>	<u>\$ 160,026</u>	<u>\$ 50,005</u>	<u>\$ (110,021)</u>	<u>\$ 185,026</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

CSO-PBF Building - This fund is used to account for funds received and capital expenditures incurred in the construction of a public safety center.

Railroad Crossing Quiet Zone - This fund is used to account for funds received and capital expenditures incurred in the construction of a railroad crossing quiet zone.

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

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

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

Park Capital Projects - This fund is used to account for the various costs of park projects.

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

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

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

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

Universal Playground Project - This fund is used to account for monies received and capital expenditures incurred for the construction of a universal playground.

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.

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

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

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

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

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NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

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.

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

Sturgeon Lake Road Overpass - This fund is used to account for funds received and capital expenditures incurred in the reconstruction of Sturgeon Lake Road in order to address access and rail safety issues.

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

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

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

East 7th Street Reconstruction to T.H. 61 - This fund is used to account for funds received and the capital expenditures incurred in the reconstruction of East 7th Street.

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, 2021

	400	404	405	407	409	410	418
	Capital Reserve	CSO-PBF Building	Railroad Crossing Quiet Zone	Bush St Crosswalk and Refurbish 13th and 17th St	Levee Wall Improvements	Airport Projects	Park Capital Projects
Assets							
Cash and investments	\$ 551,228	\$ 415,946	\$ -	\$ 114,520	\$ 10,000	\$ -	\$ -
Receivables							
Intergovernmental	-	-	-	-	-	814,651	-
Total Assets	<u>\$ 551,228</u>	<u>\$ 415,946</u>	<u>\$ -</u>	<u>\$ 114,520</u>	<u>\$ 10,000</u>	<u>\$ 814,651</u>	<u>\$ -</u>
Liabilities							
Accounts payable	\$ -	\$ 188,766	\$ -	\$ -	\$ -	\$ 136,345	\$ -
Contracts payable	-	-	-	-	10,000	34,742	-
Due to other funds	-	-	5,403	-	-	435,393	-
Total Liabilities	<u>-</u>	<u>188,766</u>	<u>5,403</u>	<u>-</u>	<u>10,000</u>	<u>606,480</u>	<u>-</u>
Fund Balances							
Committed	551,228	227,180	-	114,520	-	208,171	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(5,403)	-	-	-	-
Total Fund Balances	<u>551,228</u>	<u>227,180</u>	<u>(5,403)</u>	<u>114,520</u>	<u>-</u>	<u>208,171</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 551,228</u>	<u>\$ 415,946</u>	<u>\$ -</u>	<u>\$ 114,520</u>	<u>\$ 10,000</u>	<u>\$ 814,651</u>	<u>\$ -</u>

419	420	421	426	428	437	438	439	440	442
River Renaissance Phase II	River Renaissance Phase III	Old West Main Project	Parkland Acquisition	Universal Playground Project	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	2021 Street Reconstruction Project	2023 Street Reconstruction Project
\$ 517,618	\$ -	\$ 279,988	\$ -	\$ 45,000	\$ -	\$ 31,195	\$ 63,812	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
<u>\$ 517,618</u>	<u>\$ -</u>	<u>\$ 279,988</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 31,195</u>	<u>\$ 63,812</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 998	\$ 110	\$ -	\$ -	\$ -	\$ 31,195	\$ 63,812	\$ -	\$ -
-	33,668	-	-	-	-	-	-	-	-
-	45,443	-	6,625	-	-	-	-	62,830	43,520
-	80,109	110	6,625	-	-	31,195	63,812	62,830	43,520
517,618	-	223,789	-	45,000	-	-	-	-	-
-	-	56,089	-	-	-	-	-	-	-
-	(80,109)	-	(6,625)	-	-	-	-	(62,830)	(43,520)
<u>517,618</u>	<u>(80,109)</u>	<u>279,878</u>	<u>(6,625)</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(62,830)</u>	<u>(43,520)</u>
<u>\$ 517,618</u>	<u>\$ -</u>	<u>\$ 279,988</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ 31,195</u>	<u>\$ 63,812</u>	<u>\$ -</u>	<u>\$ -</u>

City of Red Wing, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
(Continued)
December 31, 2021

	454	455	458	459	460	466	467
	Highway 19 Turn Lane	Red Wing Avenue and Hewitt Boulevard	Memorial Park Project	Safe Routes to Schools	Barn Bluff Improvements	Spring Creek and Highway 61 Access	Sturgeon Lake Road Overpass
Assets							
Cash and investments	\$ 435,350	\$ 291,200	\$ -	\$ 50,000	\$ 117,506	\$ -	\$ 15
Receivables							
Intergovernmental	-	-	-	-	-	-	-
Total Assets	<u>\$ 435,350</u>	<u>\$ 291,200</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 117,506</u>	<u>\$ -</u>	<u>\$ 15</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 12,909	\$ -	\$ -	\$ 15,229	\$ 19,426
Contracts payable	-	-	-	-	-	-	-
Due to other funds	-	-	103,505	-	-	4,066	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>116,414</u>	<u>-</u>	<u>-</u>	<u>19,295</u>	<u>19,426</u>
Fund Balances							
Committed	435,350	291,200	-	50,000	117,506	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	(116,414)	-	-	(19,295)	(19,411)
Total Fund Balances	<u>435,350</u>	<u>291,200</u>	<u>(116,414)</u>	<u>50,000</u>	<u>117,506</u>	<u>(19,295)</u>	<u>(19,411)</u>
Total Liabilities and Fund Balances	<u>\$ 435,350</u>	<u>\$ 291,200</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 117,506</u>	<u>\$ -</u>	<u>\$ 15</u>

470	475	477	478	497	498	499	
Highway 63 River Crossing Bridge	Old West Main Reconstruction	Street Reclamation/ Reconditioning	East 7th Steet Reconstruction to T.H. 61	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ 146,816	\$ 555,410	\$ 3,831	\$ 200,000	\$ 628,764	\$ -	\$ 98,453	\$ 4,556,652
-	-	-	-	-	-	-	814,651
<u>\$ 146,816</u>	<u>\$ 555,410</u>	<u>\$ 3,831</u>	<u>\$ 200,000</u>	<u>\$ 628,764</u>	<u>\$ -</u>	<u>\$ 98,453</u>	<u>\$ 5,371,303</u>
\$ -	\$ 95,184	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 563,974
-	-	-	-	-	-	-	78,410
-	-	-	-	-	5,285	-	712,070
-	95,184	-	-	-	5,285	-	1,354,454
146,816	460,226	3,831	200,000	628,764	-	98,453	4,319,652
-	-	-	-	-	-	-	56,089
-	-	-	-	-	(5,285)	-	(358,892)
<u>146,816</u>	<u>460,226</u>	<u>3,831</u>	<u>200,000</u>	<u>628,764</u>	<u>(5,285)</u>	<u>98,453</u>	<u>4,016,849</u>
<u>\$ 146,816</u>	<u>\$ 555,410</u>	<u>\$ 3,831</u>	<u>\$ 200,000</u>	<u>\$ 628,764</u>	<u>\$ -</u>	<u>\$ 98,453</u>	<u>\$ 5,371,303</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, 2021

	400	404	405	407	409	410	418
	Capital Reserve	CSO-PBF Building	Railroad Crossing Quiet Zone	Bush St Crosswalk and Refurbish 13th and 17th St	Levee Wall Improvements	Airport Projects	Park Capital Projects
Revenues							
Intergovernmental							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,651	\$ -
State	-	-	-	-	-	-	-
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Refunds	-	-	-	-	-	-	-
Other	-	-	-	1,950	-	-	-
Total Revenues	-	-	-	1,950	-	814,651	-
Expenditures							
Capital outlay							
Public works	-	1,126,014	5,403	133,984	-	-	-
Culture and recreation	-	-	-	-	-	-	9,500
Airport	-	-	-	-	-	995,458	-
Total Expenditures	-	1,126,014	5,403	133,984	-	995,458	9,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,126,014)	(5,403)	(132,034)	-	(180,807)	(9,500)
Other Financing Sources (Uses)							
Transfers in	59,826	650,000	-	255,000	2,182	85,000	9,500
Transfers out	(9,598)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	50,228	650,000	-	255,000	2,182	85,000	9,500
Net Change in Fund Balances	50,228	(476,014)	(5,403)	122,966	2,182	(95,807)	-
Fund Balances, January 1	501,000	703,194	-	(8,446)	427,583	303,978	-
Prior Period Adjustment	-	-	-	-	(429,765)	-	-
Fund Balances, December 31	\$ 551,228	\$ 227,180	\$ (5,403)	\$ 114,520	\$ -	\$ 208,171	\$ -

419	420	421	426	428	437	438	439	440	442
River Renaissance Phase II	River Renaissance Phase III	Old West Main Project	Parkland Acquisition	Universal Playground Project	2018 Street Reconstruction Project	2019 Street Reconstruction Project	2020 Street Reconstruction Project	2021 Street Reconstruction Project	2023 Street Reconstruction Project
\$ 1,311	\$ 1,282,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
-	65,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	1,300	775	-	-	-	-	-	-
1,311	1,347,746	1,300	775	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
5,634	1,964,049	14,899	-	-	11,387	13,124	28,366	31,381	13,314
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
5,634	1,964,049	14,899	-	-	11,387	13,124	28,366	31,381	13,314
(4,323)	(616,303)	(13,599)	775	-	(11,387)	(13,124)	(28,366)	(31,381)	(13,314)
-	-	-	-	45,000	421	-	6,227	-	-
-	-	-	-	-	(274,180)	(156,976)	-	-	-
-	-	-	-	45,000	(273,759)	(156,976)	6,227	-	-
(4,323)	(616,303)	(13,599)	775	45,000	(285,146)	(170,100)	(22,139)	(31,381)	(13,314)
521,941	536,194	293,477	(7,400)	-	285,146	170,100	22,139	(31,449)	(30,206)
-	-	-	-	-	-	-	-	-	-
\$ 517,618	\$ (80,109)	\$ 279,878	\$ (6,625)	\$ 45,000	\$ -	\$ -	\$ -	\$ (62,830)	\$ (43,520)

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, 2021

	454	455	458	459	460	466	467
	Highway 19 Turn Lane	Red Wing Avenue and Hewitt Boulevard	Memorial Park Project	Safe Routes to Schools	Barn Bluff Improvements	Spring Creek and Highway 61 Access	Sturgeon Lake Road Overpass
Revenues							
Intergovernmental							
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,526
State	-	-	-	-	402,214	-	2,505
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Refunds	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	-	-	-	-	402,214	-	99,031
Expenditures							
Capital outlay							
Public works	-	139,349	-	-	-	198,304	133,283
Culture and recreation	-	-	237,109	-	167,040	-	-
Airport	-	-	-	-	-	-	-
Total Expenditures	-	139,349	237,109	-	167,040	198,304	133,283
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(139,349)	(237,109)	-	235,174	(198,304)	(34,252)
Other Financing Sources (Uses)							
Transfers in	-	-	65,000	50,000	-	-	-
Transfers out	-	(548,476)	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(548,476)	65,000	50,000	-	-	-
Net Change in Fund Balances	-	(687,825)	(172,109)	50,000	235,174	(198,304)	(34,252)
Fund Balances, January 1	435,350	979,025	55,695	-	(117,668)	179,009	14,841
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balances, December 31	<u>\$ 435,350</u>	<u>\$ 291,200</u>	<u>\$ (116,414)</u>	<u>\$ 50,000</u>	<u>\$ 117,506</u>	<u>\$ (19,295)</u>	<u>\$ (19,411)</u>

470	475	477	478	497	498	499	
Highway 63 River Crossing Bridge	Old West Main Reconstruction	Street Reclamation/ Reconditioning	East 7th Street Reconstruction to T.H. 61	State Aid Street Overlay	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,595,234
-	191,089	-	-	-	-	-	595,808
-	-	-	-	-	-	-	65,000
-	415	-	-	-	-	-	415
-	-	-	-	-	-	-	4,025
-	591,504	-	-	-	-	-	3,260,482
12,298	1,881,309	-	-	4,181	5,606	120,715	3,872,917
-	-	-	-	-	-	-	2,383,332
-	-	-	-	-	-	-	995,458
12,298	1,881,309	-	-	4,181	5,606	120,715	7,251,707
(12,298)	(1,289,805)	-	-	(4,181)	(5,606)	(120,715)	(3,991,225)
-	2,411,000	-	200,000	-	-	143,659	3,982,815
-	-	-	-	-	-	-	(989,230)
-	2,411,000	-	200,000	-	-	143,659	2,993,585
(12,298)	1,121,195	-	200,000	(4,181)	(5,606)	22,944	(997,640)
159,114	(660,969)	3,831	-	632,945	321	75,509	5,444,254
-	-	-	-	-	-	-	(429,765)
<u>\$ 146,816</u>	<u>\$ 460,226</u>	<u>\$ 3,831</u>	<u>\$ 200,000</u>	<u>\$ 628,764</u>	<u>\$ (5,285)</u>	<u>\$ 98,453</u>	<u>\$ 4,016,849</u>

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NONMAJOR PERMANENT FUNDS

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

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

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

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

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

City of Red Wing, Minnesota
Nonmajor Permanent Funds
Combining Balance Sheet
December 31, 2021

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower	Total
Assets					
Cash and investments	\$ 1,601,586	\$ 954,271	\$ 399,824	\$ 163,664	\$ 3,119,345
Receivables					
Accrued interest	<u>2,243</u>	<u>1,337</u>	<u>443</u>	<u>-</u>	<u>4,023</u>
Total Assets	<u><u>\$ 1,603,829</u></u>	<u><u>\$ 955,608</u></u>	<u><u>\$ 400,267</u></u>	<u><u>\$ 163,664</u></u>	<u><u>\$ 3,123,368</u></u>
Fund Balances					
Nonspendable	\$ 1,123,434	\$ 583,153	\$ 285,495	\$ 106,545	\$ 2,098,627
Restricted	<u>480,395</u>	<u>372,455</u>	<u>114,772</u>	<u>57,119</u>	<u>1,024,741</u>
Total Fund Balances	<u><u>\$ 1,603,829</u></u>	<u><u>\$ 955,608</u></u>	<u><u>\$ 400,267</u></u>	<u><u>\$ 163,664</u></u>	<u><u>\$ 3,123,368</u></u>

