

Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2023



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CITY OF RED WING
RED WING, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

PREPARED BY:
ADMINISTRATIVE BUSINESS DEPARTMENT

MARSHALL HALLOCK
Administrative Business Director

Member GFOA of U.S. and Canada
Published August 28, 2024

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INTRODUCTORY SECTION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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August 28, 2024

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, 2023.

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, 2023 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, 2023, 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 all of its funds per the City Charter. This includes the General, PERA Perpetual, Airport, Library, DEED Loan, Sister Cities, Inspection, and Library Memorial 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 195 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 2023 population of the City according to the U.S. Census Bureau is 16,756, which is a 4.0 percent increase over the 2000 U.S. Census of 16,116 and a 1.8 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 11,579 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 2023 was relatively the stable compared to the 2018 - 2022 fiscal years. In 2023, the City issued 150 residential and multi-unit residential permits with a valuation of \$9,361,915 compared to 24 in 2022 with a valuation of \$13,028,145. The 150 residential and multi-unit residential permits issued in 2023 are above the five-year average of 34 residential and multi-unit residential permits and below the five-year average valuation of \$10,842,638.

In 2023, the City issued 33 civic, institutional, commercial and industrial permits with a valuation of \$10,514,931 compared to 38 in 2022 with a valuation of \$6,391,634. The 38 civic, institutional and commercial and industrial permits issued in 2023 are above the five-year average of 30 civic, institutional, commercial and industrial permits. The valuation of the 33 civic, institutional and commercial permits issued in 2023 is above the five-year average valuation of \$4,566,333.

A total of 183 residential and multi-unit residential, civic, institutional commercial and industrial permits were issued in 2023 with a combined valuation of \$19,876,846. The 183 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2023 are above the five-year average of 63 residential and multi-unit residential, civic, institutional commercial and industrial permits. The valuation of the 183 residential and multi-unit residential, civic, institutional commercial and industrial permits issued in 2023 is above the five-year average valuation of \$15,408,971.

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
2019	\$762,502,400
2020	806,102,700
2021	841,622,000
2022	810,510,300
2023	839,052,900

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 \$10.8 million of street related transportation improvements are being planned over the next 5 years with approximately \$2.7 million for 2024.

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 2024 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 was completed in 2023 on Memorial and Barn Bluff Parks including safety enhancements, trail extensions and improvements, overlook areas, and other substantive improvements. These improvements are made possible in large part by state grants and generous local philanthropic contributions.

The reconstruction of a significant portion of Old West Main Street was concluded in 2023. Old West Main Street has seen a conversion from an industrial area to an entertainment district. Its reconstruction, new streetscapes, and other amenities enhances the area as a destination and will improve its utilization.

Planning continued in 2023 on the Sturgeon Lake Road Rail Grade Separation project. The project is intended to address rail safety and access concerns. During Minnesota's 2017 legislative session the project was awarded \$14.762 million in funding. During Minnesota's 2020 legislative session the project was awarded and additional \$10 million in funding. Construction will begin on the project in 2024.

Planning for improvements for barge grain and commodity transportation began this year. The key elements include the replacement of the Levee Mooring Clusters to assist with grain barge fleeting and improvements to the Little River bulkhead to improve safety, correct conditions, and enhance its use.

Planning for the reconstruction of a significant portion of 7th Street and its underground utilities continued into 2023. This street is a heavily used multi-modal transportation corridor. The reconstruction will improve safety and improve traffic flow. The construction phase of this project will start in 2024.

There were other projects commenced or completed in 2024 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, 2022. 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. 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,

A handwritten signature in black ink, appearing to read 'M. Hallock', written in a cursive style.

Marshall Hallock, CPA
Administrative Business Director

CITY OF RED WING LIST OF ELECTED AND APPOINTED OFFICIALS

COUNCIL MEMBERS AND MAYOR



(From left to right) Council Member Evan Brown, Council Member Ron Goggin, Council Member Becky Norton, Council Vice-President Donald Kliwer, Council Member Janie Farrar, Mayor Mike Wilson, Council Member Vicki Jo Lambert, Council President Kim Beise

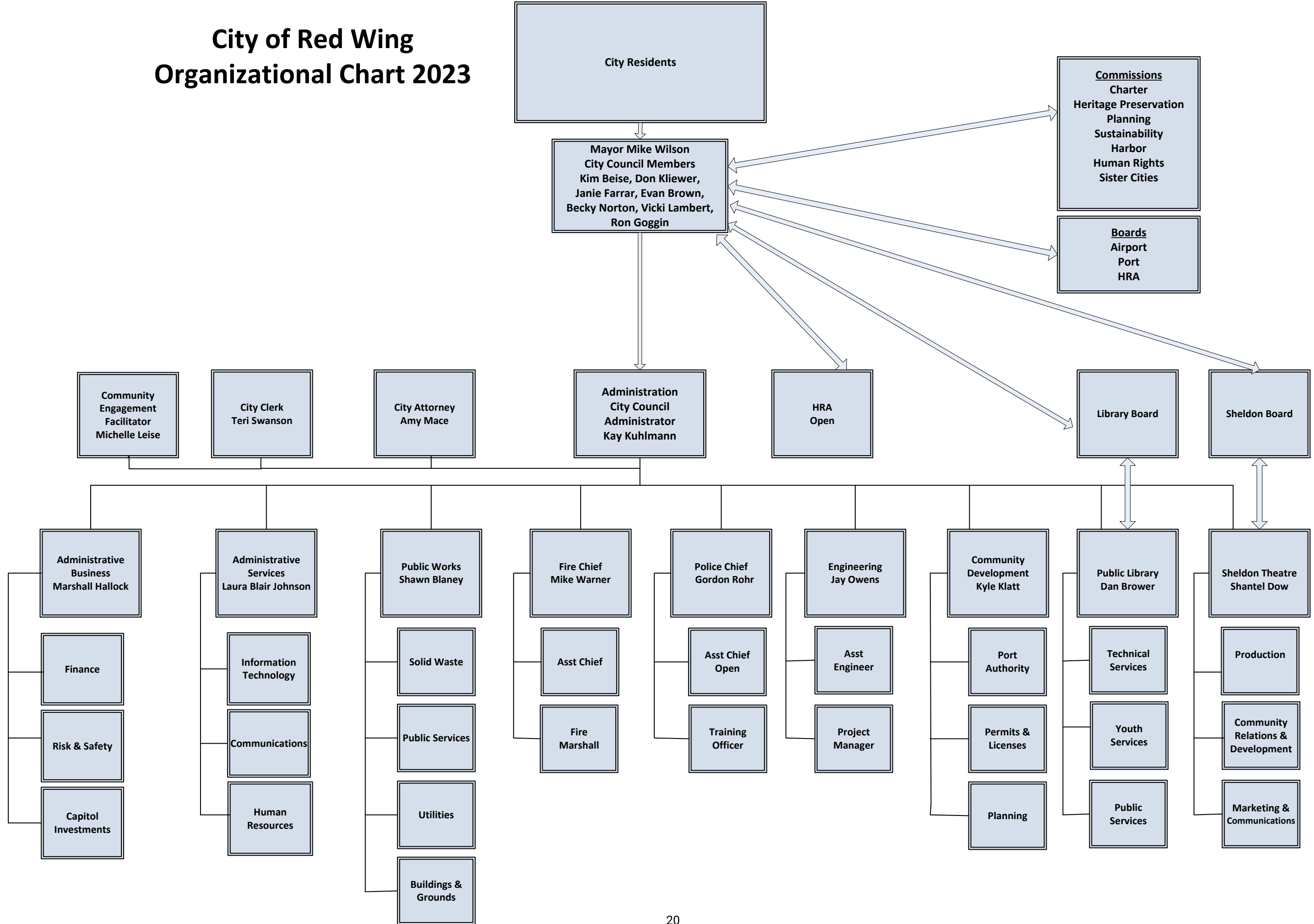
APPOINTED OFFICIALS

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 – Shawn Blaney
Engineering Director - Jay Owens
Community Development Director – Kyle Klatt
Interim Police Chief - Gordon Rohr
Fire Chief - Mike Warner

OTHER CITY OFFICIALS

Library Director – Dan Brower
T.B. Sheldon Executive Director - Jeff Larson

City of Red Wing Organizational Chart 2023





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, 2022

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, 2023

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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, 2023, 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, 2023, 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 120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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 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 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, schedules of cash and investments, intergovernmental revenue and indebtedness, 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 August 28, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
August 28, 2024



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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, 2023. 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 or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in investment earnings.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an increase in investment earnings and operating grants. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the city's funds section increased from prior year.

The City's total bonded debt decreased during the fiscal year. The decrease was a result of schedule debt service payments as shown on the outstanding debt table.

