

# Red Wing, Minnesota



## Popular Annual Financial Report To The Community

For the fiscal year ended December 31, 2022

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### 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, 2022. 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 2022 comparison of nine communities in Goodhue County, the total property taxes on a median value home (\$226,500) shows Red Wing ranks as the lowest.

A \$226,500 valued home in the Red Wing paid \$119.28 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

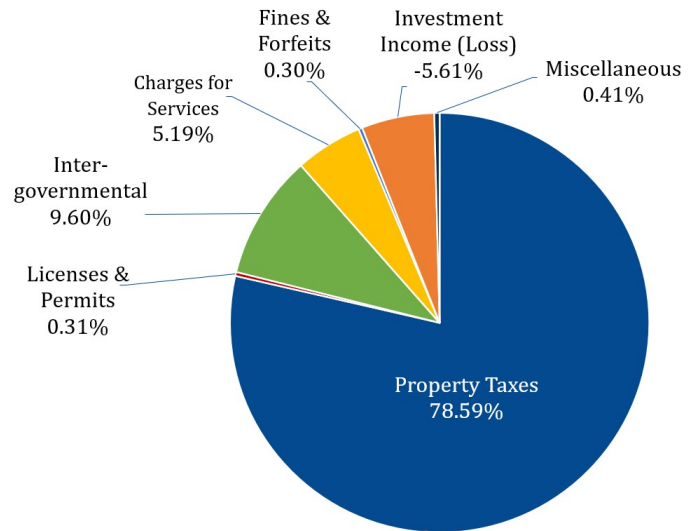
##### Fiduciary Funds

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.

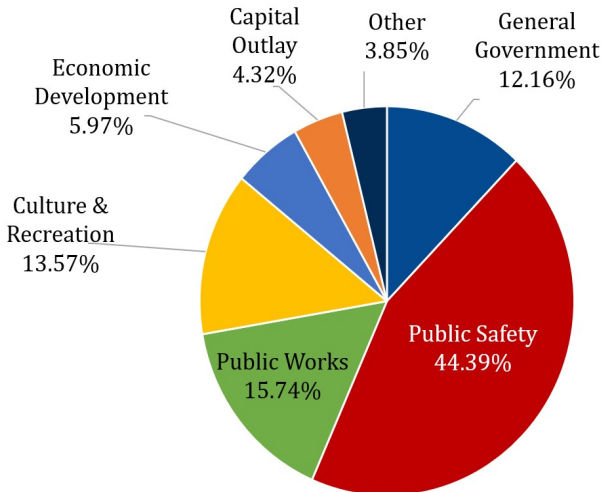


Category	2021	2022
Property Taxes	\$ 18,083,447	\$ 18,908,952
Licenses & Permits	26,519	73,498
Intergovernmental	2,993,357	2,309,377
Charges for Services	1,145,987	1,248,010
Fines & Forfeits	60,302	71,730
Investment Income (Loss)	(74,447)	(1,350,624)
Miscellaneous	377,967	98,609
<b>Total Revenues</b>	<b>\$ 22,613,132</b>	<b>\$ 21,359,552</b>

For 2022, the City's General Fund revenue total was \$21,359,552 which was a \$1,253,580 (5.5%) decrease from the previous year. This decrease is due to a decrease in interest earnings and changes in the value of City investments.

## General Fund Expenditures

The City's total General Fund expenditures for 2022 were \$18,829,380, which was \$1,507,413 (7.4%) under the final budget. Overall, General Fund expenditures increased \$69,387 (0.37%) from 2021. This was caused by lower Public Works, Economic Development, and Capital Outlay costs offset by increased General Government, Public Safety, Culture & Recreation, and Other costs.



Category	2021	2022
General Government	\$ 2,111,422	\$ 2,289,242
Public Safety	7,749,456	8,358,428
Public Works	3,136,233	2,962,998
Culture & Recreation	2,253,538	2,555,208
Economic Development	1,790,340	1,123,611
Capital Outlay	1,176,252	814,143
Other	543,752	725,750
<b>Total Expenditures</b>	<b>\$ 18,759,993</b>	<b>\$ 18,829,380</b>

## Special Revenue Funds

Fund Name	Fund Balance
Health Initiatives	\$ 11,098
South Park Skating Rink	53,275
Airport	112,185
Library	1,183,112
DEED Loan	252,659
Sister Cities	28,900
Inspection	(100,380)
Library Memorial	16,053
Lodging Tax	4,028
PERA Perpetual	8,386,569
<b>Total</b>	<b>\$ 9,947,499</b>

The City had ten special revenue funds in 2022. 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