City of Red Wing, Minnesota
Nonmajor Permanent Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	851 Oakwood Care	852 Oakwood Flower	853 Burnside Care	854 Burnside Flower	Total
Revenues					
Investment income (loss)	\$ (6,295)	\$ (5,538)	\$ (311)	\$ -	\$ (12,144)
Miscellaneous					
Burial plot sales	63,230	-	12,490	-	75,720
Perpetual contract sales	-	23,200	-	9,200	32,400
Total Revenues	<u>56,935</u>	<u>17,662</u>	<u>12,179</u>	<u>9,200</u>	<u>95,976</u>
Fund Balances, January 1	<u>1,546,894</u>	<u>937,946</u>	<u>388,088</u>	<u>154,464</u>	<u>3,027,392</u>
Fund Balances, December 31	<u><u>\$ 1,603,829</u></u>	<u><u>\$ 955,608</u></u>	<u><u>\$ 400,267</u></u>	<u><u>\$ 163,664</u></u>	<u><u>\$ 3,123,368</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, 2021

	605 Marina	652 Storm Water	Total
Assets			
Current Assets			
Cash and investments	\$ -	\$ 2,514,919	\$ 2,514,919
Receivables			
Accrued interest	-	1,296	1,296
Accounts	7,318	242,615	249,933
Inventories	20,771	-	20,771
Prepaid items	26,142	-	26,142
Total Current Assets	54,231	2,758,830	2,813,061
Noncurrent Assets			
Capital assets at cost			
Improvements other than buildings	2,380,777	943,127	3,323,904
Machinery and equipment	37,269	-	37,269
Vehicles	38,525	452,781	491,306
Less accumulated depreciation	(2,161,122)	(446,704)	(2,607,826)
Total Capital Assets	295,449	949,204	1,244,653
Total Assets	349,680	3,708,034	4,057,714
Deferred Outflows of Resources			
Deferred pension resources	79,293	94,654	173,947
Deferred other postemployment benefit resources	11,026	2,006	13,032
Total Deferred Outflows of Resources	90,319	96,660	186,979
Liabilities			
Current Liabilities			
Accounts payable	7,130	42,924	50,054
Due to other funds	263,864	-	263,864
Salaries payable	8,394	9,851	18,245
Compensated absences payable	9,551	17,469	27,020
Unearned revenue	60,399	-	60,399
Total Current Liabilities	349,338	70,244	419,582
Noncurrent Liabilities			
Compensated absences payable	19,471	19,312	38,783
Other postemployment benefits obligation	28,748	5,229	33,977
Net pension liability	112,408	134,185	246,593
Total Noncurrent Liabilities	160,627	158,726	319,353
Total Liabilities	509,965	228,970	738,935
Deferred Inflows of Resources			
Deferred pension resources	104,327	124,534	228,861
Deferred other postemployment benefit resources	12,218	2,222	14,440
Total Deferred Inflows of Resources	116,545	126,756	243,301
Net Position			
Net investment in capital assets	295,449	949,204	1,244,653
Unrestricted	(481,960)	2,499,764	2,017,804
Total Net Position	\$ (186,511)	\$ 3,448,968	\$ 3,262,457

City of Red Wing, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2021

	605 Marina	652 Storm Water	Total
Operating Revenues			
Charges for services	\$ 720,845	\$ 1,311,895	\$ 2,032,740
Sales	151,628	-	151,628
Cost of goods sold	(125,045)	-	(125,045)
Miscellaneous	1,124	11,947	13,071
Total Operating Revenues	<u>748,552</u>	<u>1,323,842</u>	<u>2,072,394</u>
Operating Expenses			
Personal services	178,969	151,214	330,183
Employee benefits	66,253	41,923	108,176
Supplies	10,783	75,114	85,897
Professional services	140,058	542,571	682,629
Rent and leased equipment	4,150	-	4,150
Repairs and maintenance	33,128	-	33,128
Administration and fiscal charges	79,836	-	79,836
Insurance premiums	1,685	-	1,685
Depreciation	38,967	49,597	88,564
Miscellaneous	18,768	-	18,768
Total Operating Expenses	<u>572,597</u>	<u>860,419</u>	<u>1,433,016</u>
Operating Income (Loss)	<u>175,955</u>	<u>463,423</u>	<u>639,378</u>
Nonoperating Revenues (Expenses)			
Investment income	-	1,379	1,379
Interest and fiscal charges	(3,485)	-	(3,485)
Total Nonoperating Revenues (Expenses)	<u>(3,485)</u>	<u>1,379</u>	<u>(2,106)</u>
Income (Loss) Before Contributions and Transfers	172,470	464,802	637,272
Capital Grants and Contributions	-	17,600	17,600
Transfers In	13,500	35,000	48,500
Transfers Out	(157,114)	(134,000)	(291,114)
Change in Net Position	28,856	383,402	412,258
Net Position, January 1	<u>(215,367)</u>	<u>3,065,566</u>	<u>2,850,199</u>
Net Position, December 31	<u><u>\$ (186,511)</u></u>	<u><u>\$ 3,448,968</u></u>	<u><u>\$ 3,262,457</u></u>

City of Red Wing, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2021

	605 Marina	652 Storm Water	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 888,516	\$ 1,305,891	\$ 2,194,407
Payments to vendors and suppliers	(423,171)	(614,105)	(1,037,276)
Payments to and on behalf of employees	(234,920)	(208,582)	(443,502)
Other receipts	847	11,616	12,463
Net Cash Provided (Used) by Operating Activities	<u>231,272</u>	<u>494,820</u>	<u>726,092</u>
Cash Flows From Noncapital Financing Activities			
Increase (decrease) in due to other funds	126,318	-	126,318
Transfers from other funds	13,500	35,000	48,500
Transfers to other funds	(157,114)	(134,000)	(291,114)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(17,296)</u>	<u>(99,000)</u>	<u>(116,296)</u>
Cash Flows From Capital and Related Financing Activities			
Payments for acquisition and construction of capital assets	(53,377)	-	(53,377)
Principal paid on advances from other funds	(157,114)	-	(157,114)
Interest paid on advances from other funds	(3,485)	-	(3,485)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(213,976)</u>	<u>-</u>	<u>(213,976)</u>
Cash Flows From Investing Activities			
Interest receipts	-	4,132	4,132
Net Increase (Decrease) in Cash and Cash Equivalents	-	399,952	399,952
Cash and Cash Equivalents, January 1	-	2,097,367	2,097,367
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 2,497,319</u>	<u>\$ 2,497,319</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 175,955	\$ 463,423	\$ 639,378
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	38,967	49,597	88,564
(Increase) decrease in assets			
Accounts receivable	9,677	(5,673)	4,004
Inventories	(5,723)	-	(5,723)
Prepaid items	(3,333)	-	(3,333)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	(68,096)	(81,150)	(149,246)
Deferred other postemployment benefit resources	1,310	9,023	10,333
Increase (decrease) in liabilities			
Accounts payable	(662)	3,580	2,918
Salaries payable	3,078	3,788	6,866
Compensated absences payable	7,476	5,962	13,438
Other postemployment benefits obligation	(6,951)	(26,688)	(33,639)
Net pension liability	(34,976)	(43,560)	(78,536)
Unearned revenue	6,643	-	6,643
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	96,263	114,809	211,072
Deferred other postemployment benefit resources	11,644	1,709	13,353
Net Cash Provided (Used) by Operating Activities	<u>\$ 231,272</u>	<u>\$ 494,820</u>	<u>\$ 726,092</u>

GENERAL FUND

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

City of Red Wing, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and investments	\$ 24,968,063	\$ 25,447,113
Receivables		
Accrued interest	35,517	48,283
Delinquent taxes	98,302	101,595
Accounts (net of allowance)	469,584	145,036
Intergovernmental	1,029,655	188,033
Loans to custodial fund	-	62,594
Due from other funds	<u>3,992,329</u>	<u>3,328,383</u>
Total Assets	<u><u>\$ 30,593,450</u></u>	<u><u>\$ 29,321,037</u></u>
Liabilities		
Accounts payable	\$ 406,233	\$ 545,014
Escrow accounts payable	73,265	73,265
Due to other governments	2,239	1,845
Salaries payable	678,454	398,001
Deposits payable	5,509	5,504
Unearned revenue	<u>62,459</u>	<u>47,662</u>
Total Liabilities	<u>1,228,159</u>	<u>1,071,291</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	98,302	101,595
Intergovernmental	<u>891,743</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>990,045</u>	<u>101,595</u>
Fund Balances		
Nonspendable	-	62,594
Restricted	-	48,697
Committed	3,600,000	3,600,000
Assigned	585,243	592,743
Unassigned	<u>24,190,003</u>	<u>23,844,117</u>
Total Fund Balances	<u>28,375,246</u>	<u>28,148,151</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 30,593,450</u></u>	<u><u>\$ 29,321,037</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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021		Actual Amounts	Variance with Final Budget	2020
	Budgeted Amounts Original	Final			Actual Amounts
Revenues					
Taxes					
Property taxes	\$ 17,896,383	\$ 17,896,383	\$ 17,789,491	\$ (106,892)	\$ 17,715,954
Excess tax increments	-	-	19,919	19,919	-
Franchise taxes	250,000	250,000	232,637	(17,363)	241,107
Other taxes	32,929	32,929	41,400	8,471	37,719
Total taxes	<u>18,179,312</u>	<u>18,179,312</u>	<u>18,083,447</u>	<u>(95,865)</u>	<u>17,994,780</u>
Licenses and permits					
Business	58,530	58,530	11,161	(47,369)	-
Nonbusiness	11,925	11,925	15,358	3,433	14,818
Total licenses and permits	<u>70,455</u>	<u>70,455</u>	<u>26,519</u>	<u>(43,936)</u>	<u>14,818</u>
Intergovernmental					
Federal					
CARES	-	-	-	-	1,244,772
American Rescue Plan Act	-	-	891,743	891,743	-
Other	289,000	289,000	484,884	195,884	83,216
Total Federal	<u>289,000</u>	<u>289,000</u>	<u>1,376,627</u>	<u>1,087,627</u>	<u>1,327,988</u>
State					
Local government aid	628,846	628,846	628,846	-	794,066
Property tax credits	-	-	5,281	5,281	5,411
Police aid	269,443	269,443	242,837	(26,606)	258,328
Fire aid	120,074	120,074	129,217	9,143	125,113
Other	457,451	500,659	555,433	54,774	476,180
Total state	<u>1,475,814</u>	<u>1,519,022</u>	<u>1,561,614</u>	<u>42,592</u>	<u>1,659,098</u>
County					
Other County aids	<u>60,000</u>	<u>60,000</u>	<u>55,116</u>	<u>(4,884)</u>	<u>55,056</u>
Local					
Other local aid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,547</u>
Total intergovernmental	<u>1,824,814</u>	<u>1,868,022</u>	<u>2,993,357</u>	<u>1,125,335</u>	<u>3,200,689</u>
Charges for services					
General government	357,344	357,344	375,527	18,183	37,164
Public safety	222,731	222,731	224,336	1,605	218,125
Public works	107,715	107,715	104,339	(3,376)	77,185
Culture and recreation	129,010	129,010	109,733	(19,277)	-
Cemeteries	127,961	127,961	168,535	40,574	203,926
Rents	135,101	135,101	163,517	28,416	112,818
Total charges for services	<u>1,079,862</u>	<u>1,079,862</u>	<u>1,145,987</u>	<u>66,125</u>	<u>649,218</u>
Fines and forfeits	<u>76,674</u>	<u>76,674</u>	<u>60,302</u>	<u>(16,372)</u>	<u>42,222</u>
Investment income (loss)	<u>275,000</u>	<u>275,000</u>	<u>(74,447)</u>	<u>(349,447)</u>	<u>358,438</u>
Miscellaneous					
Contributions and donations	25,000	341,273	354,482	13,209	34,381
Refunds	-	-	4,103	4,103	7,476
Other	11,200	11,200	19,382	8,182	283,301
Total miscellaneous	<u>36,200</u>	<u>352,473</u>	<u>377,967</u>	<u>25,494</u>	<u>325,158</u>
Total Revenues	<u>21,542,317</u>	<u>21,901,798</u>	<u>22,613,132</u>	<u>711,334</u>	<u>22,585,323</u>

City of Red Wing, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City Council					
Personal services	\$ 63,285	\$ 63,285	\$ 60,004	\$ 3,281	\$ 60,764
Supplies	1,075	1,075	1,245	(170)	2,145
Other services and charges	33,752	33,752	17,451	16,301	34,901
Total City Council	98,112	98,112	78,700	19,412	97,810
Mayor					
Personal services	8,612	8,612	8,682	(70)	8,679
Supplies	100	100	129	(29)	-
Other services and charges	10,144	10,144	4,065	6,079	7,355
Total Mayor	18,856	18,856	12,876	5,980	16,034
Council administration					
Other services and charges	151,270	151,270	147,492	3,778	144,093
Administrative customer services					
Other services and charges	109,037	109,037	107,160	1,877	97,877
Boards and commissions					
Personal services	5,709	5,709	23,619	(17,910)	5,424
Supplies	1,750	1,750	762	988	845
Other services and charges	148,472	148,472	50,559	97,913	71,245
Total boards and commissions	155,931	155,931	74,940	80,991	77,514
City clerk					
Personal services	72,820	72,820	72,816	4	67,796
Other services and charges	86,863	86,863	81,396	5,467	72,536
Total city clerk	159,683	159,683	154,212	5,471	140,332
Elections					
Personal services	-	-	-	-	33,360
Supplies	-	-	88	(88)	1,680
Other services and charges	8,303	8,303	4,077	4,226	13,760
Total elections	8,303	8,303	4,165	4,138	48,800
Finance					
Personal services	334,672	334,672	334,668	4	289,740
Supplies	-	-	-	-	11,446
Other services and charges	163,973	163,973	145,287	18,686	171,274
Total finance	498,645	498,645	479,955	18,690	472,460
Audit					
Other services and charges	47,372	47,372	62,460	(15,088)	42,676
Attorney					
Other services and charges	249,145	249,145	355,254	(106,109)	266,205
Communications					
Personal services	56,192	56,192	56,196	(4)	51,513
Other services and charges	52,689	52,689	42,264	10,425	39,224
Total communications	108,881	108,881	98,460	10,421	90,737