Overview of the Financial Statements

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

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

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

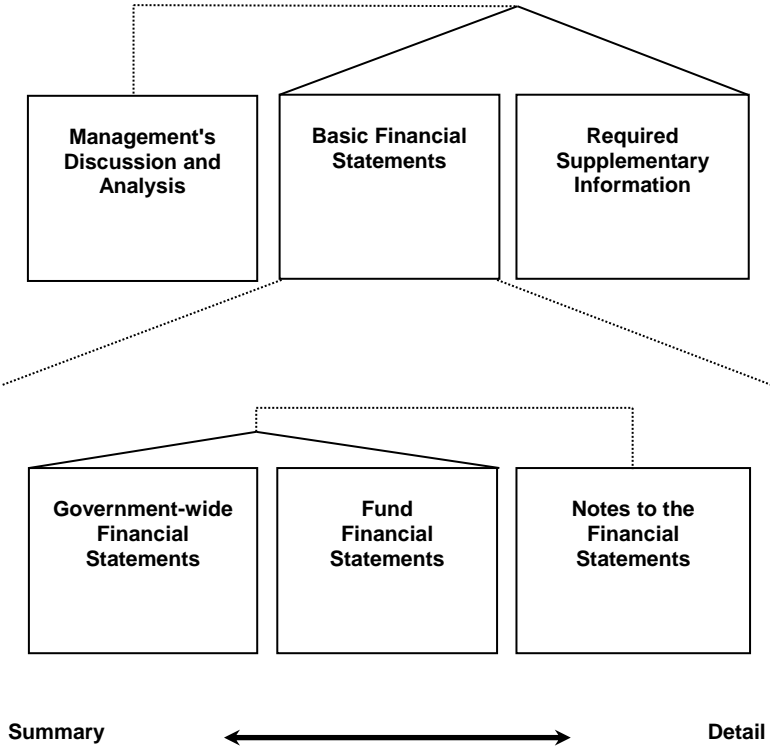


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Activities of the City held in trust for others
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	None reported
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	None reported

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, sanitation, culture and recreation, economic development, airport, transit, cemeteries, unallocated, and interest on long-term debt. The business-type activities of the City include the refuse collection and recycling, water, sewer, solid waste campus, marina, ambulance and storm water activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Red Wing Port Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 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 56 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 68 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 73 of this report.

Required Supplementary Information Other than MD&A. Governments have an option of including the budgetary comparison statements for the General fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, this report also presents certain *required supplementary information* concerning the City's share of net pension liabilities (assets) for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees starting on page 120 of this report. The City has disclosed this information in Notes 4 and 7 to the financial statements and as separate required supplementary information.

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

Statistical Section. Further, a statistical section has been included as part of the annual comprehensive financial report to facilitate additional analysis and can be found starting on page 200 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 \$219,507,988 at the close of the most recent fiscal year. A large portion of the City's net position 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Current and Other Assets	\$ 72,223,575	\$ 69,039,523	\$ 3,184,052	\$ 9,893,974	\$ 11,012,399	\$ (1,118,425)
Capital Assets	122,581,242	122,652,763	(71,521)	69,990,189	67,445,598	2,544,591
Total Assets	<u>194,804,817</u>	<u>191,692,286</u>	<u>3,112,531</u>	<u>79,884,163</u>	<u>78,457,997</u>	<u>1,426,166</u>
Deferred Outflows of Resources	<u>8,914,059</u>	<u>11,189,687</u>	<u>(2,275,628)</u>	<u>5,242,457</u>	<u>5,678,189</u>	<u>(435,732)</u>
Long-term Liabilities outstanding	26,636,074	44,019,069	(17,382,995)	19,113,311	22,423,574	(3,310,263)
Other Liabilities	3,015,830	3,382,781	(366,951)	1,943,502	1,299,878	643,624
Total Liabilities	<u>29,651,904</u>	<u>47,401,850</u>	<u>(17,749,946)</u>	<u>21,056,813</u>	<u>23,723,452</u>	<u>(2,666,639)</u>
Deferred Inflows of Resources	<u>14,980,002</u>	<u>3,681,016</u>	<u>11,298,986</u>	<u>3,648,789</u>	<u>2,996,727</u>	<u>652,062</u>
Net Position						
Net investment in capital assets	103,300,224	98,523,215	4,777,009	62,459,275	58,102,567	4,356,708
Restricted	19,256,326	17,704,727	1,551,599	-	-	-
Unrestricted	<u>36,530,420</u>	<u>35,571,165</u>	<u>959,255</u>	<u>(2,038,257)</u>	<u>(686,560)</u>	<u>(1,351,697)</u>
Total Net Position	<u>\$ 159,086,970</u>	<u>\$ 151,799,107</u>	<u>\$ 7,287,863</u>	<u>\$ 60,421,018</u>	<u>\$ 57,416,007</u>	<u>\$ 3,005,011</u>
Net Position as a Percent of Total						
Net investment in capital assets	64.9 %	64.9 %		103.4 %	101.2 %	
Restricted	12.1	11.7		-	-	
Unrestricted	<u>23.0</u>	<u>23.4</u>		<u>(3.4)</u>	<u>(1.2)</u>	
Total	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

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

Governmental Activities. Governmental activities increased the City's net position as shown below. Key elements of this increase are as follows:

City of Red Wing's Changes in Net Position

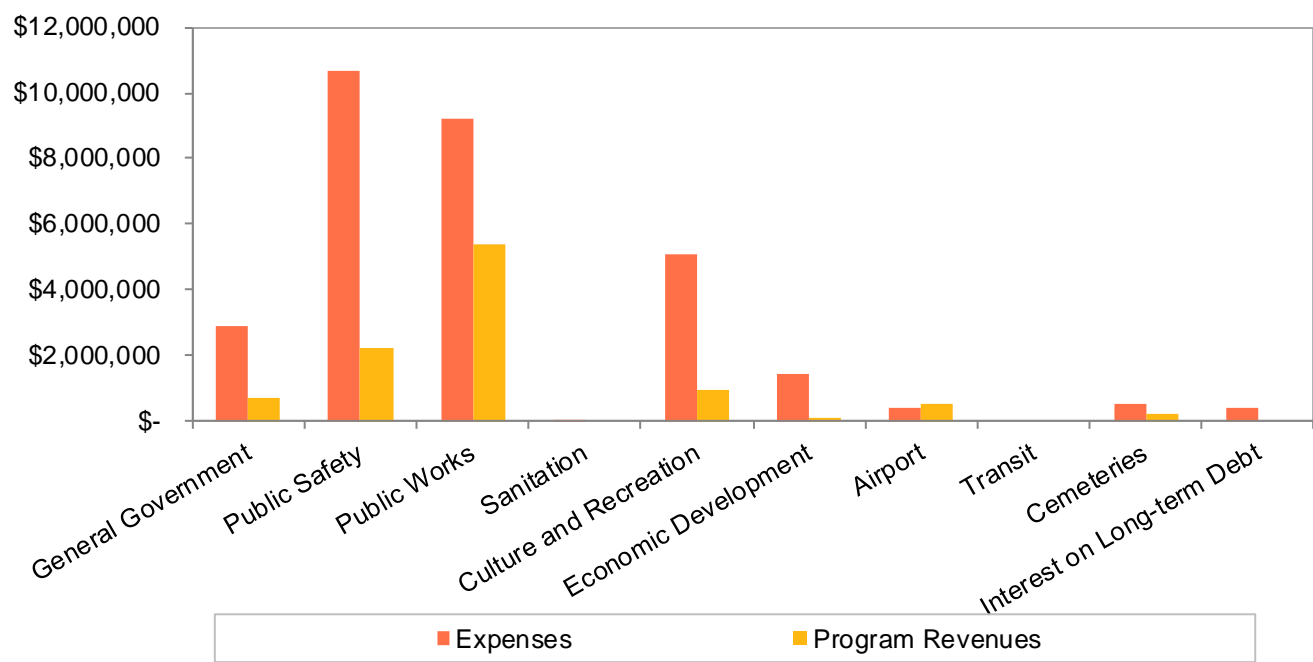
	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,067,961	\$ 2,087,541	\$ (19,580)	\$ 26,620,817	\$ 24,034,508	\$ 2,586,309
Operating grants and contributions	6,688,982	2,844,672	3,844,310	205,538	369,083	(163,545)
Capital grants and contributions	1,352,555	1,315,520	37,035	93,919	195,625	(101,706)
General Revenues						
Property taxes	23,525,547	23,525,435	112	-	-	-
Other taxes	552,629	589,344	(36,715)	-	-	-
Grants and contributions not restricted to specific programs	303,768	634,078	(330,310)	-	-	-
Unrestricted investment earnings (loss)	2,418,680	(2,510,129)	4,928,809	288,750	(219,442)	508,192
Other	36,544	10,371	26,173	-	-	-
Gain on sale of capital assets	33,809	111,416	(77,607)	11,340	35,092	(23,752)
Total Revenues	36,980,475	28,608,248	8,372,227	27,220,364	24,414,866	2,805,498
Expenses						
General government	2,896,236	2,759,870	136,366	-	-	-
Public safety	10,678,850	9,920,596	758,254	-	-	-
Public works	9,201,272	7,665,726	1,535,546	-	-	-
Sanitation	46,407	41,230	5,177	-	-	-
Culture and recreation	5,096,497	5,096,239	258	-	-	-
Economic development	1,444,103	1,636,344	(192,241)	-	-	-
Airport	394,168	398,653	(4,485)	-	-	-
Transit	-	208	(208)	-	-	-
Cemeteries	493,955	505,987	(12,032)	-	-	-
Contingencies and other	-	-	-	-	-	-
Interest and fiscal charges	370,746	341,417	29,329	-	-	-
Refuse collection and recycling	-	-	-	3,249,224	3,008,637	240,587
Water	-	-	-	3,440,433	3,358,719	81,714
Sewer	-	-	-	5,977,179	5,764,126	213,053
Solid waste campus	-	-	-	5,507,693	5,350,561	157,132
Marina	-	-	-	806,461	728,010	78,451
Ambulance	-	-	-	3,227,504	3,662,126	(434,622)
Storm water	-	-	-	1,077,237	979,979	97,258
Total Expenses	30,622,234	28,366,270	2,255,964	23,285,731	22,852,158	433,573
Increase (decrease) in net position before transfers	6,358,241	241,978	6,116,263	3,934,633	1,562,708	2,371,925
Transfers	929,622	1,544,689	(615,067)	(929,622)	(1,544,689)	615,067
Loss on discontinued operations	-	-	-	-	-	-
Change in Net Position	7,287,863	1,786,667	5,501,196	3,005,011	18,019	2,986,992
Net Position - January 1	151,799,107	150,012,440	1,786,667	57,416,007	57,397,988	18,019
Net Position - December 31	\$ 159,086,970	\$ 151,799,107	\$ 7,287,863	\$ 60,421,018	\$ 57,416,007	\$ 3,005,011

- The 2023 general levy was \$23,549,496 which was the same amount as the 2022 levy.