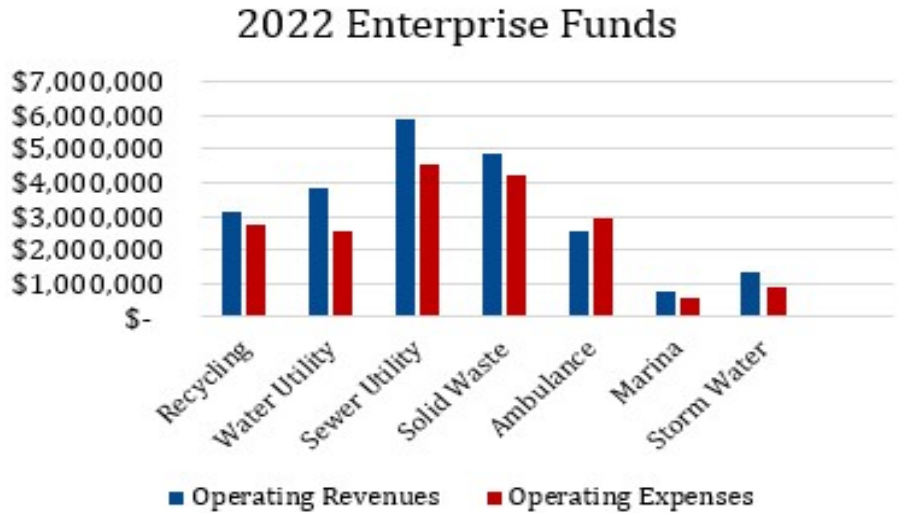
Permanent funds account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City has four permanent funds: Oakwood Care, Oakwood Flower, Burnside Care, and Burnside Flower. These funds account for monies received and expenditures associated with cemetery lots, maintenance, and flowers at the Oakwood and Burnside cemeteries. The current balance of these funds is \$3,002,568, which is an decrease of \$120,805 from 2021.

## Capital Project Funds

The City has 31 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 2022 include 2022 City Street Reconstruction and Bituminous Reclaim. The Capital Project Funds had total revenues of \$2,816,409 and total expenditures of \$6,221,835 in 2022.

## 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 9.4%, largely due to the volume and rate increases.



## 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 \$30,792,000 in bonded debt, which is a 17.1% decrease from 2021. 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 \$70,542,723, 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 \$3,152,917 in 2021 to \$2,870,676 in 2022.

## 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 2021, Coalition of Utility Cities, and Local Government Utility. These funds decreased from \$5,746,614 in 2021 to \$5,199,696 in 2022.

## Budget, Rate, & Fee Factors

The City’s officials considered many factors when setting the 2023 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 2.6%, which is an increase from 2.5% in 2021 and compares favorably with Minnesota’s 2.6% and the United States’ 3.5%.





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 2022 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 [2022 ACFR](#) available on the City's website at [www.red-wing.org](http://www.red-wing.org) or from the Finance Department at 651.385.3613.

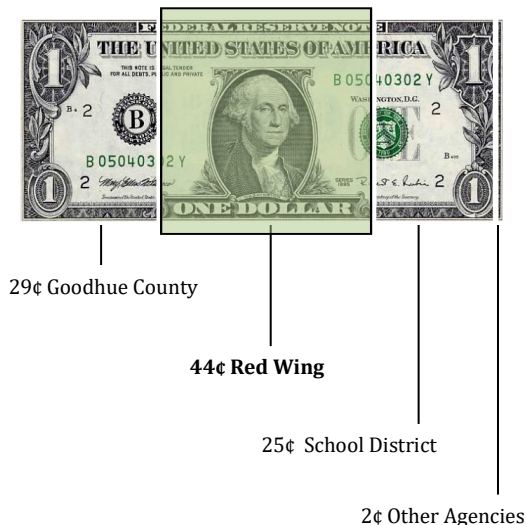


## Overall Financial Condition

Overall, Red Wing's financial condition remained stable in 2022 as demonstrated by the City's total net position of \$209,215,114, an increase of \$1,804,686 compared to 2021. At year end, the General Fund unassigned balance was 117.6% of the next year's total budgeted General Fund expenditures, well above the 60% minimum. Total outstanding bonded debt decreased by \$6,455,398 (17.1%) while cash and investments decreased by \$2,951,859, going from \$63,339,607 to \$61,170,911.

## 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 \$122.62 in 2022. This bill includes water, sewer, storm water, refuse, and recycling (\$42.68, \$40.84, \$11.50, \$20.90, and \$6.70 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 2022 for the owner of an average-valued home in Red Wing was \$119.28 per month. The value received from City services compared favorably to charges of other monthly bills.

Description of Transaction	Amount
Public Safety	36.08
General Government	9.79
Parks & Recreation	10.08
Public Works	11.83
Debt Service	20.92
Capital Improvements	13.92
Transfers	8.58
Other Activities	8.08
<b>Total</b>	<b>119.28</b>

<b>Homeowner</b>		DATE <u>January 1, 2022</u>	101
PAY TO THE ORDER OF	<u>City of Red Wing</u>	\$ <u>119.28</u>	
<u>One hundred nineteen &amp; 28/100</u>		DOLLARS	
<b>Your Bank</b>			
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.