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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
General government (continued)				
Community engagement				
Personal services	\$ 121,142	\$ 123,408	\$ 126,459	\$ 116,740
Supplies	500	500	1,722	1,743
Other services and charges	42,430	42,430	18,314	27,307
Total community engagement	164,072	166,338	146,495	145,790
Employee services				
Personal services	152,387	152,387	152,388	(1)
Other services and charges	119,482	119,482	114,096	5,386
Total employee services	271,869	271,869	266,484	5,385
Government buildings				
Personal services	11,843	11,843	6,993	4,850
Supplies	18,400	18,400	18,532	(132)
Other services and charges	167,750	167,750	97,244	70,506
Total general government buildings	197,993	197,993	122,769	75,224
Transfer to component unit	-	6,630	11,371	(4,741)
Total general government	2,239,169	2,248,065	2,122,793	125,272
Public safety				
Police				
Personal services	4,171,834	4,207,800	4,006,535	201,265
Supplies	141,518	141,518	230,758	(89,240)
Other services and charges	720,913	720,913	594,390	126,523
Total police	5,034,265	5,070,231	4,831,683	238,548
Fire				
Personal services	2,033,341	2,060,169	2,161,088	(100,919)
Supplies	126,450	126,450	131,679	(5,229)
Other services and charges	447,793	491,001	501,592	(10,591)
Total fire	2,607,584	2,677,620	2,794,359	(116,739)
Fire station building - Plum Street				
Personal services	1,160	1,160	700	460
Supplies	2,500	2,500	4,701	(2,201)
Other services and charges	41,954	41,954	48,326	(6,372)
Total fire station building - plum street	45,614	45,614	53,727	(8,113)
Fire station building - West				
Supplies	2,800	2,800	4,519	(1,719)
Other services and charges	29,683	29,683	51,105	(21,422)
Total fire station building - west	32,483	32,483	55,624	(23,141)
Civil defense				
Supplies	2,050	2,050	10,761	(8,711)
Other services and charges	3,516	3,516	3,302	214
Total civil defense	5,566	5,566	14,063	(8,497)
Total public safety	7,725,512	7,831,514	7,749,456	82,058
Public works				
Administration				
Personal services	176,971	179,085	215,659	(36,574)
Supplies	42,750	42,750	74,042	(31,292)
Other services and charges	428,899	428,899	647,509	(218,610)
Total administration	648,620	650,734	937,210	(286,476)

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, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street maintenance					
Personal services	\$ 32,141	\$ 32,141	\$ 21,107	\$ 11,034	\$ 31,419
Supplies	369,157	369,157	329,587	39,570	414,226
Other services and charges	726,595	759,011	1,018,492	(259,481)	856,204
Total street maintenance	<u>1,127,893</u>	<u>1,160,309</u>	<u>1,369,186</u>	<u>(208,877)</u>	<u>1,301,849</u>
Snow and ice removal					
Supplies	201,800	201,800	100,112	101,688	149,489
Other services and charges	278,046	278,046	276,869	1,177	291,847
Total snow and ice removal	<u>479,846</u>	<u>479,846</u>	<u>376,981</u>	<u>102,865</u>	<u>441,336</u>
Street lighting					
Personal services	5,788	5,788	3,593	2,195	4,644
Supplies	85,190	85,190	66,645	18,545	84,118
Other services and charges	266,807	266,807	305,535	(38,728)	243,688
Total street lighting	<u>357,785</u>	<u>357,785</u>	<u>375,773</u>	<u>(17,988)</u>	<u>332,450</u>
Parking ramps					
Personal services	10,611	10,611	9,578	1,033	12,243
Supplies	11,700	11,700	4,261	7,439	5,822
Other services and charges	85,280	122,280	63,244	59,036	121,800
Total parking ramps	<u>107,591</u>	<u>144,591</u>	<u>77,083</u>	<u>67,508</u>	<u>139,865</u>
Total public works	<u>2,721,735</u>	<u>2,793,265</u>	<u>3,136,233</u>	<u>(342,968)</u>	<u>3,080,888</u>
Sanitation					
Composting					
Personal services	34,237	34,355	29,233	5,122	30,111
Supplies	4,555	4,555	930	3,625	1,162
Other services and charges	14,243	14,243	13,955	288	29,851
Total sanitation	<u>53,035</u>	<u>53,153</u>	<u>44,118</u>	<u>9,035</u>	<u>61,124</u>
Culture and recreation					
Parks and boulevards					
Personal services	185,302	185,302	103,956	81,346	136,466
Supplies	262,045	262,045	209,669	52,376	211,263
Other services and charges	810,030	810,030	863,206	(53,176)	1,212,015
Total parks and boulevards	<u>1,257,377</u>	<u>1,257,377</u>	<u>1,176,831</u>	<u>80,546</u>	<u>1,559,744</u>
Recreational activities and facilities					
Personal services	65,275	65,275	81,556	(16,281)	58,713
Supplies	96,055	96,055	69,616	26,439	39,788
Other services and charges	1,030,237	1,035,952	925,535	110,417	632,700
Total recreational activities and facilities	<u>1,191,567</u>	<u>1,197,282</u>	<u>1,076,707</u>	<u>120,575</u>	<u>731,201</u>
Total culture and recreation	<u>2,448,944</u>	<u>2,454,659</u>	<u>2,253,538</u>	<u>201,121</u>	<u>2,290,945</u>

City of Red Wing, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Continued)
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021			2020
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Economic development				
Community development				
Personal services	\$ 728,658	\$ 774,214	\$ 799,349	\$ (25,135)
Supplies	21,500	21,500	9,950	11,550
Other services and charges	191,496	198,126	153,384	44,742
Total community development	941,654	993,840	962,683	31,157
Planning				
Personal services	268	268	-	268
Supplies	6,130	6,130	4,967	1,163
Other services and charges	904,540	904,540	822,690	81,850
Total planning	910,938	910,938	827,657	83,281
Total economic development	1,852,592	1,904,778	1,790,340	114,438
Cemeteries				
Personal services	175,822	176,768	219,246	(42,478)
Supplies	79,350	79,350	86,511	(7,161)
Other services and charges	142,348	142,348	102,627	39,721
Total cemeteries	397,520	398,466	408,384	(9,918)
Transit				
Other services and charges	36,000	36,000	-	36,000
Contingencies and other				
Other services and charges	586,203	198,839	78,879	119,960
Total current	18,060,710	17,918,739	17,583,741	334,998
Capital outlay				
General government	206,202	247,104	65,364	181,740
Public safety	654,295	654,295	539,165	115,130
Public works	213,476	213,476	125,330	88,146
Culture and recreation	309,739	626,012	425,720	200,292
Economic development	77,660	77,660	9,413	68,247
Cemeteries	13,000	13,000	11,260	1,740
Total capital outlay	1,474,372	1,831,547	1,176,252	655,295
Total Expenditures	19,535,082	19,750,286	18,759,993	990,293
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	2,007,235	2,151,512	3,853,139	1,701,627
Other Financing Sources (Uses)				
Sale of capital assets	9,000	9,000	37,071	28,071
Transfers in	149,000	156,416	59,881	(96,535)
Transfers out	(3,819,824)	(4,085,496)	(4,152,761)	(67,265)
Total Other Financing Sources (Uses)	(3,661,824)	(3,920,080)	(4,055,809)	(135,729)
Net Change in Fund Balances	(1,654,589)	(1,768,568)	(202,670)	1,565,898
Fund Balances, January 1	28,148,151	28,148,151	28,148,151	-
Prior Period Adjustment (Note 10)	-	-	429,765	429,765
Fund Balances, December 31	\$ 26,493,562	\$ 26,379,583	\$ 28,375,246	\$ 1,565,898

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DEBT SERVICE FUNDS

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

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

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

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

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

\$7,735,000 G.O. Improvement Bonds, Series 2015A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment and City facility improvements.

\$8,525,000 G.O. Improvement Bonds, Series 2016A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment and City facility improvements.

\$6,740,000 G.O. Improvement Bonds, Series 2017A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment and City facility improvements.

\$13,535,000 G.O. Improvement Bonds, Series 2018A - This fund is used to account for payment of principal, interest and related costs on long-term debt relative to various street reconstruction projects, street improvement projects, equipment and City facility improvements.

City of Red Wing, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2021

	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	\$ 233,130	\$ 298,727	\$ 393,427	\$ 142,128
Receivables				
Delinquent taxes	1,066	615	1,712	637
Intergovernmental	932	538	1,497	557
Total Assets	<u>\$ 235,128</u>	<u>\$ 299,880</u>	<u>\$ 396,636</u>	<u>\$ 143,322</u>
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	1,066	615	1,712	637
Fund Balances				
Restricted				
Debt service	<u>234,062</u>	<u>299,265</u>	<u>394,924</u>	<u>142,685</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 235,128</u>	<u>\$ 299,880</u>	<u>\$ 396,636</u>	<u>\$ 143,322</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
\$ 1,005,389	\$ 1,174,163	\$ 797,193	\$ 1,789,286	\$ 5,833,443
4,751	5,295	4,462	10,550	29,088
<u>4,155</u>	<u>4,630</u>	<u>3,902</u>	<u>9,226</u>	<u>25,437</u>
<u>\$ 1,014,295</u>	<u>\$ 1,184,088</u>	<u>\$ 805,557</u>	<u>\$ 1,809,062</u>	<u>\$ 5,887,968</u>
4,751	5,295	4,462	10,550	29,088
<u>1,009,544</u>	<u>1,178,793</u>	<u>801,095</u>	<u>1,798,512</u>	<u>5,858,880</u>
<u>\$ 1,014,295</u>	<u>\$ 1,184,088</u>	<u>\$ 805,557</u>	<u>\$ 1,809,062</u>	<u>\$ 5,887,968</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, 2021

	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	\$ 185,471	\$ 134,449	\$ 298,082	\$ 110,909
Charges for services	367	212	591	220
Total Revenues	<u>185,838</u>	<u>134,661</u>	<u>298,673</u>	<u>111,129</u>
Expenditures				
Debt service				
Principal retirement	195,000	165,000	320,000	115,000
Interest and fiscal charges	8,520	9,555	21,350	9,345
Total Expenditures	<u>203,520</u>	<u>174,555</u>	<u>341,350</u>	<u>124,345</u>
Net Change in Fund Balances	(17,682)	(39,894)	(42,677)	(13,216)
Fund Balances, January 1	<u>251,744</u>	<u>339,159</u>	<u>437,601</u>	<u>155,901</u>
Fund Balances, December 31	<u><u>\$ 234,062</u></u>	<u><u>\$ 299,265</u></u>	<u><u>\$ 394,924</u></u>	<u><u>\$ 142,685</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
\$ 827,037	\$ 921,602	\$ 776,672	\$ 1,836,470	\$ 5,090,692
1,639	1,826	1,539	3,639	10,033
<u>828,676</u>	<u>923,428</u>	<u>778,211</u>	<u>1,840,109</u>	<u>5,100,725</u>
780,000	850,000	640,000	1,300,000	4,365,000
88,650	115,300	142,200	540,500	935,420
<u>868,650</u>	<u>965,300</u>	<u>782,200</u>	<u>1,840,500</u>	<u>5,300,420</u>
(39,974)	(41,872)	(3,989)	(391)	(199,695)
<u>1,049,518</u>	<u>1,220,665</u>	<u>805,084</u>	<u>1,798,903</u>	<u>6,058,575</u>
<u>\$ 1,009,544</u>	<u>\$ 1,178,793</u>	<u>\$ 801,095</u>	<u>\$ 1,798,512</u>	<u>\$ 5,858,880</u>

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INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2021

	701 Administrative Services	702 Central Services	705/708 Risk Management
Assets			
Current Assets			
Cash and investments	\$ 323,284	\$ 951,817	\$ 3,068,411
Receivables			
Accrued interest	-	40	529
Accounts	-	5,474	13,693
Loans	-	-	4,817
Intergovernmental	-	111	-
Inventories	-	120,113	4,986
Prepaid items	-	-	185
Total Current Assets	<u>323,284</u>	<u>1,077,555</u>	<u>3,092,621</u>
Capital Assets			
Buildings	-	7,825	-
Machinery and equipment	-	61,379	-
Office equipment	-	-	-
Vehicles	-	255,743	-
Less accumulated depreciation	-	(252,194)	-
Net Capital Assets	<u>-</u>	<u>72,753</u>	<u>-</u>
Total Assets	<u>323,284</u>	<u>1,150,308</u>	<u>3,092,621</u>
Liabilities			
Current Liabilities			
Accounts payable	21,580	70,086	202,261
Due to other funds	-	-	-
Salaries payable	86,587	138,851	6,006
Compensated absences payable	177,503	187,773	10,546
Total Current Liabilities	<u>285,670</u>	<u>396,710</u>	<u>218,813</u>
Noncurrent Liabilities			
Compensated absences payable	<u>86,208</u>	<u>160,049</u>	<u>(1,126)</u>
Total Liabilities	<u>371,878</u>	<u>556,759</u>	<u>217,687</u>
Net Position			
Investment in capital assets	-	72,753	-
Unrestricted	<u>(48,594)</u>	<u>520,796</u>	<u>2,874,934</u>
Total Net Position	<u>\$ (48,594)</u>	<u>\$ 593,549</u>	<u>\$ 2,874,934</u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ -	\$ 1,012,035	\$ 431,397	\$ 5,786,944
-	-	-	569
-	-	2,900	22,067
-	-	-	4,817
-	-	-	111
-	-	-	125,099
-	-	-	185
-	1,012,035	434,297	5,939,792
-	-	-	7,825
-	-	-	61,379
357,773	-	90,758	448,531
-	-	108,035	363,778
(184,630)	-	(183,761)	(620,585)
173,143	-	15,032	260,928
173,143	1,012,035	449,329	6,200,720
45,129	-	1,415	340,471
577,913	-	-	577,913
26,847	-	40,674	298,965
46,496	586,230	76,000	1,084,548
696,385	586,230	118,089	2,301,897
46,650	423,153	30,972	745,906
743,035	1,009,383	149,061	3,047,803
173,143	-	15,032	260,928
(743,035)	2,652	285,236	2,891,989
\$ (569,892)	\$ 2,652	\$ 300,268	\$ 3,152,917