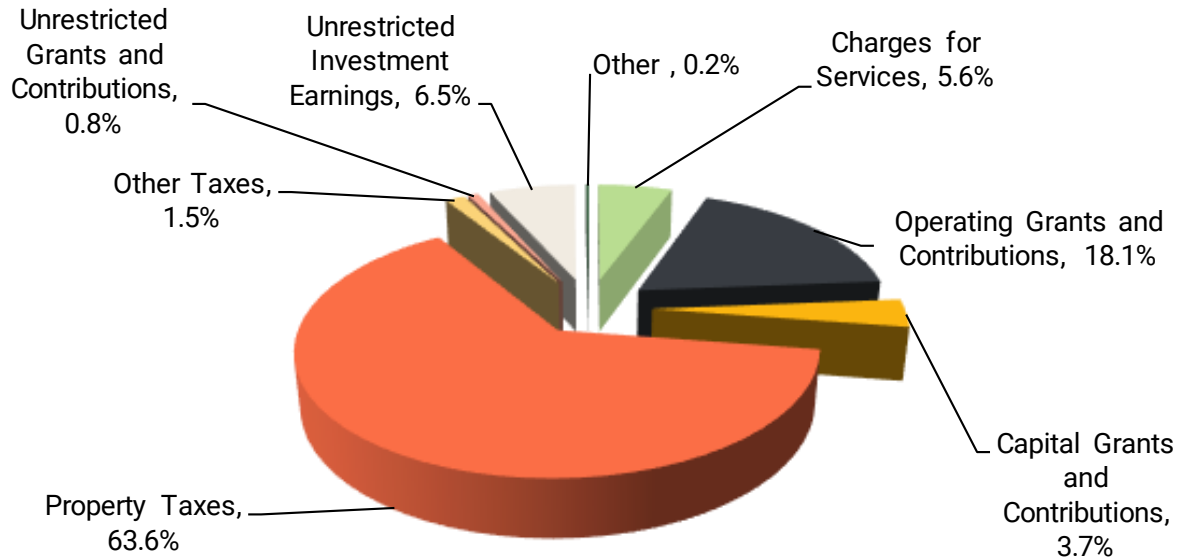
- The 2023 general levy was \$23,549,496 which was the same amount as the 2022 levy.

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

Expenses and Program Revenues - Governmental Activities



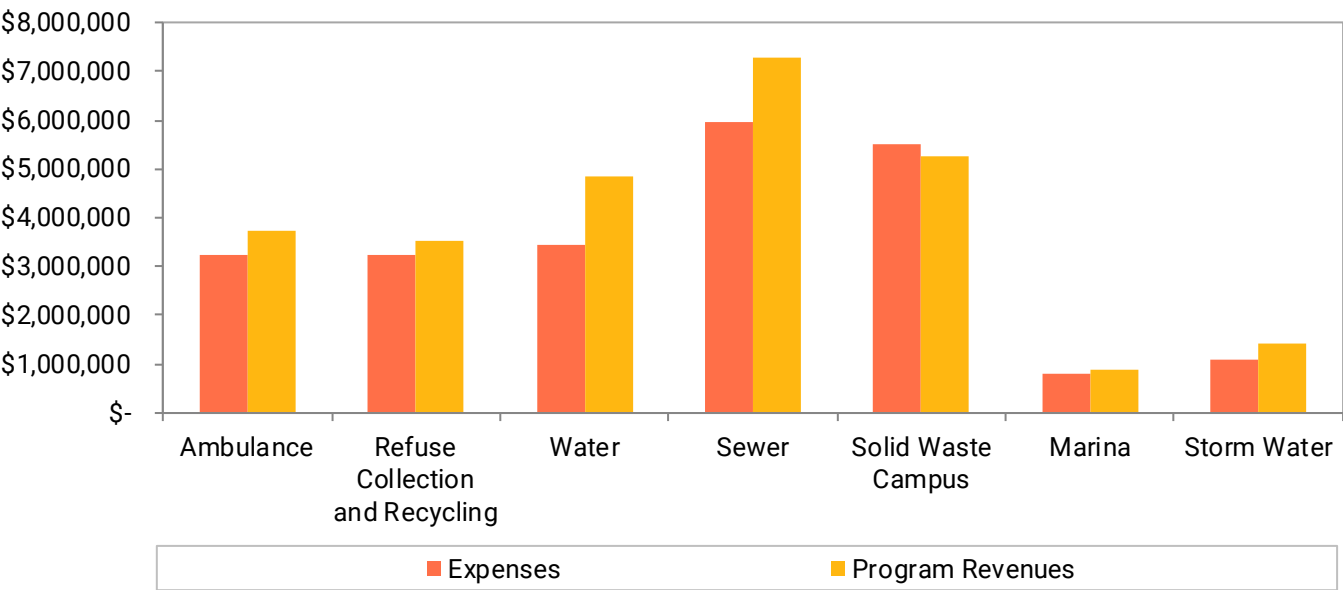
Revenues by Source - Governmental Activities



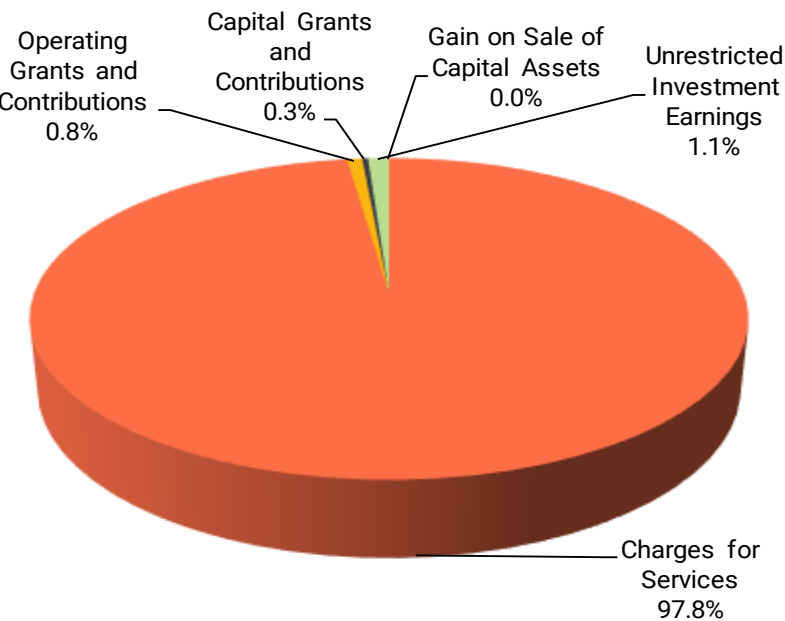
Business-type Activities. Business-type activities increased the City’s net position as shown in the changes in net position table. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$2,586,309 or 10.8 percent. This increase can be attributed a revised rate structure being implemented in 2023 for both water and sewer with increased rates.

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.

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. The table below outlines the governmental fund balances for the year ending December 31, 2023:

	General Fund	PERA Perpetual	Debt Service Fund	Capital Improvement Assessment	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 644,988	\$ 644,988	\$ 2,783,132	\$ (2,138,144)
Restricted	821,396	8,728,098	5,104,346	-	3,879,145	18,532,985	15,000,463	3,532,522
Committed	-	-	-	-	7,099,000	7,099,000	9,393,608	(2,294,608)
Assigned	717,018	-	-	5,121,586	-	5,838,604	6,225,019	(386,415)
Unassigned	25,550,920	-	-	-	(654,862)	24,896,058	21,563,830	3,332,228
Total	<u>\$ 27,089,334</u>	<u>\$ 8,728,098</u>	<u>\$ 5,104,346</u>	<u>\$ 5,121,586</u>	<u>\$ 10,968,271</u>	<u>\$ 57,011,635</u>	<u>\$ 54,966,052</u>	<u>\$ 2,045,583</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 83 of this report.

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 is shown in the table below. 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. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Restricted for			
Public Safety	\$ 725,896	\$ -	\$ 725,896
Housing	95,500	-	95,500
Committed	-	3,600,000	(3,600,000)
Assigned	717,018	685,243	31,775
Unassigned	25,550,920	22,147,576	3,403,344
Total	<u>\$ 27,089,334</u>	<u>\$ 26,432,819</u>	<u>\$ 656,515</u>
General Fund expenditures	\$ 19,843,253	\$ 18,829,380	
Unassigned as a percent of expenditures	128.8%	117.6%	
Total Fund Balance as a percent of expenditures	136.5%	140.4%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. This increase can substantially be attributed to an increase in the market value on investments. There was a decrease in the amount of transfers into the General Fund from other funds compared to the previous year as well as increased costs in public works department due to rising costs of supplies and materials.

Other major governmental analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
PERA Perpetual	\$ 8,728,098	\$ 8,386,569	\$ 341,529
<i>The PERA Perpetual fund balance increased due to a gain on investment value.</i>			
Debt Service fund	5,104,346	5,500,251	(395,905)
<i>The Debt Service fund decrease in fund balance during the year was due to scheduled principal and interest payments made on bonds during the year.</i>			
Capital Improvement Assessment	5,121,586	4,697,678	423,908
<i>The Capital Improvement Assessment fund increase in fund balance is due to special assessments revenues being collected in excess of necessary expenditures.</i>			

Proprietary Funds. Unrestricted net position of the enterprise funds at the end of the year amounted to \$959,255. Total increase in net position for enterprise funds was \$3,005,011. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Changes in net position are detailed below.

