

Red Wing, Minnesota



Popular Annual Financial Report To The Community

For the fiscal year ended December 31, 2021

Inside This Issue:

Area Tax Rates	1
Fund Types	1
General Fund	2
Special Revenue	2
Permanent Funds	2
Capital Project	3
Enterprise Funds	3
Long-Term Debt	3
Fiduciary Funds	3
Internal Service	3
Budget Factors	3
Overall Condition	4
Dividing Your Dollar	4
Monthly Bill	4

Making Cents

The City of Red Wing presents its Popular Annual Financial Report (PAFR). The purpose of this report is to inform the community of the City's financial activity in a simple, easy-to-read format for the fiscal year ending December 31, 2021. These highlights are based upon the City's [Annual Comprehensive Financial Report \(ACFR\)](#), which is a more inclusive, audited document.

Red Wing Ranked Well Against Surrounding Areas

Total Combined Tax Rates of Surrounding Areas



Tax Rate Comparison

In a 2021 comparison of nine communities in Goodhue County, the average cost of services on a median value home (\$205,800) in terms of property taxes and property tax aids showed Red Wing ranking as one of the lowest.

A \$205,800 valued home in the Red Wing paid \$103.63 per month in property taxes to the City.

Red Wing's Fund Types

City of Red Wing

Governmental Funds

- General
- Special Revenue
- Debt Service
- Permanent
- Capital Projects

Business-type Funds

- Enterprise
- Internal Service

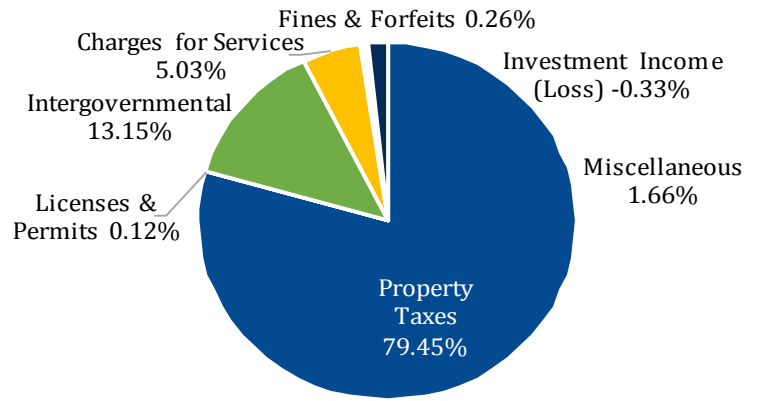
Fiduciary Funds

In order for the City to manage the community's finances smoothly, it divides activities into several different funds. There are three main categories: governmental funds, business-type funds, and fiduciary funds. Governmental funds are supported by taxes and intergovernmental aid. Business-type funds are supported by customer charges. Fiduciary funds are for resources that the City holds and manages for other parties.

- The **General Fund** accounts for revenues and expenses that provide for *basic operations of the City*, e.g., police and fire protection and street maintenance.
- **Special Revenue Funds** account for activities restricted to *specific purposes* like grants or economic development.
- **Debt Service Funds** track revenues and expenses related to *repayment of long-term debt*.
- **Permanent Funds** account for assets that are legally restricted to the extent that *only earnings*, not principal, may be used for purposes that *support the City's programs*.
- **Capital Funds** collect revenues from special assessments, state, and county aids and allot them toward *construction or major capital expenses*.
- **Enterprise Funds** account for *activities that operate as public enterprises* which are paid for by user fees, e.g., water, sewer, and recycling.
- **Internal Service Funds** account for the acquisition, operation, and maintenance of *governmental facilities and services*, which are entirely or predominantly self-supported by user charges.
- **Fiduciary Funds** account for resources held for the benefit of parties outside the City.

General Fund Revenues

The City's General Fund is the largest fund and also one of the most vital to the City's operation. The General Fund is the primary fund that accounts for everyday expenditures like street and park maintenance, police protection, and fire protection while supplementing portions of the other funds at the same time. Like most funds, the General Fund relies on the inflow of cash, which is shown as revenues. Subsequently, cash outflows are listed as expenditures. The primary revenue for the General Fund is property taxes. Intergovernmental revenues are items like state/county aid and grants.

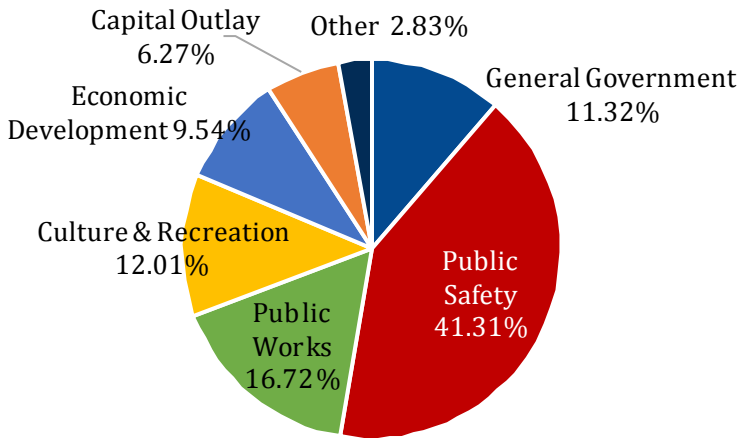


Category	2020	2021
Property Taxes	\$ 17,994,780	\$ 18,083,447
Licenses & Permits	14,818	26,519
Intergovernmental	3,200,689	2,993,357
Charges for Services	649,218	1,145,987
Fines & Forfeits	42,222	60,302
Investment Income (Loss)	358,438	(74,447)
Miscellaneous	325,158	377,967
Total Revenues	\$ 22,585,323	\$ 22,613,132