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

	701 Administrative Services	702 Central Services	705/708 Risk Management
Operating Revenues			
Charges for services	\$ 2,293,879	\$ 4,326,540	\$ 5,928,578
Miscellaneous	3,003	9,404	150,149
Total Operating Revenues	<u>2,296,882</u>	<u>4,335,944</u>	<u>6,078,727</u>
Operating Expenses			
Personal services	1,412,939	1,850,055	75,840
Employee benefits	533,615	1,063,226	5,749,817
Supplies	38,032	400,212	3,514
Cost of merchandise sold	-	795,934	-
Professional services	292,256	241,343	46,243
Rent and leased equipment	1,249	249	-
Repairs and maintenance	21,874	4,836	-
Administration and fiscal charges	38,264	5,923	38,663
Insurance premiums	5,833	11,109	377,551
Insurance claims	-	-	119,798
Depreciation	-	20,754	-
Miscellaneous	5,814	-	18,382
Total Operating Expenses	<u>2,349,876</u>	<u>4,393,641</u>	<u>6,429,808</u>
Operating Income (Loss)	(52,994)	(57,697)	(351,081)
Nonoperating Revenues (Expenses)			
Investment income (loss)	<u>-</u>	<u>(152)</u>	<u>(4,278)</u>
Income (Loss) Before Transfers	(52,994)	(57,849)	(355,359)
Transfers In	4,400	-	1,815
Transfers Out	<u>-</u>	<u>-</u>	<u>(23,135)</u>
Change in Net Position	(48,594)	(57,849)	(376,679)
Net Position, January 1	<u>-</u>	<u>651,398</u>	<u>3,251,613</u>
Net Position, December 31	<u><u>\$ (48,594)</u></u>	<u><u>\$ 593,549</u></u>	<u><u>\$ 2,874,934</u></u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ 1,009,935	\$ -	\$ 656,422	\$ 14,215,354
2,058	-	1,322	165,936
<u>1,011,993</u>	<u>-</u>	<u>657,744</u>	<u>14,381,290</u>
390,106	-	591,351	4,320,291
179,256	-	251,676	7,777,590
98,657	-	24,376	564,791
-	-	-	795,934
52,306	-	545,785	1,177,933
22,010	-	169	23,677
260,586	-	2,623	289,919
18,325	-	47,974	149,149
4,640	-	3,260	402,393
-	-	-	119,798
41,382	-	14,354	76,490
333	-	-	24,529
<u>1,067,601</u>	<u>-</u>	<u>1,481,568</u>	<u>15,722,494</u>
(55,608)	-	(823,824)	(1,341,204)
-	-	-	(4,430)
(55,608)	-	(823,824)	(1,345,634)
-	-	738,014	744,229
-	-	(6,227)	(29,362)
(55,608)	-	(92,037)	(630,767)
<u>(514,284)</u>	<u>2,652</u>	<u>392,305</u>	<u>3,783,684</u>
<u>\$ (569,892)</u>	<u>\$ 2,652</u>	<u>\$ 300,268</u>	<u>\$ 3,152,917</u>

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	701 Administrative Services	702 Central Services	705/708 Risk Management
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 2,310,229	\$ 4,323,952	\$ 6,017,593
Payments to vendors and suppliers	(443,793)	(1,490,012)	(105,376)
Payments to and on behalf of employees	(1,960,562)	(2,907,046)	(6,706,980)
Other receipts	3,003	9,404	150,149
Net Cash Provided (Used) by Operating Activities	<u>(91,123)</u>	<u>(63,702)</u>	<u>(644,614)</u>
Cash Flows from Noncapital Financing Activities			
Loan payments received	-	-	104
Increase (decrease) in due to other funds	-	-	-
Transfers from other funds	4,400	-	1,815
Transfers to other funds	-	-	(23,135)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,400</u>	<u>-</u>	<u>(21,216)</u>
Cash Flows From Investing Activities			
Interest receipts	<u>-</u>	<u>(138)</u>	<u>(4,287)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(86,723)	(63,840)	(670,117)
Cash and Cash Equivalents, January 1	<u>410,007</u>	<u>1,015,657</u>	<u>3,738,528</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 323,284</u></u>	<u><u>\$ 951,817</u></u>	<u><u>\$ 3,068,411</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (52,994)	\$ (57,697)	\$ (351,081)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	-	20,754	-
(Increase) decrease in assets			
Accounts receivable	-	(2,477)	89,015
Due from other governments	16,350	(111)	-
Inventories	-	(25,465)	736
Prepaid items	-	-	690
Increase (decrease) in liabilities			
Accounts payable	(40,471)	(4,941)	(386,800)
Salaries payable	14,655	40,541	2,194
Compensated absences payable	<u>(28,663)</u>	<u>(34,306)</u>	<u>632</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (91,123)</u></u>	<u><u>\$ (63,702)</u></u>	<u><u>\$ (644,614)</u></u>

710 Information Services	715 Postemployment Benefits	728 Engineering	Total
\$ 1,009,935	\$ 35,854	\$ 659,148	\$ 14,356,711
(427,219)	-	(629,083)	(3,095,483)
(555,108)	(28,472)	(821,473)	(12,979,641)
2,058	-	1,322	165,936
<u>29,666</u>	<u>7,382</u>	<u>(790,086)</u>	<u>(1,552,477)</u>
-	-	-	104
(29,666)	-	-	(29,666)
-	-	738,014	744,229
-	-	(6,227)	(29,362)
<u>(29,666)</u>	<u>-</u>	<u>731,787</u>	<u>685,305</u>
-	-	-	(4,425)
-	7,382	(58,299)	(871,597)
-	1,004,653	489,696	6,658,541
<u>\$ -</u>	<u>\$ 1,012,035</u>	<u>\$ 431,397</u>	<u>\$ 5,786,944</u>
\$ (55,608)	\$ -	\$ (823,824)	\$ (1,341,204)
41,382	-	14,354	76,490
-	-	2,726	89,264
-	-	-	16,239
-	-	-	(24,729)
-	-	-	690
24,998	-	(4,896)	(412,110)
9,049	-	15,515	81,954
<u>9,845</u>	<u>7,382</u>	<u>6,039</u>	<u>(39,071)</u>
<u>\$ 29,666</u>	<u>\$ 7,382</u>	<u>\$ (790,086)</u>	<u>\$ (1,552,477)</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, 2021

	808	810	825
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020
Assets			
Current Assets			
Cash and temporary investments	\$ 1,110,338	\$ 599,861	\$ 1,061
Assets held in endowment	-	4,135,257	-
Receivables			
Accrued interest	1,188	-	-
Accounts	41,064	-	-
Prepaid items	-	33,141	-
Total Assets	<u>1,152,590</u>	<u>4,768,259</u>	<u>1,061</u>
Liabilities			
Current Liabilities			
Accounts payable	121,118	20,214	-
Due to other governments	34	1,043	-
Salaries payable	-	26,287	-
Compensated absences payable	-	8,857	-
Unearned revenue	-	120,119	-
Total Current Liabilities	<u>121,152</u>	<u>176,520</u>	<u>-</u>
Noncurrent Liabilities			
Compensated absences payable	<u>-</u>	<u>24,997</u>	<u>-</u>
Total Liabilities	<u>121,152</u>	<u>201,517</u>	<u>-</u>
Net Position			
Restricted			
Individuals, Organizations, Endowments and Other Governments	<u>\$ 1,031,438</u>	<u>\$ 4,566,742</u>	<u>\$ 1,061</u>

840	845	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
\$ 111,115	\$ 1,129	\$ 1,823,504
-	-	4,135,257
-	-	1,188
48,248	-	89,312
-	-	33,141
<u>159,363</u>	<u>1,129</u>	<u>6,082,402</u>
13,119	-	154,451
-	-	1,077
-	-	26,287
-	-	8,857
-	-	120,119
<u>13,119</u>	<u>-</u>	<u>310,791</u>
-	-	24,997
<u>13,119</u>	<u>-</u>	<u>335,788</u>
<u>\$ 146,244</u>	<u>\$ 1,129</u>	<u>\$ 5,746,614</u>

City of Red Wing, Minnesota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2021

	808	810	825
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020
Additions			
Intergovernmental	\$ 311,251	\$ 547,181	\$ -
Investment earnings (loss)	(1,120)	713,185	-
Charges for services	167,918	204,591	-
Miscellaneous	33,746	280,944	-
Total Additions	<u>511,795</u>	<u>1,745,901</u>	<u>-</u>
Deductions			
Culture and recreation			
Personal services	19,340	481,650	-
Supplies	74,670	95,207	-
Other services and charges	206,271	450,294	-
Capital outlay	100,592	-	-
Miscellaneous			
Other services and charges	-	-	-
Total Deductions	<u>400,873</u>	<u>1,027,151</u>	<u>-</u>
Net Increase (Decrease) in Fiduciary Net Position	110,922	718,750	-
Net Position, January 1	<u>920,516</u>	<u>3,847,992</u>	<u>1,061</u>
Net Position, December 31	<u><u>\$ 1,031,438</u></u>	<u><u>\$ 4,566,742</u></u>	<u><u>\$ 1,061</u></u>

840	845	
Coalition of	Local	
Utility Cities	Government	
	Utility	Total
\$ -	\$ -	\$ 858,432
-	-	712,065
-	-	372,509
171,882	-	486,572
<u>171,882</u>	<u>-</u>	<u>2,429,578</u>
-	-	500,990
-	-	169,877
-	-	656,565
-	-	100,592
119,846	-	119,846
<u>119,846</u>	<u>-</u>	<u>1,547,870</u>
52,036	-	881,708
94,208	1,129	4,864,906
<u>\$ 146,244</u>	<u>\$ 1,129</u>	<u>\$ 5,746,614</u>

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DISCRETELY PRESENTED COMPONENT UNIT
PORT AUTHORITY

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Balance Sheet
December 31, 2021

		Special Revenue			
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	Total
Assets					
Cash and cash equivalents	\$ 1,197,771	\$ 523,280	\$ 24,096	\$ 528,037	\$ 2,273,184
Receivables					
Delinquent taxes	2,154	-	-	-	2,154
Accounts	1,991	2,275	-	6,169	10,435
Notes and loans (net of allowance)	-	1,452,053	78,159	165,410	1,695,622
Intergovernmental	1,948	-	-	-	1,948
Total Assets	\$ 1,203,864	\$ 1,977,608	\$ 102,255	\$ 699,616	\$ 3,983,343
Liabilities					
Accounts payable	\$ 58,051	\$ -	\$ -	\$ -	\$ 58,051
Due to other governments	-	-	-	219,363	219,363
Unearned revenue	-	-	1,078	-	1,078
Total Liabilities	58,051	-	1,078	219,363	278,492
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	2,154	-	-	-	2,154
Fund Balances					
Restricted	-	-	-	480,253	480,253
Committed	-	1,977,608	101,177	-	2,078,785
Assigned	1,143,659	-	-	-	1,143,659
Total Fund Balances	1,143,659	1,977,608	101,177	480,253	3,702,697
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,203,864	\$ 1,977,608	\$ 102,255	\$ 699,616	\$ 3,983,343

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Balance Sheet (Continued)
December 31, 2021

	<u>Total</u>
Amounts reported for governmental activities in the statement of net position are different because	
Fund Balances - governmental funds from above	\$ 3,702,697
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	637,641
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,154
Internal service funds are used by management to charge the costs of insurance and various services to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position.	<u>2,369</u>
Total Net Position - Governmental Activities	<u><u>\$ 4,344,861</u></u>

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

		Special Revenue			
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	Total
Revenues					
Taxes					
Property taxes	\$ 380,251	\$ -	\$ -	\$ -	\$ 380,251
Tax increments	425	-	-	-	425
Other taxes	761	-	-	-	761
Intergovernmental					
State	91	-	-	-	91
Charges for services	176,422	-	-	-	176,422
Investment income	50	-	593	2,007	2,650
Miscellaneous					
Interest on notes and loans	-	66,872	2,663	7,605	77,140
Refunds	3,796	-	-	-	3,796
Other	75,139	-	249,669	2,594	327,402
Contribution from primary government	11,371	-	-	-	11,371
Total Revenues	<u>648,306</u>	<u>66,872</u>	<u>252,925</u>	<u>12,206</u>	<u>980,309</u>
Expenditures					
Current					
Economic development					
Personal services	4,228	-	-	-	4,228
Supplies	1,792	-	-	-	1,792
Other services and charges	378,828	-	-	-	378,828
Miscellaneous	-	5,875	316,223	-	322,098
Capital outlay					
Economic development	124,962	-	-	-	124,962
Debt service					
Interest and fiscal charges	-	-	-	2,495	2,495
Total Expenditures	<u>509,810</u>	<u>5,875</u>	<u>316,223</u>	<u>2,495</u>	<u>834,403</u>
Net Change in Fund Balances	138,496	60,997	(63,298)	9,711	145,906
Fund Balances, January 1	<u>1,005,163</u>	<u>1,916,611</u>	<u>164,475</u>	<u>470,542</u>	<u>3,556,791</u>
Fund Balances, December 31	<u>\$ 1,143,659</u>	<u>\$ 1,977,608</u>	<u>\$ 101,177</u>	<u>\$ 480,253</u>	<u>\$ 3,702,697</u>

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>Total</u>
Amounts reported for governmental activities in the statement of activities are different because	
Net Change in Fund Balances - Governmental Funds from Above	\$ 145,906
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	124,962
Depreciation expense	(8,007)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Property taxes	(157)
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.	
	<u>(1,272)</u>
Change in Net Position - Governmental Activities	<u>\$ 261,432</u>

City of Red Wing, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2021 and 2020

	Totals		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 23,423,670	\$ 23,931,090	(2.12) %
Special assessments	630,228	867,216	(27.33)
Licenses and permits	240,097	278,897	(13.91)
Intergovernmental	6,701,733	6,595,370	1.61
Charges for services	1,296,837	795,174	63.09
Fines and forfeits	60,982	44,602	36.72
Investment earnings (loss)	(8,933)	613,972	(101.45)
Miscellaneous	612,352	838,356	(26.96)
Total Revenues	<u>\$ 32,956,966</u>	<u>\$ 33,964,677</u>	(2.97) %
Per Capita	\$ 1,992	\$ 2,066	(3.58) %
Expenditures			
Current			
General government	\$ 2,122,793	\$ 2,067,986	2.65 %
Public safety	8,198,218	8,303,007	(1.26)
Public works	3,282,031	3,211,907	2.18
Sanitation	44,118	61,124	(27.82)
Culture and recreation	3,629,506	3,607,285	0.62
Economic development	2,044,996	1,961,080	4.28
Airport	269,713	250,021	7.88
Transit	-	31,173	(100.00)
Cemeteries	408,384	358,080	14.05
Unallocated	78,879	98,824	(20.18)
Capital outlay			
General government	65,364	204,827	(68.09)
Public safety	539,165	269,848	99.80
Public works	3,998,247	6,019,246	(33.58)
Culture and recreation	2,809,052	1,748,871	60.62
Economic development	9,413	52,716	(82.14)
Airport	995,458	17,570	5,565.67
Cemeteries	11,260	-	N/A
Debt service			
Principal	4,365,000	4,240,000	2.95
Interest and fiscal charges	935,420	1,056,207	(11.44)
Total Expenditures	<u>\$ 33,807,017</u>	<u>\$ 33,559,772</u>	0.74 %
Per Capita	\$ 2,043	\$ 2,041	0.10 %
Total Long-term Indebtedness	\$ 26,280,000	\$ 30,645,000	(14.24) %
Per Capita	1,588	1,864	(14.78)
General Fund Balance - December 31	\$ 28,375,246	\$ 28,148,151	0.81 %
Per Capita	1,715	1,712	0.17

The purpose of this report is to provide a summary of financial information concerning the City of Red Wing to interested citizens. The complete financial statements may be examined at City Hall, 315 W 4th Street, Red Wing, MN 55066. Questions about this report should be directed to Sue Iverson at (651) 385-3613.