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Refuse Collection & Recycling	\$ 1,391,522	\$ 1,093,113	\$ 298,409
<i>The increase primarily is attributed to increased charges for services brought on by increased rates.</i>			
Water Utility	21,018,384	20,201,646	816,738
<i>The increase primarily is attributed to increased charges for services brought on by increased rates.</i>			
Sewer Utility	24,142,054	23,269,839	872,215
<i>The increase primarily is attributed to increased charges for services brought on by increased rates.</i>			
Solid Waste Campus	12,401,944	12,670,888	(268,944)
<i>The decrease is primarily attributed to an increase in supply costs.</i>			
Ambulance	(1,380,277)	(1,995,774)	615,497
<i>The increase is primarily attributed to an increase in demand for ambulance services during the year.</i>			

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget can be summarized as follows:

- The City made \$175,517 in net adjustments increasing intergovernmental revenues.
- \$20,245 in net adjustments increasing general government expenditures, \$255,606 in net adjustments increasing public safety expenditures, \$10,463 in net adjustments decreasing public works, \$5,464 in net adjustments increasing culture and recreation expenditures, \$1,400 in net adjustments increasing economic development expenditures, and \$1,919,810 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, 2023 is shown below in the capital asset table (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:

- John Deere Gator Utility Vehicle
- Two 2023 Ford Police Interceptors
- Three 2023 Ford Edge Administration Vehicles
- 2024 Chevy Sewer Utility Vehicle
- 2023 Ford F-150 Internal Service Vehicle
- John Deere Mower
- Two 2022 Generac Generators
- 2022 and 2023 Slip Lining Projects
- Land purchases for the Sturgeon Lake Road Overpass Project
- Sewer Inspection Camera
- Variable Frequency Driver Upgrades
- Playground and Park Equipment and Improvements
- Colvill Pool Additions
- Street Lights
- Specialty Fabricator
- Major Construction Projects in Process
 - Federal Airport Projects
 - Sturgeon Lake Road Overpass
 - Old West Main Reconstruction
 - Safe Route to School Intersection
 - Barn Bluff Park
- Major Construction Projects Completed
 - Bush Street Crosswalk
 - Street Reclamation
 - Street and Alley Improvements

Additional information on the City's capital assets can be found in Note 3D starting on page 89 of this report.

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

	Governmental Activities			Business-type Activities			Total		
	2023	2022 As Restated	Increase (Decrease)	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	\$ 10,094,240	\$ 9,654,480	\$ 439,760	\$ 260,654	\$ 214,980	\$ 45,674	\$ 10,354,894	\$ 9,869,460	\$ 485,434
Construction in Progress	22,892,268	21,109,812	1,782,456	5,257,279	910,762	4,346,517	28,149,547	22,020,574	6,128,973
Buildings	16,497,733	17,629,245	(1,131,512)	20,620,772	21,318,401	(697,629)	37,118,505	38,947,646	(1,829,141)
Improvements	22,862,494	23,650,728	(788,234)	26,870,515	27,403,100	(532,585)	49,733,009	51,053,828	(1,320,819)
Machinery and Equipment	1,449,642	1,427,273	22,369	1,384,344	961,776	422,568	2,833,986	2,389,049	444,937
Office Equipment	203,192	271,396	(68,204)	-	-	-	203,192	271,396	(68,204)
Vehicles	2,283,159	2,828,505	(545,346)	2,268,538	2,813,745	(545,207)	4,551,697	5,642,250	(1,090,553)
Infrastructure	46,015,849	45,657,326	358,523	13,328,087	13,822,834	(494,747)	59,343,936	59,480,160	(136,224)
Leased Building (Intangible Right to Use Asset)	282,665	423,998	(141,333)	-	-	-	282,665	423,998	(141,333)
Total	\$ 122,581,242	\$ 122,652,763	\$ (71,521)	\$ 69,990,189	\$ 67,445,598	\$ 2,544,591	\$ 192,571,431	\$ 190,098,361	\$ 2,473,070
Percent increase (decrease)			-0.1%			3.8%			1.3%

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$24,877,637. Of this amount, \$7,180,000 comprises revenue related debt backed by the full faith and credit of the City and \$17,415,000 is general obligation debt. Lease liabilities totaled \$282,637 at year end.

City of Red Wing's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2023	2022 As Restated	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	\$ 17,415,000	\$ 21,815,000	\$ (4,400,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	7,180,000	8,977,000	(1,797,000)
Lease payable	282,637	420,933	(138,296)	-	-	-
Total	\$ 17,697,637	\$ 22,235,933	\$ (4,538,296)	\$ 7,180,000	\$ 8,977,000	\$ (1,797,000)
Percent increase (decrease)			-20.4%			-20.0%

The City's total bonded debt decreased by \$6,197,000, (17.1 percent) during the current fiscal year. This was a result of scheduled principal retirements during the year.

The City maintains an "Aa2" rating. Such was reaffirmed by Moody's in 2023.

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 \$80,812,911, 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 3G starting on page 95 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's officials considered many factors when setting the fiscal-year 2024 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 renewal and replacement.
- Allocate resources based on prioritization of City Council strategic goals.
- The unemployment rate for the Goodhue County is currently 2.6 percent, which is the same rate as 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.
- Rate study results and 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 2024 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>.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Red Wing, Minnesota
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Port Authority
Assets				
Cash and investments	\$ 56,622,403	\$ 5,697,610	\$ 62,320,013	\$ 2,051,885
Assets held in endowment	643,201	-	643,201	-
Receivables				
Accrued interest	201,985	42,871	244,856	-
Delinquent taxes	125,111	-	125,111	2,566
Accounts - net of allowance for doubtful accounts of \$3,382,575	112,256	6,530,545	6,642,801	34,974
Loans - net of allowance for doubtful accounts of \$63,363	8,811	-	8,811	1,271,018
Special assessments	1,862,304	-	1,862,304	-
Intergovernmental	2,069,957	-	2,069,957	1,946
Leases	2,637,703	1,925,092	4,562,795	449,285
Internal balances	4,756,129	(4,756,129)	-	-
Due from primary government	-	-	-	2,453
Inventories	130,151	421,722	551,873	-
Prepaid items	2,172	32,263	34,435	-
Land held for resale	2,719,877	-	2,719,877	-
Net pension asset	331,515	-	331,515	-
Capital assets				
Nondepreciable	32,986,508	5,517,933	38,504,441	175,042
Depreciable, net of accumulated depreciation/amortization	89,594,734	64,472,256	154,066,990	525,563
Total Assets	<u>194,804,817</u>	<u>79,884,163</u>	<u>274,688,980</u>	<u>4,514,732</u>
Deferred Outflows of Resources				
Deferred pension resources	8,296,384	4,589,030	12,885,414	-
Deferred other postemployment benefit resources	617,675	653,427	1,271,102	-
Total Deferred Outflows of Resources	<u>8,914,059</u>	<u>5,242,457</u>	<u>14,156,516</u>	<u>-</u>
Liabilities				
Accounts and contracts payable	1,619,577	1,302,708	2,922,285	80,937
Escrow accounts and deposits payable	77,461	-	77,461	-
Due to component unit	2,453	-	2,453	-
Due to other governments	107,603	157,311	264,914	158,233
Accrued interest payable	251,375	99,453	350,828	-
Salaries payable	859,243	369,871	1,229,114	-
Unearned revenue	98,118	14,159	112,277	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	5,687,426	1,261,021	6,948,447	21,807
Other postemployment benefit resources	104,975	111,051	216,026	-
Due in more than one year				
Long-term liabilities	15,170,237	7,260,858	22,431,095	71,228
Net pension liability	4,560,226	9,302,736	13,862,962	-
Other postemployment benefit resources	1,113,210	1,177,645	2,290,855	-
Total Liabilities	<u>29,651,904</u>	<u>21,056,813</u>	<u>50,708,717</u>	<u>332,205</u>
Deferred Inflows of Resources				
Deferred lease resources	2,546,414	1,888,651	4,435,065	435,219
Deferred pension resources	12,041,693	1,345,560	13,387,253	-
Deferred other postemployment benefit resources	391,895	414,578	806,473	-
Total Deferred Inflows of Resources	<u>14,980,002</u>	<u>3,648,789</u>	<u>18,628,791</u>	<u>435,219</u>
Net Position				
Net investment in capital assets	103,300,224	62,459,275	165,759,499	700,605
Restricted				
Permanently restricted				
Library endowments	643,201	-	643,201	-
Temporarily restricted				
Net pension asset	331,515	-	331,515	-
Debt service	4,852,971	-	4,852,971	-
Police and fire activities	8,728,098	-	8,728,098	-
Pickleball Courts	416,278	-	416,278	-
Public Safety	725,896	-	725,896	-
Housing	95,500	-	95,500	-
Future loans	252,659	-	252,659	-
Library activities	18,198	-	18,198	-
Cemetery operations	3,192,010	-	3,192,010	-
Unrestricted	36,530,420	(2,038,257)	34,492,163	3,046,703
Total Net Position	<u>\$ 159,086,970</u>	<u>\$ 60,421,018</u>	<u>\$ 219,507,988</u>	<u>\$ 3,747,308</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,896,236	\$ 694,233	\$ 365	\$ -
Public safety	10,678,850	729,065	1,466,616	-
Public works	9,201,272	102,916	4,264,416	1,037,385
Sanitation	46,407	-	-	-
Culture and recreation	5,096,497	226,384	611,591	112,511
Economic development	1,444,103	-	120,000	-
Airport	394,168	98,134	225,994	202,659
Cemeteries	493,955	217,229	-	-
Interest and fiscal charges	370,746	-	-	-
Total Governmental Activities	<u>30,622,234</u>	<u>2,067,961</u>	<u>6,688,982</u>	<u>1,352,555</u>
Business-Type Activities				
Refuse collection and recycling	3,249,224	3,523,871	103	-
Water	3,440,433	4,811,048	106	43,386
Sewer	5,977,179	7,273,482	129	28,033
Solid waste campus	5,507,693	5,141,795	108,367	-
Marina	806,461	863,110	19	-
Ambulance	3,227,504	3,624,040	88,790	-
Storm water	1,077,237	1,383,471	8,024	22,500
Total Business-type Activities	<u>23,285,731</u>	<u>26,620,817</u>	<u>205,538</u>	<u>93,919</u>
Totals Primary Government	<u>\$ 53,907,965</u>	<u>\$ 28,688,778</u>	<u>\$ 6,894,520</u>	<u>\$ 1,446,474</u>
Component Unit				
Port authority	<u>\$ 1,110,968</u>	<u>\$ 244,500</u>	<u>\$ 12,067</u>	<u>\$ -</u>