For 2021, the City's General Fund revenue total was \$22,613,132, which was a \$27,809 (0.12%) increase from the previous year. This slight increase is mainly due to increased charges for services offset by losses on investments due to changes in interest rates and decreased intergovernmental revenue.

General Fund Expenditures

The City's total General Fund expenditures for 2021 were \$18,759,993, which was \$990,293 (5.01%) under the final budget. Overall, General Fund expenditures increased \$131,720 (0.71%) from 2020. This was caused by lower Public Safety costs offset by increased parks and recreation capital outlay costs associated with the John Rich Park Restoration Project.



Category	2020	2021
General Government	\$ 2,067,986	\$ 2,122,793
Public Safety	8,028,438	7,749,456
Public Works	3,080,888	3,136,233
Culture & Recreation	2,290,945	2,253,538
Economic Development	1,628,826	1,790,340
Capital Outlay	981,989	1,176,252
Other	549,201	531,381
Total Expenditures	\$ 18,628,273	\$ 18,759,993

Special Revenue Funds

Fund Name	Fund Balance
Health Initiatives	\$ 11,098
South Park Skating Rink	57,141
Airport	28,001
Library	1,216,394
DEED Loan	251,137
Sister Cities	19,754
Inspection	50,005
Library Memorial	27,620
Lodging Tax	(1,541)
PERA Perpetual	9,118,432
Total	\$ 10,778,041

The City had ten special revenue funds in 2021. Special revenue funds are used to account for revenues derived from specific taxes or other earmarked revenue sources, which are legally restricted to expenditures for particular purposes. Examples include the City's airport and library operations and the Safe Routes to School program.

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 that support the City's programs. The City has four permanent funds: Oakwood Care, Oakwood Flower, Burnside Care, and Burnside Flower. These funds account for monies received and expenditures associated with cemetery lots, maintenance, and flowers at the Oakwood and Burnside cemeteries. The current balance of these funds is \$3,123,368, which is an increase of \$95,976 from 2020.

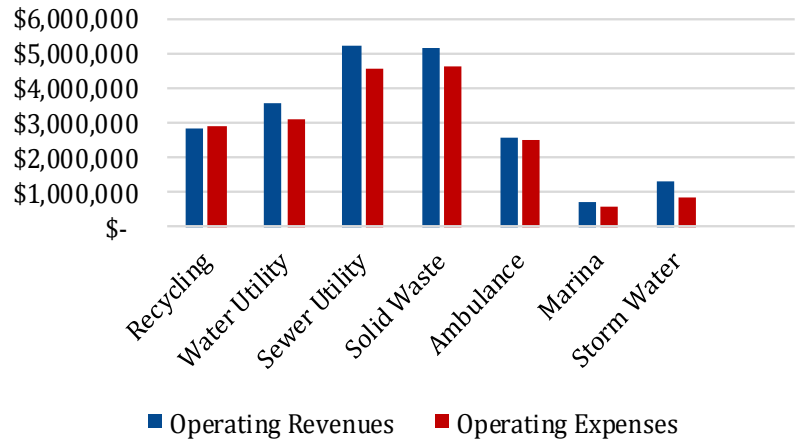
Capital Project Funds

The City has 32 Capital Project Funds, many of which are for road improvements and additions. Other funds are for City facilities, parks, trails, and other miscellaneous purposes. A significant revenue source for these projects are special assessments to benefitting properties and interest earnings. State grants and generous local philanthropic donations contribute to park projects. The City updates its capital improvement plan annually and also follows its “Red Wing 2040” Comprehensive Plan to schedule projects that will enhance quality of life, livability, and beauty of the City. Examples of capital projects in 2021 include Old West Main Reconstruction and River Renaissance Phase III. The Capital Project Funds had total revenues of \$4,144,121 and total expenditures of \$7,397,505 in 2021.

Enterprise Funds

These funds consist of utility services provided to the community by the City, such as water, sewer, and recycling. These operations are financed and operated similarly to a private business, relying on charges to customers for goods and services provided. Charges for these services increased by 10.4%, largely due to the Incinerator being open since April of 2021, more businesses open than in 2020 due to COVID-19, and late fees being charged again.

2021 Enterprise Funds



Long-Term Debt

Red Wing maintains an “Aa2” rating from Moody’s Investor Service, which is the third-highest rating a municipality can receive. A high rating allows the City to borrow funds at low interest rates and reflects sound financial position. The City currently has \$37,103,000 in bonded debt, which is a 14.24% decrease from 2020. The City issues bonds to finance street reconstruction and improvement projects, City facility improvements, and other capital improvements.