STATISTICAL SECTION (UNAUDITED)

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Red Wing's annual comprehensive 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				
	2021	2020	2019	2018	2017
Governmental Activities					
Net investment in capital assets	\$ 93,291,928	\$ 86,519,771	\$ 80,102,509	\$ 74,558,012	\$ 65,465,148
Restricted	18,763,839	18,876,295	18,292,106	15,669,640	15,331,092
Unrestricted	37,956,673	36,152,726	35,107,626	32,445,017	30,800,095
Total Governmental Activities Net Position	<u>\$ 150,012,440</u>	<u>\$ 141,548,792</u>	<u>\$ 133,502,241</u>	<u>\$ 122,672,669</u>	<u>\$ 111,596,335</u>
Business-type Activities					
Net investment in capital assets	\$ 57,591,840	\$ 55,900,420	\$ 53,690,749	\$ 50,671,411	\$ 48,252,911
Restricted	-	-	490,600	472,538	454,476
Unrestricted	(193,852)	(466,730)	(488,437)	994,152	797,066
Total Business-type Activities Net Position	<u>\$ 57,397,988</u>	<u>\$ 55,433,690</u>	<u>\$ 53,692,912</u>	<u>\$ 52,138,101</u>	<u>\$ 49,504,453</u>
Primary Government					
Net investment in capital assets	\$ 150,883,768	\$ 142,420,191	\$ 133,793,258	\$ 125,229,423	\$ 113,718,059
Restricted	18,763,839	18,876,295	18,782,706	16,142,178	15,785,568
Unrestricted	37,762,821	35,685,996	34,619,189	33,439,169	31,597,161
Total Primary Government Net Position	<u>\$ 207,410,428</u>	<u>\$ 196,982,482</u>	<u>\$ 187,195,153</u>	<u>\$ 174,810,770</u>	<u>\$ 161,100,788</u>

Table 1

Fiscal Year				
2016	2015	2014	2013	2012
\$ 58,051,200	\$ 49,648,560	\$ 46,262,064	\$ 41,825,328	\$ 38,453,702
14,254,984	13,309,298	12,812,857	11,964,453	13,650,753
28,121,151	32,917,382	31,756,579	30,881,953	31,159,022
<u>\$100,427,335</u>	<u>\$ 95,875,240</u>	<u>\$ 90,831,500</u>	<u>\$ 84,671,734</u>	<u>\$ 83,263,477</u>
\$ 44,944,878	\$ 44,265,403	\$ 41,964,192	\$ 40,517,978	\$ 35,251,711
436,414	418,352	400,290	382,228	364,166
2,894,021	2,404,032	7,743,886	10,649,128	15,314,254
<u>\$ 48,275,313</u>	<u>\$ 47,087,787</u>	<u>\$ 50,108,368</u>	<u>\$ 51,549,334</u>	<u>\$ 50,930,131</u>
\$102,996,078	\$ 93,913,963	\$ 88,226,256	\$ 82,343,306	\$ 73,705,413
14,691,398	13,727,650	13,213,147	12,346,681	14,014,919
31,015,172	35,321,414	39,500,465	41,531,081	46,473,276
<u>\$148,702,648</u>	<u>\$142,963,027</u>	<u>\$140,939,868</u>	<u>\$136,221,068</u>	<u>\$134,193,608</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				
	2021	2020	2019	2018	2017
Expenses					
Governmental Activities					
General government	\$ 2,396,890	\$ 2,378,800	\$ 2,302,696	\$ 2,197,544	\$ 1,978,680
Public safety	8,299,485	9,299,639	7,999,708	7,403,798	7,458,841
Public works	7,513,849	7,236,954	6,339,104	6,310,412	5,616,530
Sanitation	43,791	62,237	70,548	89,269	96,063
Culture and recreation	4,361,808	4,438,605	4,453,930	4,187,586	4,223,786
Economic development	2,099,220	2,052,125	1,961,397	1,967,863	1,116,449
Airport	337,844	314,972	788,599	405,650	354,440
Cemeteries	484,345	439,843	411,340	415,040	368,286
Transit	23	31,181	30,305	206	236
Interest and fiscal charges	607,073	721,999	849,877	1,023,906	567,690
Total Governmental Activities Expenses	<u>26,144,328</u>	<u>26,976,355</u>	<u>25,207,504</u>	<u>24,001,274</u>	<u>21,781,001</u>
Business-Type Activities					
Ambulance	2,602,201	2,637,394	2,427,424	2,053,098	2,186,069
Refuse collection and recycling	2,949,020	2,938,594	2,751,975	2,564,204	2,450,536
Water	3,275,412	3,142,303	3,083,037	3,100,054	3,250,721
Sewer	4,670,247	4,752,683	4,308,018	4,695,023	4,246,080
Storm water	889,196	928,302	917,945	656,048	801,777
Solid waste campus	4,877,124	4,249,011	3,863,171	3,254,076	3,242,387
Marina	707,691	627,636	650,314	591,098	550,923
Total Business-type Activities Expenses	<u>19,970,891</u>	<u>19,275,923</u>	<u>18,001,884</u>	<u>16,913,601</u>	<u>16,728,493</u>
Total Primary Government Expenses	<u>\$ 46,115,219</u>	<u>\$ 46,252,278</u>	<u>\$ 43,209,388</u>	<u>\$ 40,914,875</u>	<u>\$ 38,509,494</u>
Program Revenue					
Governmental Activities					
Charges for services					
General government	\$ 509,725	\$ 306,285	\$ 360,160	\$ 401,318	\$ 242,075
Public safety	559,901	585,947	697,271	752,079	717,634
Public works	110,747	142,305	196,529	121,458	205,902
Culture and recreation	229,146	121,996	163,828	217,036	204,738
Economic development	5,598	9,037	10,905	14,051	20,474
Airport	121,003	104,985	508,244	118,063	102,222
Cemeteries	277,005	320,681	217,172	175,621	183,357
Transit	-	-	-	-	-
Operating grants and contributions	1,985,850	2,617,452	1,985,988	1,642,979	1,130,771
Capital grants and contributions	4,991,182	4,681,547	5,660,185	5,517,336	5,726,499
Total Governmental Activities Program Revenues	<u>8,790,157</u>	<u>8,890,235</u>	<u>9,800,282</u>	<u>8,959,941</u>	<u>8,533,672</u>
Business-type Activities					
Charges for services					
Ambulance	2,564,035	2,013,230	2,165,995	2,091,102	1,817,922
Refuse collection and recycling	2,849,662	2,734,616	2,581,246	2,536,707	2,494,292
Water	3,814,559	3,674,000	3,674,091	3,579,496	3,435,180
Sewer	5,336,604	4,959,154	4,999,087	5,040,547	4,593,955
Storm water	1,311,885	1,391,077	1,357,185	1,334,966	1,303,006
Solid waste campus	5,222,827	4,318,835	5,793,406	4,260,460	3,618,528
Marina	873,320	804,175	688,091	691,877	665,935
Operating grants and contributions	217,712	182,918	345,628	40,735	19,346
Capital grants and contributions	206,427	1,999,500	52,568	368,812	-
Total Business-type Activities Program Revenues	<u>22,397,031</u>	<u>22,077,505</u>	<u>21,657,297</u>	<u>19,944,702</u>	<u>17,948,164</u>
Total Primary Government Program Revenues	<u>\$ 31,187,188</u>	<u>\$ 30,967,740</u>	<u>\$ 31,457,579</u>	<u>\$ 28,904,643</u>	<u>\$ 26,481,836</u>
Net (Expense) Revenue					
Governmental Activities	<u>\$ (17,354,171)</u>	<u>\$ (18,086,120)</u>	<u>\$ (15,407,222)</u>	<u>\$ (15,041,333)</u>	<u>\$ (13,247,329)</u>
Business-type Activities	<u>2,426,140</u>	<u>2,801,582</u>	<u>3,655,413</u>	<u>3,031,101</u>	<u>1,219,671</u>
Total Primary Government Net Expense	<u>\$ 14,928,031</u>	<u>\$ 15,284,538</u>	<u>\$ 11,751,809</u>	<u>\$ 12,010,232</u>	<u>\$ 12,027,658</u>

Table 2

Fiscal Year				
2016	2015	2014	2013	2012
\$ 2,186,067	\$ 2,014,182	\$ 1,928,550	\$ 1,950,660	\$ 1,904,155
8,359,216	6,037,426	6,033,337	5,556,816	5,405,760
5,502,852	4,967,050	5,291,324	5,560,184	5,269,097
66,457	38,978	48,969	94,652	36,645
4,091,398	3,308,523	3,791,583	4,000,733	3,235,924
526,193	861,913	562,704	553,909	1,238,660
375,284	375,939	358,401	872,190	645,686
494,246	371,341	368,248	326,916	291,059
27,885	48,200	22,904	45,120	10,269
411,189	324,976	153,007	108,675	141,251
<u>22,040,787</u>	<u>18,348,528</u>	<u>18,559,027</u>	<u>19,069,855</u>	<u>18,178,506</u>
2,385,807	1,865,373	1,842,459	1,667,481	1,590,032
2,377,624	2,452,011	2,050,561	2,086,819	1,934,248
3,291,289	3,176,793	3,127,351	2,901,369	3,013,293
4,720,564	4,341,896	4,216,823	3,972,286	3,680,551
639,856	719,183	622,651	660,862	674,328
2,575,882	2,647,529	2,272,893	2,678,199	3,078,048
564,350	620,148	711,761	617,166	671,424
<u>16,555,372</u>	<u>15,822,933</u>	<u>14,844,499</u>	<u>14,584,182</u>	<u>14,641,924</u>
<u>\$ 38,596,159</u>	<u>\$ 34,171,461</u>	<u>\$ 33,403,526</u>	<u>\$ 33,654,037</u>	<u>\$ 32,820,430</u>
\$ 220,509	\$ 213,967	\$ 222,553	\$ 262,776	\$ 188,538
446,891	445,281	487,672	372,731	412,246
106,649	116,943	222,671	81,070	92,462
201,576	205,901	171,026	948,035	557,739
19,641	18,891	31,460	22,497	22,821
104,043	117,471	107,625	88,226	82,923
196,675	186,409	159,976	191,814	172,325
-	-	-	16,496	-
1,157,393	1,676,665	1,306,110	2,714,394	2,096,584
3,509,448	8,248,980	2,493,704	2,280,238	2,932,743
<u>5,962,825</u>	<u>11,230,508</u>	<u>5,202,797</u>	<u>6,978,277</u>	<u>6,558,381</u>
1,770,147	1,732,331	1,700,329	1,757,302	1,743,601
2,474,252	2,401,294	2,245,610	2,297,080	2,117,154
3,349,471	3,313,412	3,305,736	3,271,779	3,341,564
4,397,573	3,819,287	3,808,506	3,606,266	3,389,196
1,325,296	1,274,544	1,110,841	880,982	723,152
2,713,880	2,695,806	2,435,248	2,652,499	2,735,126
550,365	554,370	565,965	553,234	584,739
36,059	28,093	54,787	4,710	6,100
-	68,977	-	-	6,011
<u>16,617,043</u>	<u>15,888,114</u>	<u>15,227,022</u>	<u>15,023,852</u>	<u>14,646,643</u>
<u>\$ 22,579,868</u>	<u>\$ 27,118,622</u>	<u>\$ 20,429,819</u>	<u>\$ 22,002,129</u>	<u>\$ 21,205,024</u>
\$ (16,077,962)	\$ (7,118,020)	\$ (13,356,230)	\$ (12,091,578)	\$ (11,620,125)
61,671	65,181	382,523	439,670	4,719
<u>\$ 16,016,291</u>	<u>\$ 7,052,839</u>	<u>\$ 12,973,707</u>	<u>\$ 11,651,908</u>	<u>\$ 11,615,406</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 17,786,198	\$ 17,718,266	\$ 14,161,673	\$ 19,522,521	\$ 18,570,054
Property taxes, levied for debt service	5,083,396	5,645,428	6,125,216	3,653,662	3,037,320
Tax increments	25,572	138,474	128,248	136,802	130,672
Franchise taxes	232,637	241,107	251,768	247,661	252,374
Hotel-motel taxes	249,531	149,562	263,495	-	-
Other taxes	51,523	48,537	43,752	39,681	38,728
Grants and contributions not restricted to specific programs	2,417,613	767,552	888,367	1,305,856	1,215,076
Unrestricted investment earnings (loss)	(13,363)	655,744	1,843,522	783,568	818,561
Other revenues	22,804	289,428	72,111	400,875	201,387
Gain on sale of capital assets	37,071	70,263	105,334	176,756	10,316
Transfers	645,479	408,310	2,354,897	135,694	141,841
Total Governmental Activities	<u>26,538,461</u>	<u>26,132,671</u>	<u>26,238,383</u>	<u>26,403,076</u>	<u>24,416,329</u>
Business-type Activities					
Unrestricted investment earnings (loss)	(7,507)	60,588	252,317	82,102	90,603
Gain on sale of capital assets	191,144	73,621	1,978	26,472	60,707
Transfers	(645,479)	(408,310)	(2,354,897)	(135,694)	(141,841)
Loss on discontinued operations	-	-	-	-	-
Total Business-type Activities	<u>(461,842)</u>	<u>(274,101)</u>	<u>(2,100,602)</u>	<u>(27,120)</u>	<u>9,469</u>
Total Primary Government	<u>\$ 26,076,619</u>	<u>\$ 25,858,570</u>	<u>\$ 24,137,781</u>	<u>\$ 26,375,956</u>	<u>\$ 24,425,798</u>
Changes in Net Position					
Governmental Activities	\$ 9,184,290	\$ 8,046,551	\$ 10,831,161	\$ 11,361,743	\$ 11,169,000
Business-type Activities	<u>1,964,298</u>	<u>2,527,481</u>	<u>1,554,811</u>	<u>3,003,981</u>	<u>1,229,140</u>
Total Primary Government	<u>\$ 11,148,588</u>	<u>\$ 10,574,032</u>	<u>\$ 12,385,972</u>	<u>\$ 14,365,724</u>	<u>\$ 12,398,140</u>