General Revenues

Property taxes, levied for general purposes
Property taxes, levied for specific purposes
Property taxes, levied for debt service
Franchise taxes
Hotel-motel taxes
Other taxes
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Other revenues
Gain on sale of capital assets

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Port Authority
\$ (2,201,638)	\$ -	\$ (2,201,638)	\$ -
(8,483,169)	-	(8,483,169)	-
(3,796,555)	-	(3,796,555)	-
(46,407)	-	(46,407)	-
(4,146,011)	-	(4,146,011)	-
(1,324,103)	-	(1,324,103)	-
132,619	-	132,619	-
(276,726)	-	(276,726)	-
(370,746)	-	(370,746)	-
<u>(20,512,736)</u>	<u>-</u>	<u>(20,512,736)</u>	<u>-</u>
-	274,750	274,750	-
-	1,414,107	1,414,107	-
-	1,324,465	1,324,465	-
-	(257,531)	(257,531)	-
-	56,668	56,668	-
-	485,326	485,326	-
-	336,758	336,758	-
<u>-</u>	<u>3,634,543</u>	<u>3,634,543</u>	<u>-</u>
<u>\$ (20,512,736)</u>	<u>3,634,543</u>	<u>(16,878,193)</u>	<u>-</u>
-	-	-	\$ (854,401)
18,868,977	-	18,868,977	-
-	-	-	512,271
4,656,570	-	4,656,570	-
201,255	-	201,255	-
298,563	-	298,563	-
52,811	-	52,811	1,023
303,768	-	303,768	-
2,418,680	288,750	2,707,430	12,360
36,544	-	36,544	-
33,809	11,340	45,149	-
929,622	(929,622)	-	-
<u>27,800,599</u>	<u>(629,532)</u>	<u>27,171,067</u>	<u>525,654</u>
7,287,863	3,005,011	10,292,874	(328,747)
<u>151,799,107</u>	<u>57,416,007</u>	<u>209,215,114</u>	<u>4,076,055</u>
<u>\$ 159,086,970</u>	<u>\$ 60,421,018</u>	<u>\$ 219,507,988</u>	<u>\$ 3,747,308</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, 2023

City of Red Wing, Minnesota

Balance Sheet
Governmental Funds
December 31, 2023

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 22,559,271	\$ 9,465,641	\$ 5,088,924	\$ 2,380,416	\$ 11,006,730	\$ 50,500,982
Assets held in endowment	-	-	-	-	643,201	643,201
Receivables						
Accrued interest	148,852	23,994	-	4,892	6,174	183,912
Delinquent taxes	125,111	-	-	-	-	125,111
Accounts (net of allowance)	65,472	-	-	2,528	18,123	86,123
Special assessments	-	-	-	1,862,304	-	1,862,304
Intergovernmental	292,425	-	17,906	1,241,797	472,570	2,024,698
Leases	2,387,009	-	-	-	250,694	2,637,703
Due from other funds	5,476,011	-	-	-	-	5,476,011
Prepaid items	-	-	-	-	1,787	1,787
Land held for resale	-	-	-	2,719,877	-	2,719,877
Total Assets	<u>\$ 31,054,151</u>	<u>\$ 9,489,635</u>	<u>\$ 5,106,830</u>	<u>\$ 8,211,814</u>	<u>\$ 12,399,279</u>	<u>\$ 66,261,709</u>
Liabilities						
Accounts payable	\$ 646,808	\$ -	\$ 2,484	\$ 580	\$ 486,217	\$ 1,136,089
Escrow accounts payable	73,265	-	-	-	-	73,265
Contracts payable	-	-	-	-	70,003	70,003
Due to other funds	-	761,537	-	-	425,311	1,186,848
Due to other governments	107,040	-	-	-	563	107,603
Salaries payable	461,869	-	-	-	70,735	532,604
Deposits payable	4,196	-	-	-	-	4,196
Unearned revenue	98,118	-	-	-	-	98,118
Total Liabilities	<u>1,391,296</u>	<u>761,537</u>	<u>2,484</u>	<u>580</u>	<u>1,052,829</u>	<u>3,208,726</u>
Deferred Inflows of Resources						
Deferred lease resources	2,298,828	-	-	-	247,586	2,546,414
Unavailable revenue						
Taxes	125,111	-	-	-	-	125,111
Special assessments	-	-	-	1,862,304	-	1,862,304
Intergovernmental	149,582	-	-	1,227,344	-	1,376,926
Advance from other governments	-	-	-	-	130,593	130,593
Total Deferred Inflows of Resources	<u>2,573,521</u>	<u>-</u>	<u>-</u>	<u>3,089,648</u>	<u>378,179</u>	<u>6,041,348</u>
Fund Balances						
Nonspendable	-	-	-	-	644,988	644,988
Restricted	821,396	8,728,098	5,104,346	-	3,879,145	18,532,985
Committed	-	-	-	-	7,099,000	7,099,000
Assigned	717,018	-	-	5,121,586	-	5,838,604
Unassigned	25,550,920	-	-	-	(654,862)	24,896,058
Total Fund Balances	<u>27,089,334</u>	<u>8,728,098</u>	<u>5,104,346</u>	<u>5,121,586</u>	<u>10,968,271</u>	<u>57,011,635</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,054,151</u>	<u>\$ 9,489,635</u>	<u>\$ 5,106,830</u>	<u>\$ 8,211,814</u>	<u>\$ 12,399,279</u>	<u>\$ 66,261,709</u>

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

City of Red Wing, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2023

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

Total Fund Balances - Governmental Funds	\$ 57,011,635
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	122,308,828
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	(17,415,000)
Lease payable	(282,637)
Unamortized bond premium, net of amortization	(1,153,255)
Other postemployment benefits obligation	(1,218,185)
Net pension liability	(4,560,226)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes	125,111
Special assessments	1,862,304
Intergovernmental	1,507,519
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	331,515
Governmental funds do not report a liability for accrued interest until due and payable.	(251,375)
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	8,296,384
Deferred inflows of pension resources	(12,041,693)
Deferred outflows of other postemployment benefit resources	617,675
Deferred inflows of other postemployment benefit resources	(391,895)
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.	4,340,265
Total Net Position - Governmental Activities	<u>\$ 159,086,970</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, 2023

	General	PERA Perpetual	Debt Service	Capital Improvement Assessment	Other Governmental Funds	Totals
Revenues						
Taxes	\$ 19,065,591	\$ -	\$ 4,678,993	\$ -	\$ 298,563	\$ 24,043,147
Special assessments	-	-	-	735,573	-	735,573
Licenses and permits	67,468	-	-	-	332,893	400,361
Intergovernmental	2,162,614	-	-	-	3,440,078	5,602,692
Charges for services	1,303,176	-	7,415	-	154,072	1,464,663
Fines and forfeits	80,514	-	-	-	204	80,718
Investment income	1,556,039	442,900	-	52,093	153,654	2,204,686
Miscellaneous	51,910	-	-	3,527	980,161	1,035,598
Total Revenues	<u>24,287,312</u>	<u>442,900</u>	<u>4,686,408</u>	<u>791,193</u>	<u>5,359,625</u>	<u>35,567,438</u>
Expenditures						
Current						
General government	2,383,634	-	-	-	-	2,383,634
Public safety	8,473,636	-	-	-	593,643	9,067,279
Public works	3,196,901	-	-	347,785	-	3,544,686
Sanitation	47,927	-	-	-	-	47,927
Culture and recreation	2,611,497	-	-	-	1,425,994	4,037,491
Economic development	1,017,404	-	-	-	315,084	1,332,488
Airport	-	-	-	-	287,112	287,112
Cemeteries	428,742	-	-	-	-	428,742
Contingencies and other	199,847	-	-	-	-	199,847
Capital outlay						
General government	101,975	-	-	-	-	101,975
Public safety	316,257	-	-	-	11,262	327,519
Public works	230,616	-	-	-	4,370,064	4,600,680
Culture and recreation	624,142	-	-	-	625,991	1,250,133
Economic development	16,589	-	-	-	-	16,589
Airport	-	-	-	-	1,017,692	1,017,692
Cemeteries	38,205	-	-	-	-	38,205
Debt service						
Principal retirement	138,296	-	4,400,000	-	-	4,538,296
Interest and fiscal charges	17,585	-	682,313	-	-	699,898
Total Expenditures	<u>19,843,253</u>	<u>-</u>	<u>5,082,313</u>	<u>347,785</u>	<u>8,646,842</u>	<u>33,920,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,444,059</u>	<u>442,900</u>	<u>(395,905)</u>	<u>443,408</u>	<u>(3,287,217)</u>	<u>1,647,245</u>
Other Financing Sources (Uses)						
Sale of capital assets	38,316	-	-	-	-	38,316
Transfers in	173,371	-	-	-	4,948,674	5,122,045
Transfers out	(3,999,231)	(101,371)	-	(19,500)	(641,921)	(4,762,023)
Total Other Financing Sources (Uses)	<u>(3,787,544)</u>	<u>(101,371)</u>	<u>-</u>	<u>(19,500)</u>	<u>4,306,753</u>	<u>398,338</u>
Net Change in Fund Balances	656,515	341,529	(395,905)	423,908	1,019,536	2,045,583
Fund Balances, January 1	<u>26,432,819</u>	<u>8,386,569</u>	<u>5,500,251</u>	<u>4,697,678</u>	<u>9,948,735</u>	<u>54,966,052</u>
Fund Balances, December 31	<u>\$ 27,089,334</u>	<u>\$ 8,728,098</u>	<u>\$ 5,104,346</u>	<u>\$ 5,121,586</u>	<u>\$ 10,968,271</u>	<u>\$ 57,011,635</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, 2023

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

Net Change in Fund Balances - Governmental Funds	\$ 2,045,583
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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	6,656,523
Depreciation/amortization expense	(6,742,104)

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	(4,507)
--	---------

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.