Minnesota statutes limit the amount of net general obligation debt a City may issue, which is 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 current outstanding total bonded debt.

Internal Service Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions on a cost reimbursement basis. The City maintained six internal service funds: Administrative Services, Central Services, Risk Management, Information Services, Postemployment Benefits, and Engineering. Total net position decreased from \$3,783,684 in 2020 to \$3,152,917 in 2021.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the City for the benefit of parties outside the City. The resources of these funds are not available to support the City’s own programs. The City has five of these funds: Cannon Valley Bike Trail, Sheldon Auditorium, Red Wing 2020, Coalition of Utility Cities, and Local Government Utility. These funds grew from \$4,864,906 in 2020 to \$5,746,614 in 2021.

Budget, Rate, & Fee Factors

The City’s officials considered many factors when setting the 2022 fiscal year budget, rates, and fees that will be charged. These factors include:

- Maintaining the current level of basic government services.
- Continuing long-term infrastructure investments.
- Allocating resources based on prioritization of City Council strategic goals.
- A history of strong property tax collections.
- Changes to user charges for business-type funds to reflect current and anticipated conditions and asset renewal and replacement needs.
- Goodhue County’s unemployment rate of 2.5%, which is a decrease from 4.1% in 2020 and compares favorably with Minnesota’s 2.6% and the United States’ 3.7%.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

City of Red Wing

Minnesota

For its Annual Financial Report
for the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

About this Report

Red Wing reports financial year end results in the Annual Comprehensive Financial Report (ACFR). The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the 2021 ACFR, and is consistent with Generally Accepted Accounting Principles. The report reflects the net tax cost by service expenditure, developed by crediting related revenues against appropriate expenditures and allocating local taxes against the remaining balance.

For a complete review of the City's financial position, consult the [2021 ACFR](#) available on the City's website at www.red-wing.org or from the Finance Department at 651.385.3613.

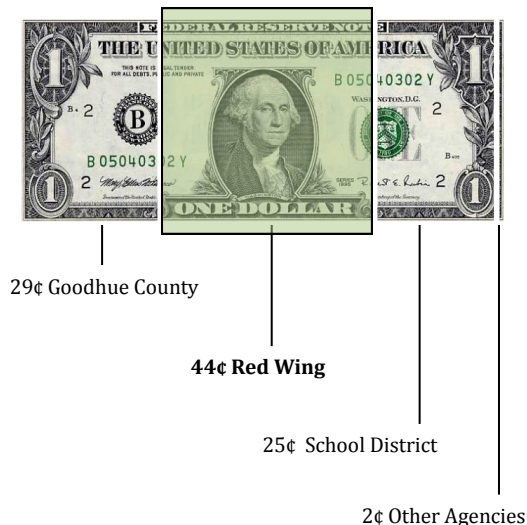


Overall Financial Condition

Overall, Red Wing's financial condition remained stable in 2021 as demonstrated by the City's total net position of \$207,410,428, an increase of \$11,148,588 compared to 2020. At year end, the general fund unassigned balance was 128.9% of the next year's total Budgeted Fund expenditures, well above the 60% minimum. Total outstanding bonded debt decreased by \$6,163,000 (14.2%) while cash and investments decreased by \$2,951,859, going from \$66,291,466 to \$63,339,607.

Dividing Up Your Property Tax Dollar

Your property tax dollar is divided between several governmental entities. On the average-value residential property, the City collects 44 cents of every tax dollar for City services. The remaining portions are divided among Goodhue County, the school district, and other agencies.



Monthly Cost of Utilities

Based on an average usage of 600 cubic feet of water per month, the monthly cost of utilities for a home in Red Wing was \$117.79 in 2021. This bill includes water, sewer, storm water, refuse, and recycling (\$36.95, \$44.75, \$11.50, \$19.26, and \$5.70 respectively).

How Tax Dollars Buy City Services

Residents receive a variety of City services at an affordable price through property taxes paid. The cost of City services in 2021 for the owner of an average-valued home in Red Wing was \$103.63 per month. The value received from City services compared favorably to charges of other monthly bills.

Description of Transaction	Amount
Public Safety	29.58
General Government	8.13
Parks & Recreation	8.50
Public Works	10.00
Debt Service	19.25
Capital Improvements	11.83
Transfers	7.67
Other Activities	8.67
Total	103.63

Homeowner		DATE <u>January 1, 2021</u>	101
PAY TO THE ORDER OF <u>City of Red Wing</u>		\$ <u>103.63</u>	
One hundred three & 63/100		DOLLARS	
Your Bank .com Bank 1221 Main Street Anywhere, US 10001 MONTHLY police, fire, street maintenance, parks, etc.		<u>Homeowner</u>	
⑆33401068⑆ 7269914625⑈ 0101⑈			

Property Tax- Supported Services

The checkbook shows how the monthly cost of property tax-supported services was divided among City departments. Services include Public Safety, General Government, Parks and Recreation, Public Works, and Debt Service, Capital Improvements, Transfers, and Other Activities.