Table 2 (Continued)

Fiscal Year				
2016	2015	2014	2013	2012
\$ 17,565,362	\$ 15,926,127	\$ 13,979,615	\$ 13,737,387	\$ 13,003,532
2,087,390	1,228,574	612,320	426,594	(64)
126,293	130,668	119,509	129,926	182,081
250,847	231,315	228,567	216,365	357,416
-	-	-	-	-
36,789	34,934	39,793	58,538	30,405
1,350,331	1,517,171	1,796,830	1,136,834	1,611,696
(29,598)	528,855	2,190,982	(1,419,916)	657,293
54,659	68,355	30,032	101,291	57,700
71,779	105,141	31,854	89,842	149,127
(883,795)	(1,940,807)	486,494	(977,026)	(3,036,946)
20,630,057	17,830,333	19,515,996	13,499,835	13,012,240
211,253	339,807	1,115,146	(919,620)	350,178
30,807	104,459	112,220	122,127	115,500
883,795	1,940,807	(486,494)	977,026	3,036,946
-	-	(2,564,361)	-	-
1,125,855	2,385,073	(1,823,489)	179,533	3,502,624
\$ 21,755,912	\$ 20,215,406	\$ 17,692,507	\$ 13,679,368	\$ 16,514,864
\$ 4,552,095	\$ 10,712,313	\$ 6,159,766	\$ 1,408,257	\$ 1,392,115
1,187,526	2,450,254	(1,440,966)	619,203	3,507,343
\$ 5,739,621	\$ 13,162,567	\$ 4,718,800	\$ 2,027,460	\$ 4,899,458

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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					
2021	\$ 17,786,198	\$ 5,083,396	\$ 25,572	\$ 232,637	\$ 249,531	\$ 51,523	\$ 23,428,857
2020	17,718,266	5,645,428	138,474	241,107	149,562	48,537	23,941,374
2019	14,161,673	6,125,216	128,248	251,768	263,495	43,752	20,974,152
2018	19,522,521	3,653,662	136,802	247,661	-	39,681	23,600,327
2017	18,570,054	3,037,320	130,672	252,374	-	38,728	22,029,148
2016	17,565,362	2,087,390	126,293	250,847	-	36,789	20,066,681
2015	15,926,127	1,228,574	130,668	231,315	-	34,934	17,551,618
2014	13,979,615	612,320	119,509	228,567	-	39,793	14,979,804
2013	13,737,387	426,594	129,926	216,365	-	58,538	14,568,810
2012	13,003,532	(64)	182,081	357,416	-	30,405	13,573,370

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

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ -	\$ 62,594	\$ 1,064,270	\$ 1,064,052	\$ 1,063,817
Restricted	-	48,697	98,424	4,897,102	2,504,393
Committed	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
Assigned	585,243	592,743	742,741	542,741	542,741
Unassigned	24,190,003	23,844,117	21,931,586	20,259,408	18,524,408
Total General Fund	<u>\$ 28,375,246</u>	<u>\$ 28,148,151</u>	<u>\$ 27,437,021</u>	<u>\$ 30,363,303</u>	<u>\$ 26,235,359</u>
All Other Governmental Funds					
Nonspendable	\$ 2,818,893	\$ 2,722,455	\$ 2,588,039	\$ 2,454,190	\$ 2,474,046
Restricted	16,280,810	16,585,701	17,111,630	18,985,163	14,714,608
Committed	4,319,652	6,201,435	5,743,100	2,967,968	3,240,965
Assigned	5,124,602	4,707,486	5,107,669	6,458,925	5,772,009
Unassigned	(360,433)	(925,090)	(839,382)	(1,382,088)	(1,258,162)
Total All Other Governmental Funds	<u>\$ 28,183,524</u>	<u>\$ 29,291,987</u>	<u>\$ 29,711,056</u>	<u>\$ 29,484,158</u>	<u>\$ 24,943,466</u>

Table 4

Fiscal Year				
2016	2015	2014	2013	2012
\$ 142,122	\$ 113,387	\$ 193,687	\$ 252,568	\$ 289,632
1,467,860	1,010,204	1,005,870	1,101,363	467,881
3,600,000	3,600,000	3,600,000	3,400,000	3,200,000
-	-	-	-	-
17,598,256	14,992,326	12,674,073	11,058,961	11,445,368
<u>\$ 22,808,238</u>	<u>\$ 19,715,917</u>	<u>\$ 17,473,630</u>	<u>\$ 15,812,892</u>	<u>\$ 15,402,881</u>
\$ 2,351,681	\$ 2,208,470	\$ 4,991,700	\$ 2,113,081	\$ 2,016,704
12,706,743	11,169,450	10,865,226	10,238,897	11,187,608
3,277,743	5,788,854	767,845	831,826	475,212
5,761,280	6,483,127	4,389,895	8,441,271	7,189,612
(1,931,540)	(429,114)	(1,339,709)	(1,177,706)	(143,690)
<u>\$ 22,165,907</u>	<u>\$ 25,220,787</u>	<u>\$ 19,674,957</u>	<u>\$ 20,447,369</u>	<u>\$ 20,725,446</u>

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

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 23,423,670	\$ 23,931,090	\$ 20,976,818	\$ 23,625,190	\$ 22,016,695
Special assessments	630,228	867,216	430,028	700,994	867,140
Intergovernmental revenue	6,701,733	6,595,370	8,647,517	7,082,531	6,069,508
Licenses and permits	240,097	278,897	368,777	395,487	390,394
Charges for services	1,296,837	795,174	976,522	814,189	721,865
Fines and forfeits	60,982	44,602	81,956	89,398	82,057
Interest income (loss)	(5,448)	620,322	1,665,491	722,293	785,340
Miscellaneous	608,867	832,006	900,616	1,377,456	992,282
Total Revenues	<u>32,956,966</u>	<u>33,964,677</u>	<u>34,047,725</u>	<u>34,807,538</u>	<u>31,925,281</u>
Expenditures					
General government	2,122,793	2,067,986	2,064,234	1,930,751	1,657,839
Public safety	8,198,218	8,303,007	7,455,079	6,999,578	6,329,892
Public works	3,282,031	3,211,907	2,995,786	2,799,613	2,833,260
Sanitation	44,118	61,124	60,769	80,256	84,249
Culture and recreation	3,629,506	3,607,285	3,732,936	3,464,235	3,606,939
Economic development	2,044,996	1,961,080	1,753,077	1,899,496	1,098,068
Airport	269,713	250,021	704,372	299,996	233,749
Cemeteries	408,384	358,080	360,182	340,666	286,930
Transit	-	31,173	30,381	-	-
Contingencies and other	78,879	98,824	133,297	112,255	153,065
Capital outlay	8,427,959	8,313,078	15,802,545	19,992,982	14,255,013
Debt service					
Principal	4,365,000	4,240,000	2,935,000	3,020,000	1,600,000
Interest and fiscal charges	935,420	1,056,207	1,320,598	781,395	515,743
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>33,807,017</u>	<u>33,559,772</u>	<u>39,348,256</u>	<u>41,721,223</u>	<u>32,654,747</u>
Excess of Revenues Over (Under) Expenditures	<u>(850,051)</u>	<u>404,905</u>	<u>(5,300,531)</u>	<u>(6,913,685)</u>	<u>(729,466)</u>
Other Financing Sources (Uses)					
Sale of capital assets	38,071	70,263	107,839	208,008	39,566
Transfers in	6,353,168	5,750,126	12,072,382	5,491,216	4,587,172
Bonds issued	-	-	-	13,535,000	6,740,000
Premium on bonds issued	-	-	-	1,617,340	494,647
Transfers out	(6,422,556)	(5,933,233)	(9,577,485)	(5,269,243)	(4,927,239)
Total Other Financing Sources (Uses)	<u>(31,317)</u>	<u>(112,844)</u>	<u>2,602,736</u>	<u>15,582,321</u>	<u>6,934,146</u>
Net Change in Fund Balance	<u>\$ (881,368)</u>	<u>\$ 292,061</u>	<u>\$ (2,697,795)</u>	<u>\$ 8,668,636</u>	<u>\$ 6,204,680</u>
Debt service as a percentage of noncapital expenditures	20.88%	20.98%	18.07%	17.51%	11.54%
Debt service as a percentage of total expenditures	15.68%	15.78%	10.82%	9.11%	6.48%

Table 5

Fiscal Year				
2016	2015	2014	2013	2012
\$ 20,149,887	\$ 17,522,463	\$ 15,027,160	\$ 14,590,910	\$ 13,595,074
491,636	410,235	1,300,387	2,141,695	1,183,707
5,519,205	11,750,265	5,451,664	5,317,522	4,876,778
234,925	251,182	271,741	193,607	207,338
605,117	577,233	535,387	576,692	657,924
89,599	88,125	83,991	88,015	95,804
17,545	494,171	1,891,320	(1,175,216)	611,860
599,655	818,731	718,158	1,296,349	973,166
<u>27,707,569</u>	<u>31,912,405</u>	<u>25,279,808</u>	<u>23,029,574</u>	<u>22,201,651</u>
1,814,476	1,834,768	1,715,823	1,675,393	1,637,430
6,339,056	5,882,501	5,755,448	5,530,808	5,220,262
2,609,653	2,570,328	2,947,103	3,829,994	3,234,677
49,339	43,891	49,680	95,464	36,804
3,259,092	3,033,293	3,187,335	3,487,693	2,736,273
486,445	822,158	525,693	550,841	1,238,660
227,118	251,797	221,686	244,706	219,222
404,413	332,475	323,860	293,358	277,906
27,720	48,200	22,904	20,193	269
180,769	81,536	85,994	154,763	140,355
18,711,325	14,630,507	8,381,266	7,929,202	7,586,199
870,000	845,000	475,000	1,229,778	1,231,939
312,479	140,702	165,689	76,905	115,742
107,617	116,103	-	13,399	19,081
<u>35,399,502</u>	<u>30,633,259</u>	<u>23,857,481</u>	<u>25,132,497</u>	<u>23,694,819</u>
(7,691,933)	1,279,146	1,422,327	(2,102,923)	(1,493,168)
148,679	105,141	43,685	89,842	149,127
4,349,273	4,723,724	5,231,828	2,324,126	3,936,506
8,525,000	7,735,000	1,115,000	2,930,000	2,375,000
339,490	221,357	19,612	115,693	-
(5,633,068)	(6,276,251)	(5,201,062)	(3,224,804)	(7,696,848)
<u>7,729,374</u>	<u>6,508,971</u>	<u>1,209,063</u>	<u>2,234,857</u>	<u>(1,236,215)</u>
<u>\$ 37,441</u>	<u>\$ 7,788,117</u>	<u>\$ 2,631,390</u>	<u>\$ 131,934</u>	<u>\$ (2,729,383)</u>
7.07%	6.20%	4.16%	7.59%	8.32%
3.34%	3.22%	2.69%	5.20%	5.69%

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

Table 6

Fiscal Year	Property Tax	Tax Increments	Franchise Tax	Hotel-Motel Tax	Other Tax	Total
2021	\$ 22,900,102	\$ -	\$ 232,637	\$ 249,531	\$ 41,400	\$ 23,423,670
2020	23,364,228	138,474	241,107	149,562	37,719	23,931,090
2019	20,300,802	128,248	251,768	263,495	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

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
2021	\$ 11,355,651	\$ 4,795,345	\$ 17,548,446	\$ 273,376	\$ 43,540
2020	10,440,474	4,727,907	16,824,908	274,414	106,739
2019	10,366,141	4,481,898	15,941,862	276,543	104,285
2018	8,935,431	4,353,535	18,807,692	260,322	104,198
2017	8,786,559	4,334,626	17,506,541	256,976	101,060
2016	8,536,436	4,157,844	15,838,254	258,369	102,208
2015	8,056,859	4,096,607	13,496,394	268,566	105,880
2014	8,060,971	4,057,196	10,151,616	268,099	104,918
2013	8,606,691	4,096,607	10,330,550	243,075	129,902
2012	8,715,559	4,370,842	8,524,214	236,418	142,238

Sources: Springsted Inc. and Goodhue County Auditor.