Bond principal repayments	4,400,000
Lease repayments	138,296
Bonds premiums amortization	271,875

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.

57,277

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	27,614
Special assessments	100,966
Intergovernmental	1,016,691

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	1,570
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Long-term pension activity is not reported in governmental funds.

Pension expense	(1,160,881)
Direct aid contributions	149,180

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.

329,780

Change in Net Position - Governmental Activities	<u><u>\$ 7,287,863</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Red Wing, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 19,238,394	\$ 19,238,394	\$ 19,065,591	\$ (172,803)
Licenses and permits	69,405	69,405	67,468	(1,937)
Intergovernmental	1,295,802	1,471,319	2,162,614	691,295
Charges for services	1,221,181	1,221,181	1,303,176	81,995
Fines and forfeits	63,385	63,385	80,514	17,129
Investment income	125,000	125,000	1,556,039	1,431,039
Miscellaneous				
Contributions and donations	30,575	30,575	15,217	(15,358)
Refunds	-	-	54	54
Other	18,500	18,500	36,639	18,139
Total Revenues	<u>22,062,242</u>	<u>22,237,759</u>	<u>24,287,312</u>	<u>2,049,553</u>
Expenditures				
Current				
General government	2,398,886	2,419,131	2,383,634	35,497
Public safety	8,622,942	8,878,548	8,473,636	404,912
Public works	2,985,873	2,975,410	3,196,901	(221,491)
Sanitation	43,303	43,303	47,927	(4,624)
Culture and recreation	2,360,316	2,365,780	2,611,497	(245,717)
Economic development	1,199,103	1,200,503	1,017,404	183,099
Cemeteries	441,807	441,807	428,742	13,065
Transit	182,000	182,000	-	182,000
Contingencies and other	122,575	122,575	199,847	(77,272)
Capital outlay				
General government	40,100	229,832	101,975	127,857
Public safety	365,075	750,075	316,257	433,818
Public works	619,410	832,406	230,616	601,790
Culture and recreation	516,100	958,818	624,142	334,676
Economic development	-	38,144	16,589	21,555
Cemeteries	41,000	41,000	38,205	2,795
Debt service				
Principal retirement	144,864	144,864	138,296	6,568
Interest and fiscal charges	-	-	17,585	(17,585)
Total Expenditures	<u>20,083,354</u>	<u>21,624,196</u>	<u>19,843,253</u>	<u>1,780,943</u>
Excess of Revenues Over Expenditures	<u>1,978,888</u>	<u>613,563</u>	<u>4,444,059</u>	<u>3,830,496</u>
Other Financing Sources (Uses)				
Sale of capital assets	9,000	9,000	38,316	29,316
Transfers in	221,000	221,000	173,371	(47,629)
Transfers out	(3,461,459)	(3,999,231)	(3,999,231)	-
Total Other Financing Sources (Uses)	<u>(3,231,459)</u>	<u>(3,769,231)</u>	<u>(3,787,544)</u>	<u>(18,313)</u>
Net Change in Fund Balances	(1,252,571)	(3,155,668)	656,515	3,812,183
Fund Balances, January 1	<u>26,432,819</u>	<u>26,432,819</u>	<u>26,432,819</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 25,180,248</u>	<u>\$ 23,277,151</u>	<u>\$ 27,089,334</u>	<u>\$ 3,812,183</u>

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

City of Red Wing, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
PERA Perpetual Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Investment income	\$ 192,222	\$ 192,222	\$ 442,900	\$ 250,678
Other Financing Uses				
Transfers out	-	-	(101,371)	(101,371)
Net Change in Fund Balances	192,222	192,222	341,529	149,307
Fund Balances, January 1	8,386,569	8,386,569	8,386,569	-
Fund Balances, December 31	<u>\$ 8,578,791</u>	<u>\$ 8,578,791</u>	<u>\$ 8,728,098</u>	<u>\$ 149,307</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, 2023

	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	\$ 1,158,351	\$ -	\$ 2,087,408	\$ 238,337
Receivables				
Accrued interest	16,304	18,575	-	2,901
Accounts - net of allowance for doubtful accounts of \$3,372,575	609,415	799,301	916,615	565,733
Loans	-	-	-	-
Intergovernmental	-	-	-	-
Leases	-	1,925,092	-	-
Inventories	-	335,350	48,664	-
Prepaid items	-	21	4,769	30
Total Current Assets	<u>1,784,070</u>	<u>3,078,339</u>	<u>3,057,456</u>	<u>807,001</u>
Noncurrent Assets				
Capital assets at cost				
Land	-	37,791	134,839	42,350
Construction in progress	-	2,827,913	1,952,038	-
Buildings	-	16,736,711	11,321,724	6,789,962
Improvements other than buildings	76,638	5,195,069	13,403,380	17,170,409
Machinery and equipment	734,537	145,732	2,570,300	301,233
Office equipment	-	-	-	-
Vehicles	2,367,931	729,130	1,478,843	2,364,352
Infrastructure	-	12,401,727	16,126,019	-
Less accumulated depreciation	(2,202,858)	(15,541,368)	(23,437,909)	(6,464,178)
Total Noncurrent Assets	<u>976,248</u>	<u>22,532,705</u>	<u>23,549,234</u>	<u>20,204,128</u>
Total Assets	<u>2,760,318</u>	<u>25,611,044</u>	<u>26,606,690</u>	<u>21,011,129</u>
Deferred Outflows of Resources				
Deferred pension resources	214,054	220,211	267,451	207,440
Deferred other postemployment benefit resources	122,268	122,058	135,006	62,619
Total Deferred Outflows of Resources	<u>336,322</u>	<u>342,269</u>	<u>402,457</u>	<u>270,059</u>

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

<u>Business-type Activities-Enterprise Funds</u>			Governmental
610	Other		Activities-
<u>Ambulance</u>	<u>Business-type</u>	<u>Total</u>	<u>Internal</u>
	<u>Activities</u>		<u>Service</u>
			<u>Funds</u>
\$ -	\$ 2,213,514	\$ 5,697,610	\$ 6,121,421
-	5,091	42,871	18,073
3,387,120	252,361	6,530,545	26,133
-	-	-	8,811
-	-	-	45,259
-	-	1,925,092	-
-	37,708	421,722	130,151
-	27,443	32,263	385
<u>3,387,120</u>	<u>2,536,117</u>	<u>14,650,103</u>	<u>6,350,233</u>
-	45,674	260,654	-
-	477,328	5,257,279	-
-	-	34,848,397	7,825
-	3,918,360	39,763,856	-
347,226	37,269	4,136,297	61,379
-	-	-	509,929
821,015	481,741	8,243,012	416,722
-	-	28,527,746	-
<u>(592,302)</u>	<u>(2,808,437)</u>	<u>(51,047,052)</u>	<u>(723,441)</u>
<u>575,939</u>	<u>2,151,935</u>	<u>69,990,189</u>	<u>272,414</u>
<u>3,963,059</u>	<u>4,688,052</u>	<u>84,640,292</u>	<u>6,622,647</u>
3,593,066	86,808	4,589,030	-
<u>201,396</u>	<u>10,080</u>	<u>653,427</u>	<u>-</u>
<u>3,794,462</u>	<u>96,888</u>	<u>5,242,457</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, 2023

	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
Liabilities				
Current Liabilities				
Accounts payable	\$ 23,047	\$ 162,264	\$ 510,341	\$ 189,887
Contracts payable	-	-	338	-
Due to other funds	-	1,068,706	-	-
Due to other governments	33,113	117,829	-	6,369
Accrued interest payable	-	-	2,875	96,578
Salaries payable	59,335	54,473	67,760	45,396
Unearned revenue	-	-	-	-
Compensated absences payable	67,054	92,503	95,224	42,075
Other postemployment benefits obligation	20,780	20,744	22,944	10,642
G.O. revenue bonds payable	-	-	340,000	455,000
Total Current Liabilities	<u>203,329</u>	<u>1,516,519</u>	<u>1,039,482</u>	<u>845,947</u>
Noncurrent Liabilities				
Compensated absences payable	81,238	77,431	95,980	73,898
G.O. revenue bonds payable	-	-	-	6,718,882
Net pension liability	833,427	857,398	1,041,328	807,676
Other postemployment benefits obligation	220,359	219,980	243,317	112,856
Total Noncurrent Liabilities	<u>1,135,024</u>	<u>1,154,809</u>	<u>1,380,625</u>	<u>7,713,312</u>
Total Liabilities	<u>1,338,353</u>	<u>2,671,328</u>	<u>2,420,107</u>	<u>8,559,259</u>
Deferred Inflows of Resources				
Deferred lease resources	-	1,888,651	-	-
Deferred pension resources	289,190	297,508	361,329	280,255
Deferred other postemployment benefit resources	77,575	77,442	85,657	39,730
Total Deferred Inflows of Resources	<u>366,765</u>	<u>2,263,601</u>	<u>446,986</u>	<u>319,985</u>
Net Position				
Net investment in capital assets	976,248	22,532,705	23,208,896	13,030,246
Unrestricted	<u>415,274</u>	<u>(1,514,321)</u>	<u>933,158</u>	<u>(628,302)</u>
Total Net Position	<u>\$ 1,391,522</u>	<u>\$ 21,018,384</u>	<u>\$ 24,142,054</u>	<u>\$ 12,401,944</u>

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

Net Position of Business-type Activities

<u>Business-type Activities-Enterprise Funds</u>			Governmental
610	Other		Activities-
<u>Ambulance</u>	<u>Business-type</u>	<u>Total</u>	<u>Internal</u>
	<u>Activities</u>		<u>Service</u>
			<u>Funds</u>
\$ 9,440	\$ 390,697	\$ 1,285,676	\$ 413,485
-	16,694	17,032	-
2,768,459	-	3,837,165	451,998
-	-	157,311	-
-	-	99,453	-
124,459	18,448	369,871	326,639
-	14,159	14,159	-
142,145	27,020	466,021	1,297,124
34,228	1,713	111,051	-
-	-	795,000	-
<u>3,078,731</u>	<u>468,731</u>	<u>7,152,739</u>	<u>2,489,246</u>
143,400	70,029	541,976	709,647
-	-	6,718,882	-
5,424,921	337,986	9,302,736	-
362,967	18,166	1,177,645	-
<u>5,931,288</u>	<u>426,181</u>	<u>17,741,239</u>	<u>709,647</u>
<u>9,010,019</u>	<u>894,912</u>	<u>24,893,978</u>	<u>3,198,893</u>
-	-	1,888,651	-
-	117,278	1,345,560	-
127,779	6,395	414,578	-
<u>127,779</u>	<u>123,673</u>	<u>3,648,789</u>	<u>-</u>
575,939	2,135,241	62,459,275	272,414
<u>(1,956,216)</u>	<u>1,631,114</u>	<u>(1,119,293)</u>	<u>3,151,340</u>
<u>\$ (1,380,277)</u>	<u>\$ 3,766,355</u>	61,339,982	<u>\$ 3,423,754</u>
		<u>(918,964)</u>	
		<u>\$ 60,421,018</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, 2023

	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	\$ 3,427,846	\$ 4,601,813	\$ 6,916,571	\$ 5,109,137
Sales	-	-	-	-
Cost of goods sold	-	-	-	-
Miscellaneous	96,128	28,246	129	100
Total Operating Revenues	<u>3,523,974</u>	<u>4,630,059</u>	<u>6,916,700</u>	<u>5,109,237</u>
Operating Expenses				
Personal services	764,613	766,325	975,777	787,113
Employee benefits	490,163	443,555	567,891	444,227
Supplies	286,819	370,587	1,192,965	460,764
Cost of merchandise sold	-	-	-	-
Professional services	290,796	220,696	1,055,487	2,194,557
Rent and leased equipment	257	20,122	8,606	2,912
Repairs and maintenance	148,663	228,343	528,784	155,191
Administration and fiscal charges	1,038,877	566,076	476,743	174,456
Insurance premiums	14,360	48,698	79,314	36,199
Insurance claims	-	-	-	-
Depreciation	265,550	698,015	1,100,411	1,038,104
Miscellaneous	2,288	69,214	9,073	54,399
Total Operating Expenses	<u>3,302,386</u>	<u>3,431,631</u>	<u>5,995,051</u>	<u>5,347,922</u>
Operating Income (Loss)	<u>221,588</u>	<u>1,198,428</u>	<u>921,649</u>	<u>(238,685)</u>
Nonoperating Revenues (Expenses)				
Intergovernmental				
Federal and state grants	-	-	-	108,267
Investment income	72,518	78,316	36	26,624
Rents and leases	-	112,189	-	-
Refunds	-	-	-	-
Miscellaneous	-	68,906	356,911	32,658
Gain on sale of capital assets	4,303	-	-	3,493
Interest and fiscal charges	-	(18,362)	(12,917)	(201,301)
Total Nonoperating Revenues (Expenses)	<u>76,821</u>	<u>241,049</u>	<u>344,030</u>	<u>(30,259)</u>
Income (Loss) Before Contributions and Transfers	298,409	1,439,477	1,265,679	(268,944)

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
\$ 3,607,720	\$ 2,110,429	\$ 25,773,516	\$ 15,880,262
-	118,315	118,315	-
-	(92,761)	(92,761)	-
-	18,380	142,983	2,434,521
<u>3,607,720</u>	<u>2,154,363</u>	<u>25,942,053</u>	<u>18,314,783</u>
1,726,434	393,989	5,414,251	4,440,858
884,205	145,461	2,975,502	9,170,131
155,284	214,055	2,680,474	586,550
-	-	-	974,520
303,594	726,102	4,791,232	1,896,710
-	6,751	38,648	24,774
67,796	44,278	1,173,055	551,737
18,036	72,328	2,346,516	229,015
8,887	22,506	209,964	504,742
-	-	-	69,238
123,398	118,247	3,343,725	83,967
59,699	17,239	211,912	13,057
<u>3,347,333</u>	<u>1,760,956</u>	<u>23,185,279</u>	<u>18,545,299</u>
<u>260,387</u>	<u>393,407</u>	<u>2,756,774</u>	<u>(230,516)</u>
88,790	7,500	204,557	-
-	111,256	288,750	213,994
-	-	112,189	-
4,248	-	4,248	-
12,072	-	470,547	-
-	3,544	11,340	-
-	-	(232,580)	-
<u>105,110</u>	<u>122,300</u>	<u>859,051</u>	<u>213,994</u>
365,497	515,707	3,615,825	(16,522)

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 (Continued)
For the Year Ended December 31, 2023

	Business-type Activities-Enterprise Funds			
	600	601/651/	602/650/317	603/307/326/
	Refuse	319/488	320/322/323/	403/406
	Collection	Water Utility	Sewer Utility	Solid Waste
	& Recycling			Campus
Capital Grants and Contributions	-	43,386	28,033	-
Transfers In	-	-	-	-
Transfers Out	-	(666,125)	(421,497)	-
Change in Net Position	298,409	816,738	872,215	(268,944)
Net Position, January 1	1,093,113	20,201,646	23,269,839	12,670,888
Net Position, December 31	<u>\$ 1,391,522</u>	<u>\$ 21,018,384</u>	<u>\$ 24,142,054</u>	<u>\$ 12,401,944</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

Business-type Activities-Enterprise Funds			Governmental
610 Ambulance	Other Business-type Activities	Total	Activities- Internal Service Funds
-	22,500	93,919	-
250,000	75,000	325,000	569,600
-	(167,000)	(1,254,622)	-
615,497	446,207	2,780,122	553,078
(1,995,774)	3,320,148	58,559,860	2,870,676
<u>\$ (1,380,277)</u>	<u>\$ 3,766,355</u>	<u>\$ 61,339,982</u>	<u>\$ 3,423,754</u>
		\$ 2,780,122	
		<u>224,889</u>	
		<u>\$ 3,005,011</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, 2023

	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	\$ 3,401,538	\$ 4,600,657	\$ 6,953,820	\$ 5,325,221
Receipts from interfund services provided	-	-	-	-
Payments to vendors and suppliers	(1,805,598)	(1,474,513)	(3,349,104)	(3,100,221)
Payments to and on behalf of employees	(1,207,206)	(1,255,347)	(1,455,394)	(1,127,196)
Other receipts	96,128	97,152	357,040	32,758
Net Cash Provided (Used) by Operating Activities	<u>484,862</u>	<u>1,967,949</u>	<u>2,506,362</u>	<u>1,130,562</u>
Cash Flows From Noncapital Financing Activities				
Grants received	-	-	-	108,267
Loans made	-	-	-	-
(Increase) decrease in due from other funds	-	1,068,706	-	-
Lease receipts	-	124,982	-	-
Increase (decrease) in due to other funds	-	-	-	-
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(666,125)	(421,497)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>527,563</u>	<u>(421,497)</u>	<u>108,267</u>
Cash Flows From Capital and Related Financing Activities				
Capital grants and contributions received	-	43,386	28,033	-
Proceeds from sale of capital assets	4,303	-	-	3,493
Principal paid on bonds and leases	-	(1,020,000)	(332,000)	(445,000)
Interest and fiscal charges paid on bonds and leases	-	(28,754)	(15,725)	(239,013)
Payments for acquisition and construction of capital assets	-	(2,353,898)	(2,510,157)	(25,866)
Advances received from other funds	-	-	-	(320,535)
Net Cash Used by Capital and Related Financing Activities	<u>4,303</u>	<u>(3,359,266)</u>	<u>(2,829,849)</u>	<u>(1,026,921)</u>
Cash Flows From Investing Activities				
Interest receipts	<u>56,224</u>	<u>72,125</u>	<u>36</u>	<u>26,429</u>
Net Increase (Decrease) in Cash and Cash Equivalents	545,389	(791,629)	(744,948)	238,337
Cash and Cash Equivalents, January 1	<u>612,962</u>	<u>791,629</u>	<u>2,832,356</u>	<u>-</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,158,351</u>	<u>\$ -</u>	<u>\$ 2,087,408</u>	<u>\$ 238,337</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
\$ 2,287,662	\$ 2,195,077	\$ 24,763,975	\$ -
-	-	-	15,869,721
(641,923)	(1,213,345)	(11,584,704)	(4,462,669)
(2,552,469)	(519,846)	(8,117,458)	(14,235,554)
16,320	18,337	617,735	2,434,521
(890,410)	480,223	5,679,548	(393,981)
88,790	7,500	204,557	-
-	-	-	1,466
-	-	1,068,706	-
-	-	124,982	-
689,486	-	689,486	(4,705)
250,000	75,000	325,000	569,600
-	(167,000)	(1,254,622)	-
1,028,276	(84,500)	1,158,109	566,361
-	22,500	93,919	-
-	3,544	11,340	-
-	-	(1,797,000)	-
-	-	(283,492)	-
(137,866)	(205,813)	(5,233,600)	(102,534)
-	-	(320,535)	-
(137,866)	(179,769)	(7,529,368)	(102,534)
-	109,543	264,357	206,732
-	325,497	(427,354)	276,578
-	1,888,017	6,124,964	5,844,843
\$ -	\$ 2,213,514	\$ 5,697,610	\$ 6,121,421