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

Table 7

Total Real Estate Tax Capacity	Personal Property Tax Capacity	Total Net Tax Capacity	Total Direct Tax Rate	Fully Taxable Market Value	Tax Capacity as a Percentage of Fully Market Value
\$ 33,929,278	\$ 562,193	\$ 34,491,471	66.321	\$ 2,303,186,200	1.50 %
32,160,964	526,333	32,687,297	71.547	2,172,139,900	1.51
30,962,159	523,756	31,485,915	64.445	2,108,942,000	1.50
32,252,782	468,523	32,721,305	70.954	2,099,589,600	1.56
30,783,642	445,760	31,229,402	69.188	2,018,422,300	1.55
28,688,695	415,387	29,104,082	67.536	1,895,730,600	1.54
25,812,546	404,264	26,216,810	65.897	1,728,838,800	1.52
22,432,964	391,636	22,824,600	64.225	1,557,451,200	1.47
23,147,021	387,988	23,535,009	60.149	1,625,696,000	1.46
21,704,795	354,969	22,059,764	59.376	1,551,046,300	1.43

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).			
2021	51.662	14.659	66.321
2020	54.315	17.232	71.547
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

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	
43.961	10.387	2.346	56.694	123.015
45.147	11.098	2.498	58.743	130.290
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

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

Table 9

Taxpayer	Type of Business	2021			2012		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 17,229,443	1	50.0 %	\$ 8,770,443	1	39.8 %
Mayo Clinic Health System	Medical Services	171,081	2	0.5	184,241	3	0.8
Red Wing Shoe Company	Manufacturing	223,801	3	0.6	179,618	4	0.8
Wal-Mart Stores Incorporated	Retail	183,282	4	0.5	215,084	2	1.0
Menards, Inc.	Retail	173,583	5	0.5	152,702	6	0.7
Scribe Propco Inc.	Manufacturing	129,480	6	0.4	-		-
Prinicpal Investments LLC	Real Estate	114,988	7	0.3	107,433	9	1
D & B Industries	Manufacturing	122,432	8	0.4	-		-
Target Corporation	Retail	120,244	9	0.3	155,812	5	0.7
Red Wing Grain	Manufacturing	136,781	10	0.4	-		-
M & E Realty	Real Estate	-		-	128,734	7	0.6
Norwood	Manufacturing	-		-	114,116	8	0.5
CJB Real Estate	Real Estate	-		-	92,377	10	0.4
		<u>\$ 18,605,115</u>		<u>53.9 %</u>	<u>\$ 10,100,560</u>		<u>45.8 %</u>
Total All Property		<u>\$ 34,491,471</u>			<u>\$ 22,059,764</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
2021	\$ 22,863,588	\$ 22,782,728	99.6 %	\$ -	\$ 22,782,728	99.6 %
2020	23,363,588	23,273,714	99.6	67,552	23,341,266	99.9
2019	20,781,443	20,682,863	99.5	82,424	20,765,287	99.9
2018	23,199,969	23,100,472	99.6	93,900	23,194,372	100.0
2017	21,590,468	21,498,988	99.6	91,001	21,589,989	100.0
2016	19,551,029	19,464,518	99.6	86,511	19,551,029	100.0
2015	17,187,783	17,068,910	99.3	118,873	17,187,783	100.0
2014	14,572,110	14,474,632	99.3	97,492	14,572,124	100.0
2013	14,147,810	13,976,021	98.8	171,789	14,147,810	100.0
2012	13,015,000	12,779,149	98.2	235,746	13,014,895	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
2021	\$ 27,985,944	\$ -	\$ -	\$ -	\$ -	\$ 11,221,179
2020	32,631,758	-	-	-	-	13,051,326
2019	37,433,386	-	-	-	-	14,623,682
2018	40,368,386	-	-	-	-	9,894,144
2017	28,355,125	-	-	-	-	14,129,585
2016	22,790,094	-	-	-	-	13,063,206
2015	14,831,270	-	-	-	-	14,701,402
2014	7,733,443	-	-	-	-	16,292,988
2013	7,086,754	-	-	-	-	18,580,255
2012	4,210,000	-	250,000	728,442	91,336	20,168,482

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
\$ 39,207,123	1.45 %	\$ 2,369
45,683,084	1.77	2,783
52,057,068	2.09	3,166
50,262,530	2.18	3,042
42,484,710	1.85	2,564
35,853,300	1.57	2,167
29,532,672	1.31	1,786
24,026,431	1.10	1,456
25,667,009	1.25	1,557
25,448,260	1.23	1,544

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	
2021	\$ 27,985,944	\$ -	\$ -	\$ 11,221,179	\$ 39,207,123
2020	32,631,758	-	-	13,051,326	45,683,084
2019	37,433,386	-	-	14,623,682	52,057,068
2018	40,368,386	-	-	9,894,144	50,262,530
2017	28,355,125	-	-	14,129,585	42,484,710
2016	22,790,094	-	-	13,063,206	35,853,300
2015	14,831,270	-	-	14,701,402	29,532,672
2014	7,733,443	-	-	16,292,988	24,026,431
2013	7,086,754	-	-	18,580,255	25,667,009
2012	4,210,000	-	250,000	20,168,482	24,628,482

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
\$	5,858,880	\$ 33,348,243	1.45 %	\$ 2,015
	6,058,575	39,624,509	1.82	2,414
	5,695,777	46,361,291	2.20	2,820
	3,820,935	46,441,595	2.21	2,811
	3,019,697	39,465,013	1.96	2,381
	1,999,460	33,853,840	1.79	2,046
	975,764	28,556,908	1.65	1,727
	734,870	23,291,561	1.50	1,411
	729,494	24,937,515	1.53	1,512
	710,110	23,918,372	1.54	1,451

City of Red Wing, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2021

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Red Wing	\$ 27,985,944	100.00 %	\$ 27,985,944
Overlapping Debt			
Goodhue County	15,130,000	40.53	6,132,189
Independent School District #256	19,530,000	84.15	16,434,495
Total Overlapping Debt	<u>34,660,000</u>		<u>22,566,684</u>
Total Direct and Overlapping Debt	<u>\$ 62,645,944</u>		<u>\$ 50,552,628</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
2021	16,547	\$ 69,095,586	\$ 22,127,064	\$ 46,968,522	32.02 %	\$ 1,337
2020	16,416	65,164,197	26,573,183	38,591,014	40.78	1,619
2019	16,443	63,268,260	31,737,609	31,530,651	50.16	1,930
2018	16,522	62,987,688	36,547,451	26,440,237	58.02	2,212
2017	16,572	60,552,669	25,335,428	35,217,241	41.84	1,529
2016	16,545	56,871,918	20,790,634	36,081,284	36.56	1,257
2015	16,534	51,865,164	13,855,506	38,009,658	26.71	838
2014	16,505	46,723,536	6,998,573	39,724,963	14.98	424
2013	16,488	48,770,880	6,357,260	42,413,620	13.03	386
2012	16,481	46,531,389	3,749,890	42,781,499	8.06	228

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

Legal Debt Margin Calculation for Fiscal Year 2021

Market Value	\$ 2,303,186,200
Debt Limit (3% of Market Value)	<u>69,095,586</u>
Debt Applicable to Limit	
General obligation bonds	27,985,944
Less amount set aside for repayment of general obligation debt	<u>5,858,880</u>
Total Net Debt Applicable to Limit	<u>22,127,064</u>
Legal Debt Margin	<u><u>\$ 46,968,522</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	
2021	\$ 3,581,160	\$ 2,459,588	\$ 1,121,572	\$ 965,000	\$ 83,922	\$ 1,048,922	1.07
2020	3,425,008	2,315,043	1,109,965	938,000	110,364	1,048,364	1.06
2019	3,327,004	2,338,339	988,665	913,000	136,101	1,049,101	0.94
2018	3,387,252	2,167,021	1,220,231	888,000	161,134	1,049,134	1.16
2017	3,230,339	2,306,568	923,771	863,000	185,462	1,048,462	0.88
2016	3,158,063	2,336,511	821,552	840,000	209,142	1,049,142	0.78
2015	3,138,063	2,208,675	929,388	816,000	232,145	1,048,145	0.89
2014	3,209,233	2,216,611	992,622	794,000	254,528	1,048,528	0.95
2013	3,178,218	2,046,479	1,131,739	772,000	276,290	1,048,290	1.08
2012	3,223,599	2,091,869	1,131,730	811,000	298,766	1,109,766	1.02

Sewer Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2021	\$ 5,223,686	\$ 3,542,710	\$ 1,680,976	\$ 418,000	\$ 38,428	\$ 456,428	3.68
2020	4,818,701	3,612,790	1,205,911	408,000	49,348	457,348	2.64
2019	4,866,166	3,561,650	1,304,516	397,000	59,953	456,953	2.85
2018	4,946,225	3,704,078	1,242,147	475,159	71,763	546,922	2.27
2017	4,464,741	3,251,076	1,213,665	638,256	90,023	728,279	1.67
2016	4,288,584	3,705,640	582,944	622,270	108,674	730,944	0.80
2015	3,667,057	3,302,743	364,314	604,660	126,772	731,432	0.50
2014	3,685,334	3,254,753	430,581	587,341	144,327	731,668	0.59
2013	3,413,980	3,018,542	395,438	570,301	161,363	731,664	0.54
2012	3,299,146	2,779,998	519,148	553,533	177,876	731,409	0.71

Marina Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2021	\$ 748,552	\$ 533,630	\$ 214,922	\$ -	\$ -	\$ -	-
2020	710,243	476,762	233,481	-	-	-	-
2019	591,031	510,256	80,775	-	-	-	-
2018	583,591	423,078	160,513	-	-	-	-
2017	579,144	409,619	169,525	-	-	-	-
2016	456,531	412,140	44,391	-	-	-	-
2015	452,806	442,460	10,346	-	-	-	-
2014	465,919	395,936	69,983	-	57,114	57,114	1.23
2013	451,804	355,315	96,489	90,000	19,978	109,978	0.88
2012	468,258	385,407	82,851	85,000	20,748	105,748	0.78

Disposal System Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2021	\$ 5,171,917	\$ 4,162,496	\$ 1,009,421	\$ -	\$ 267,438	\$ 267,438	3.77
2020	1,643,669	3,552,632	(1,908,963)	-	351,012	351,012	(5.44)
2019	1,878,329	3,158,214	(1,279,885)	-	182,164	182,164	(7.03)
2018	2,045,943	2,742,349	(696,406)	-	84,200	84,200	(8.27)
2017	2,187,701	2,628,320	(440,619)	180,000	172,373	352,373	(1.25)
2016	2,075,060	2,051,294	23,766	175,000	134,024	309,024	0.08
2015	2,640,815	2,123,354	517,461	170,000	141,376	311,376	1.66
2014	2,403,114	1,862,749	540,365	160,000	147,421	307,421	1.76
2013	2,522,812	2,157,636	365,176	155,000	153,009	308,009	1.19
2012	2,687,895	2,596,386	91,509	150,000	158,159	308,159	0.30

(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⁾
2021	16,547	\$ 2,700,473,000	\$ 58,303	3.4 %
2020	16,416	2,586,510,000	55,816	5.4
2019	16,443	2,484,856,000	53,549	3.1
2018	16,522	2,300,472,000	49,682	2.7
2017	16,572	2,300,472,000	49,682	3.2
2016	16,545	2,281,877,000	48,888	3.7
2015	16,534	2,248,709,000	48,427	3.5
2014	16,505	2,179,834,000	47,005	3.9
2013	16,488	2,048,302,000	44,149	4.7
2012	16,481	2,064,618,000	44,494	5.2

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

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

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

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

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

	2021		
	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,644 (c)	1	14.35 %
Red Wing Shoe Company	1,040	2	9.08
Xcel Energy	750	3	6.55
Mayo Clinic Health System	747	4	6.52
3M Fall Protection (b)	509 (c)	5	4.44
Bic Graphic USA	440	6	3.84
Independent School District #256	405 (c)	7	3.53
Goodhue County	356	8	3.11
City of Red Wing	194 (c)	9	1.69
St. Crispin Living Community	189	10	1.65
Norwood	-		-
Red Wing Heath Center	-		-
SB Foot Tanning	-		-
Total	<u>6,274</u>		<u>54.76 %</u>
Total City Employment	<u>11,459</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) Formerly Capital Safety

(c) Includes full and part-time employees

Table 17

2012		
Employees	Rank	Percentage of Total City Employment
1,613	1	12.04 %
998	2	7.45
700	4	5.22
783	3	5.84
450	6	3.36
-		-
425	7	3.17
330	8	2.46
-		-
-		-
543	5	4.05
200	9	1.49
198	10	1.48
<u>6,240</u>		<u>46.56 %</u>
<u>13,401</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			
	2021	2020	2019	2018
Governmental Activities				
General Government				
Council administrator	-	-	-	-
City clerk	-	-	-	-
Finance	-	-	-	-
Employee services	-	-	-	-
Community development	-	-	-	-
Communications	-	-	-	-
Information services	-	-	-	-
Public Safety				
Police	34	35	35	35
Fire	13	13	13	13
Inspection	2	2	2	2
Streets and Highways				
Maintenance	13	13	10	10
Engineering	7	7	7	7
Culture and Recreation				
Library	10	10	10	10
Parks	7	7	6	6
All Other Governmental Employees				
Cemetery	1	1	1	1
Public services	2	2	2	2
Buildings and grounds	8	6	6	5
Central services	7	7	6	6
Community development	9	7	6	7
Port Authority	0	0	0	0
Sheldon Theatre	5	5	4	5
Internal service administration	22	21	23	25
Business-type Activities				
Refuse and Recycling	12	12	12	13
Water	11	11	12	11
Sewer	13	13	15	15
Storm Water	1	1	2	2
Solid Waste Campus	10	10	10	9
Marina	1	1	1	1
Ambulance	15	15	15	14
Total	203	199	198	199

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						
2017	2016	2015	2014	2013	2012	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
34	32	32	32	31	31	31
13	12	12	13	12	12	12
1	2	2	2	2	2	2
10	12	11	10	11	10	10
6	6	7	7	7	7	7
9	9	9	9	9	8	8
6	6	6	6	7	7	7
1	1	1	1	-	-	-
2	3	2	2	2	2	2
5	5	5	5	5	5	5
6	6	6	7	5	6	6
6	-	-	-	-	-	-
-	1	1	2	2	2	2
4	4	4	4	3	3	3
20	20	21	18	18	17	17
12	12	11	10	9	9	9
10	11	11	11	11	11	11
13	13	13	12	13	14	14
3	2	2	1	1	1	1
9	10	10	9	12	12	12
1	1	1	1	1	1	1
13	13	13	13	13	12	12
184	181	181	175	174	173	173

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

Function/Program	Fiscal Year			
	2021	2020	2019	2018
Elections*				
Number of registered voters		10,406		10,289
Number of votes cast		9,378		7,903
Police				
Number of calls for service	14,402	13,183	13,912	15,700
Fire				
Number of fire calls	817	760	765	712
Building Permits				
Newly issued residential permits	17	86	17	24
Total valuation of residential permits	\$ 4,130,364	\$ 17,808,550	\$ 14,077,115	\$ 5,169,015
Newly issued civic, institutional, commercial, & industrial permits	55	45	3	8
Total valuation of civic, institutional, commercial, & industrial permits	\$ 7,505,823	\$ 4,108,662	\$ 1,341,000	\$ 3,484,546
Refuse				
Refuse collected (tons/year)	7,115	7,088	7,309	8,054
Water				
Number of accounts	6,179	6,179	6,179	6,264
Average daily water demand in gallons	1,500,000	1,500,000	1,500,000	1,500,000
Peak daily water demand in gallons	3,300,000	3,300,000	3,300,000	3,300,000
Wastewater				
Peak daily dry weather sewage treatment flow in gallons	6,800,000	6,800,000	6,800,000	6,800,000
Peak daily wet weather sewage treatment flow in gallons	10,000,000	10,000,000	10,000,000	10,000,000

Sources: Various City departments.

* Elections are held in even numbered years.

Table 19

Fiscal Year					
2017	2016	2015	2014	2013	2012
	10,602		9,644		9,443
	8,557		5,426		8,748
14,341	14,754	14,669	14,976	15,497	15,980
454	639	704	732	837	877
26	15	18	17	7	8
\$ 3,749,772	\$ 2,723,955	\$ 3,426,276	\$ 4,514,616	\$ 1,565,000	\$ 1,333,434
4	4	3	8	8	5
\$ 5,997,178	\$ 5,133,000	\$ 3,349,910	\$ 11,728,189	\$ 1,732,280	\$ 3,533,494
7,871	7,041	7,063	6,603	6,614	6,802
6,238	6,231	6,235	6,227	6,205	6,205
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,700,000
3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	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			
	2021	2020	2019	2018
General Government				
Municipal governmental buildings	12	12	12	10
Public Safety				
Police				
Police units	23	22	22	22
Fire				
Fire units	8	9	9	9
Public Works				
Street division				
Miles of street	117.93	117.93	117.93	117.93
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					
2017	2016	2015	2014	2013	2012
9	9	9	9	9	9
21	21	20	18	18	18
9	10	9	8	8	8
117.55	117.65	117.56	117.50	117.50	117.59
34	34	34	34	34	34
943.02	943.02	943.02	943.02	943.02	943.02
1	1	1	1	1	1
1	1	1	1	1	1
3	3	3	3	3	3
12	12	12	12	12	12
8	8	8	8	8	8
2	2	2	2	2	2
2	2	2	2	2	2
12	12	12	12	12	12
4	4	4	4	4	4

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SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Red Wing, Minnesota
Schedule of Cash and Investments
December 31, 2021

Schedule A

	Interest Rate (%)	Maturity Date	Carrying Amount
General Pooled Deposits and Investments			
Checking accounts			
Merchants Bank	Varies	-	\$ 11,820,113.75
Wells Fargo	Varies	-	5,508.75
Total checking accounts			<u>11,825,622.50</u>
Petty cash			
			<u>2,520.00</u>
Negotiable certificates of deposit			
RAYMOND JAMES BANK, ST PETERSBURG, FL	2.965%	January 25, 2022	\$ 246,460.02
CITIBANK NATIONAL ASSN, SIOUX FALLS, SD	2.900%	February 7, 2022	246,686.34
TEXAS EXCHANGE BANK SSB, CROWLEY TX	1.000%	March 25, 2022	245,421.40
WELLS FARGO BANK, SIOUX FALLS, SD	2.750%	March 28, 2022	116,707.60
BANK 7, OKLAHOMA CITY, OK	1.000%	March 30, 2022	245,151.90
BMW BK N AMERICA, SALT LAKE CITY, UT	0.650%	September 17, 2024	243,828.90
WEBBANK, SALT LAKE CITY, UT	1.000%	December 30, 2024	245,453.25
JP MORGAN CHASE BK, COLUMBUS, OH	0.500%	July 30, 2025	245,034.30
BMO HARRIS BANK NA, CHICAGO, IL	1.000%	April 13, 2026	243,106.15
STATE BANK INDIA, CHICAGO, IL	1.000%	April 27, 2026	243,017.95
SALLIE MAE BANK, SALT LAKE CITY, UT	1.000%	July 8, 2026	242,552.45
GOLDMAN SACHS BK, NY, NY	1.000%	July 28, 2026	241,628.80
Total negotiable certificates of deposit			<u>\$ 2,805,049.06</u>
U.S. government securities			
FHLB	0.70%	June 16, 2025	\$ 1,476,255.00
FHLB	0.25% - 1.00%	June 30, 2025	989,750.00
FNMA	0.60%	July 29, 2025	980,850.00
FHLB	0.30% - 0.75%	January 27, 2026	378,843.85
FFCB	1.98%	January 27, 2026	3,003,840.00
FHLB	0.30% - 1.00%	January 29, 2026	490,325.00
FHLB	0.30% - 1.50%	February 25, 2026	491,260.00
FHLB	0.50% - 1.75%	March 30, 2026	496,255.00
FHLB	0.55% - 2.00%	April 28, 2026	746,925.00
FHLB	0.60% - 3.00%	April 29, 2026	497,095.00
FHLB	0.60% - 3.00%	April 29, 2026	3,972,440.00
FHLB	0.50% - 2.25%	May 27, 2026	747,540.00
FHLB	0.50% - 4.00%	June 30, 2026	492,890.00
FHLB	0.50% - 4.00%	June 30, 2026	496,165.00
FHLB	0.50% - 2.25%	June 30, 2026	2,710,950.00
FHLB	0.50% - 3.00%	September 9, 2026	244,892.50
FHLB	0.40% - 0.75%	September 9, 2026	1,981,380.00
FHLB	0.50% - 1.625%	September 30, 2026	989,260.00
FHLB	0.50% - 2.50%	September 30, 2026	1,971,360.00
FHLB	1.20%	October 26, 2026	497,805.00
FHLB	0.70% - 3.00%	October 28, 2026	494,220.00
FHLB	1.00%	November 24, 2026	674,460.00
FHLB	1.00% - 3.00%	December 30, 2026	269,846.10
FHLB	0.50% - 3.00%	August 25, 2028	494,055.00
FNMA POOL	5.00%	May 1, 2033	10,926.44
FNMA POOL	5.00%	May 15, 2033	12,283.25
FNMA POOL	4.50%	June 1, 2033	78,464.06
Total U.S. government securities			<u>\$ 25,690,336.20</u>
Other Investments			
St. Paul & Minnesota Foundation			\$ 4,853,771.00
Government Money Market	Varies	-	27,112,767.24
Total other investments			<u>\$ 31,966,538.24</u>
Total General Pooled Deposits and Investments			<u>\$ 72,290,066.00</u>

City of Red Wing, Minnesota
Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2021

	Special Revenue Funds					Airport Federal Projects	River Renaissance Phase II
	General Fund	Health Initiatives	Airport	Library	Total		
Shared Revenue							
State							
Highway users tax	\$ 351,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market value credit	5,281	-	-	-	-	-	-
Local government aid	628,846	-	-	-	-	-	-
State police pension aid	242,837	-	-	-	-	-	-
State fire pension aid	129,217	-	-	-	-	-	-
Total Shared Revenue	1,357,586	-	-	-	-	-	-
Grants							
County and Local							
Miscellaneous	55,116	-	-	158,618	158,618	-	-
Total County and Local	55,116	-	-	158,618	158,618	-	-
State							
Minnesota Department of							
Public Safety	72,312	-	-	-	-	-	-
Police - Toward Zero Deaths	2,830	-	-	-	-	-	-
Transportation	-	245,597	-	-	245,597	-	-
Natural Resources	-	-	-	-	-	-	-
Aeronautics	-	-	44,119	-	44,119	-	-
Agriculture	-	-	-	-	-	-	-
Minnesota Historical & Cultural	95,828	-	-	-	-	-	-
Minnesota Peace Officers Board (POST)	33,058	-	-	-	-	-	-
Total State	204,028	245,597	44,119	-	289,716	-	-
Federal							
U.S. Department of							
Treasury	891,743	-	69,000	-	69,000	-	-
Transportation	-	-	-	-	-	814,651	1,311
Housing and Urban Development	201,335	-	-	-	-	-	-
Homeland Security	283,549	-	-	-	-	-	-
Total Federal	1,376,627	-	69,000	-	69,000	814,651	1,311
Total Grants	1,635,771	245,597	113,119	158,618	517,334	814,651	1,311
Total Intergovernmental Revenue	\$ 2,993,357	\$ 245,597	\$ 113,119	\$ 158,618	\$ 517,334	\$ 814,651	\$ 1,311

Schedule B

River Renaissance Phase III	Barn Bluff Improvements	Sturgeon Lake Road Overpass	Old West Main Reconstruction	Total	Totals All Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,405
-	-	-	-	-	5,281
-	-	-	-	-	628,846
-	-	-	-	-	242,837
-	-	-	-	-	129,217
-	-	-	-	-	1,357,586
-	-	-	-	-	213,734
-	-	-	-	-	213,734
-	-	-	-	-	72,312
-	-	-	-	-	2,830
-	-	-	191,089	191,089	436,686
-	402,214	-	-	402,214	402,214
-	-	-	-	-	44,119
-	-	2,505	-	2,505	2,505
-	-	-	-	-	95,828
-	-	-	-	-	33,058
-	402,214	2,505	191,089	595,808	1,089,552
-	-	-	-	-	960,743
1,282,746	-	96,526	400,000	2,595,234	2,595,234
-	-	-	-	-	201,335
-	-	-	-	-	283,549
1,282,746	-	96,526	400,000	2,595,234	4,040,861
1,282,746	402,214	99,031	591,089	3,191,042	5,344,147
\$ 1,282,746	\$ 402,214	\$ 99,031	\$ 591,089	\$ 3,191,042	\$ 6,701,733

City of Red Wing, Minnesota
Detailed Combined Schedule of Indebtedness
For the Year Ended December 31, 2021

<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

Authorized	Issued	Retired	Long-term Outstanding	Principal Due in 2022	Interest Due in 2022
\$ 1,835,000	\$ 1,835,000	\$ 1,835,000	\$ -	\$ 205,000	\$ 2,665
2,375,000	2,375,000	2,205,000	170,000	170,000	5,355
2,930,000	2,930,000	2,380,000	550,000	315,000	14,150
1,115,000	1,115,000	875,000	240,000	115,000	6,253
7,735,000	7,735,000	4,525,000	3,210,000	790,000	72,100
8,525,000	8,525,000	4,090,000	4,435,000	865,000	97,350
6,740,000	6,740,000	3,175,000	3,565,000	655,000	128,450
13,535,000	13,535,000	3,890,000	9,645,000	1,350,000	479,900
<u>44,790,000</u>	<u>44,790,000</u>	<u>22,975,000</u>	<u>21,815,000</u>	<u>4,465,000</u>	<u>806,223</u>
2,100,000	1,494,594	1,494,594	-	105,000	3,927
15,417,000	15,283,450	14,263,450	1,020,000	992,000	56,718
5,283,360	5,283,360	4,611,360	672,000	324,000	23,306
2,585,000	2,585,000	850,000	1,735,000	220,000	54,956
5,955,000	5,955,000	405,000	5,550,000	205,000	197,506
<u>31,340,360</u>	<u>30,601,404</u>	<u>21,624,404</u>	<u>8,977,000</u>	<u>1,846,000</u>	<u>336,413</u>
<u>\$76,460,440</u>	<u>\$75,721,484</u>	<u>\$ 44,929,484</u>	<u>\$30,792,000</u>	<u>\$ 6,311,000</u>	<u>\$ 1,142,636</u>

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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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, 2021, 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 27, 2022.

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
Mankato, Minnesota
June 27, 2022

**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, 2021, 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 27, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. As reported in the Schedule of Findings, Responses and Questioned Costs, we identified a deficiency in internal control that we consider to be a material weakness as finding 2021-001.

Report on Compliance and Other Matters

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

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's responses was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
Mankato, Minnesota
June 27, 2022



**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

Opinion on 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
Mankato, Minnesota
June 27, 2022



City of Red Wing, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	156-060-001/156-090-003/156-132-003/ 156-104-008/156-104-009	<u>\$1,816,683</u>	
			Total Highway Planning and Construction Cluster			\$1,816,683
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Medical Assistance Program	93.778	MA SUPPL PMTCOVIDFEDSHR096FED	<u>84,357</u>	
			Total Medicaid Cluster			84,357
U.S. Department of Housing and Urban Development	Minnesota Department of Employment and Economic Development	Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawaii	14.228	CDAP-18-0028-O-FY19		165,235
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	N/A		2,364
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C	22488A22508002A001		1,783,486
U.S. Department of Transportation	Minnesota Department of Public Safety	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	P0797HMEP2019.2		3,560
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	MnDOT 1048230		883,651
U.S. Department of Homeland Security	Direct	Assistance to Firefighters Grant	97.044	N/A		<u>281,185</u>
	Total Federal Expenditures					<u>\$5,020,521</u>

City of Red Wing, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

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, 2021. 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, 2021 the City did not elect to use the 10 percent de minimis indirect cost rate.

City of Red Wing, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs/Clusters

	<u>CFDA No.</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C
Airport Improvement Program	20.106
Assistance to Firefighters Grant	97.044
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

One material weakness (2021-001) relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

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

Section IV - Schedule of Prior Year Audit Findings

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

Other Issues

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

City of Red Wing, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2021

<u>Finding</u>	<u>Description</u>
2021-001	Material Audit Adjustments
<i>Condition:</i>	During our audit, prior period adjustments were needed to record accumulated depreciation on projects capitalized in current year but placed into service in prior years, and to move grant revenues that were incorrectly transferred between funds in prior year.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff did not capitalize projects in years past as they were placed into service. Grant revenues were transferred from the Levee Wall Improvements fund to the General Fund in prior year, but should have stayed in the Levee Wall Improvements Fund.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each open project at year-end and determine if any are complete and need to be capitalized and that grants are reviewed closely to determine the most appropriate fund to record them in.
<i>Management Response:</i>	
	Management will review grants and construction in progress accounts thoroughly in the future.

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2021-001 Material Audit Adjustments

Corrective Action Plan (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

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

3. Official Responsible for Ensuring CAP:

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

4. Planned Completion Date for CAP:

December 31, 2022

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

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

Marshall Hallock
Administrative Business Director