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, 2023

	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
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 221,588	\$ 1,198,428	\$ 921,649	\$ (238,685)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	68,906	356,911	32,658
Depreciation	265,550	698,015	1,100,411	1,038,104
(Increase) decrease in assets				
Accounts receivable	(26,205)	(1,050)	37,378	216,184
Due from other governments	-	-	-	-
Inventories	-	(31,802)	(12,689)	-
Prepaid items	-	-	(461)	-
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	132,214	154,349	171,037	113,579
Deferred other postemployment benefit resources	(31,522)	(40,212)	(50,771)	(18,851)
Increase (decrease) in liabilities				
Accounts payable	(24,768)	19,624	15,018	(24,113)
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	1,230	61,401	-	2,370
Salaries payable	2,019	(5,147)	(61)	(7,704)
Compensated absences payable	5,237	(55,360)	16,905	28,912
Other postemployment benefits obligation	19,045	40,411	60,101	16,379
Net pension liability	(355,168)	(428,315)	(463,824)	(294,250)
Unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	266,575	273,048	332,694	259,291
Deferred other postemployment benefit resources	9,067	15,653	22,064	6,688
Net Cash Provided (Used) by Operating Activities	<u>\$ 484,862</u>	<u>\$ 1,967,949</u>	<u>\$ 2,506,362</u>	<u>\$ 1,130,562</u>
Schedule of Noncash Financing and Investing Activities				
Capital assets acquired on account	\$ -	\$ -	\$ 337,527	\$ -
Amortization of bond (premium) discount	\$ -	\$ -	\$ -	\$ (32,149)
Bad debt write off	\$ -	\$ -	\$ -	\$ -

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

Business-type Activities-Enterprise Funds			Governmental
610 Ambulance	Other Business-type Activities	Total	Activities- Internal Service Funds
\$ 260,387	\$ 393,407	\$ 2,756,774	\$ (230,516)
16,320	-	474,795	-
123,398	118,247	3,343,725	83,967
(1,320,058)	(7,120)	(1,100,871)	25,319
-	-	-	(35,860)
-	(14,060)	(58,551)	(34,846)
-	(3,808)	(4,269)	9
-	56,410	627,589	-
(56,994)	6,493	(191,857)	-
(28,627)	(16,151)	(59,017)	(329,790)
-	16,694	16,694	-
-	-	-	-
-	-	65,001	-
22,873	(483)	11,497	6,320
29,745	29,590	55,029	121,416
43,782	(20,682)	159,036	-
-	(153,622)	(1,695,179)	-
-	(26,504)	(26,504)	-
-	107,928	1,239,536	-
18,764	(6,116)	66,120	-
<u>\$ (890,410)</u>	<u>\$ 480,223</u>	<u>\$ 5,679,548</u>	<u>\$ (393,981)</u>
<u>\$ -</u>	<u>\$ 317,189</u>	<u>\$ 654,716</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,149)</u>	<u>\$ -</u>
<u>\$ 10,872,586</u>	<u>\$ -</u>	<u>\$ 10,872,586</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, 2023

	Custodial Funds
Assets	
Cash and investments	\$ 1,520,560
Assets held in endowment	3,723,466
Receivables	
Interest	1,188
Accounts	48,311
Due from primary government	99,943
Prepaid items	63,694
	<hr/>
Total Assets	5,457,162
	<hr/>
Liabilities	
Accounts payable	92,002
Due to other governments	1,632
Salaries payable	32,636
Compensated absences payable	8,857
Unearned revenue	131,939
Total Current Liabilities	<hr/> 267,066
Noncurrent Liabilities	
Compensated absences payable	56,171
	<hr/>
Total Liabilities	323,237
	<hr/>
Net Position	
Restricted	
Individuals, organizations, endowments and other governments	<u><u>\$ 5,133,925</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, 2023

	<u>Custodial Funds</u>
Additions	
Intergovernmental	\$ 1,025,017
Investment income	294,222
Charges for services	662,176
Miscellaneous	<u>505,494</u>
Total Additions	<u>2,486,909</u>
Deductions	
Culture and recreation	
Personal services	691,358
Supplies	75,616
Other services and charges	797,379
Capital outlay	898,445
Miscellaneous	
Other services and charges	<u>89,882</u>
Total Deductions	<u>2,552,680</u>
Net Increase (Decrease) in Fiduciary Net Position	(65,771)
Net Position, January 1	<u>5,199,696</u>
Net Position, December 31	<u><u>\$ 5,133,925</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, 2023

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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, 2023

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, 2023

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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, 2023

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

The City has the following recurring fair value measurements as of December 31, 2023:

- U.S. government agency securities of \$58,721,102 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$1,966,803 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, 2023

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 2023. 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 \$3,372,575 as of December 31, 2023.

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.

Leases Receivable

The City's leases receivable are measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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, 2023

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, represent a consumption of net assets 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, 2023

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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEFPF), 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	PEFPF	DCP		
City's proportionate share	\$ 903,125	\$ 1,913,647	\$ 1,318	\$ 257,540	\$ 3,075,630
Proportionate share of State's contribution	845	(17,068)	-	-	(16,223)
Total pension expense	<u>\$ 903,970</u>	<u>\$ 1,896,579</u>	<u>\$ 1,318</u>	<u>\$ 257,540</u>	<u>\$ 3,059,407</u>

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 assets 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 two types of items, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. The first 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. The second item, advance from other governments, is also only reported in the governmental funds balance sheet. 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. There is also one item, deferred lease resources, that is reported on both the statement of net position and governmental fund balance sheet.

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, 2023

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 expenditures to the General fund of \$1,540,842, the Airport special revenue fund of \$73,768, and the Library special revenue fund of \$211,400.

The City does not use encumbrance accounting.

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

The City adopts an annual appropriated budget for all of its funds per the City Charter. The General fund, PERA Perpetual fund, Airport fund, Library fund, DEED Loan fund, Sister Cities fund, Inspection fund, and Library Memorial fund are presented in the annual report.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures over Appropriations

The following budgeted special revenue fund had expenditures in excess of budget for the year ended December 31, 2023:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Sister Cities	\$ 16,000	\$ 27,947	\$ 11,947

The excess expenditures were funded by revenues in excess of expectations and available fund balance.

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2023:

Fund	Amount
Governmental Funds	
Nonmajor	
Special revenue	
Tax Increment Downtown District	\$ 14,920
Inspection	163,610
Capital Projects	
Briarwood and Hi Park Avenue	11,000
Parkland Acquisition	5,050
2021 Street Reconstruction Project	15,339
Sturgeon Lake Road Overpass	184,021
Old West Main Reconstruction	260,922
Proprietary Funds	
Major	
Ambulance	1,380,277

It is anticipated that the Tax Increment Downtown District fund deficit will be eliminated with future tax increment revenues.

It is anticipated that the Inspection fund deficit will be eliminated with future inspection 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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 \$2,033,515, including \$1,519,460 reported in fiduciary funds. The bank balance was \$2,716,871. The bank balance was covered by federal depository insurance of \$250,000 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, 2023

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2023 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	\$ 341		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 1 year	3,168,272		
St. Paul Foundation	N/A	less than 1 year	4,366,667		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	less than 1 year	15,961,392	\$ 15,961,392	\$ -
Government Agency Securities	AAA	1 to 5 years	39,760,926	39,760,926	-
Government Agency Securities	AAA	more than 5 years	2,998,784	2,998,784	-
Negotiable Certificates of Deposit	N/A	less than 1 year	670,978	-	670,978
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,295,825	-	1,295,825
Total Investments			\$ 68,223,185	\$ 58,721,102	\$ 1,966,803

(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 75 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, 2023, 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, 2023

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 \$2,425.

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	\$ (647,297)	\$ 1,161,352	\$ 1,519,460	\$ 2,033,515
Investments	63,609,186	890,533	3,723,466	68,223,185
Cash on Hand	1,325	-	1,100	2,425
Total	<u>\$ 62,963,214</u>	<u>\$ 2,051,885</u>	<u>\$ 5,244,026</u>	<u>\$ 70,259,125</u>
Cash and Investments	\$ 62,320,013	\$ 2,051,885	\$ 1,520,560	\$ 65,892,458
Assets Held in Endowment	643,201	-	3,723,466	4,366,667
Total	<u>\$ 62,963,214</u>	<u>\$ 2,051,885</u>	<u>\$ 5,244,026</u>	<u>\$ 70,259,125</u>

B. Assets Held in Endowment

Assets held in endowment at December 31, 2023 were \$4,366,667. 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, 2023 are \$643,201 and \$3,723,466, respectively. Assets in the endowment are shown as restricted on the statement of net position. Variance power has not been granted to the Saint Paul Foundation. The assets are not available for immediate expenditure. Limited amounts are annually distributed from the Foundation when net income or principal or both meet the criteria as determined by the Foundation's spending policy, at such times as the Foundation deems appropriate. Assets in the endowment are subject to Minnesota Statute 309.745

C. Loans Receivable

Specific special revenue funds make installment loans to promote economic development within the City. Economic development loans receivable of \$8,811 and \$1,268,117 are reported as assets in the primary government and component unit, respectively. These loans are reported net of allowances of \$63,363, respectively:

Fund	Amount
Primary Government	
Internal Service	
Risk Management	<u>\$ 8,811</u>
Component Unit	
Industrial Loan	\$ 1,061,898
Micro Loan	27,580
Intermediary Relending	121,540
Small Business Development Loan	<u>60,000</u>
Total Component Unit	<u>\$ 1,271,018</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Primary Government

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance As Restated	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated/Amortized				
Land	\$ 9,654,480	\$ 439,760	\$ -	\$ 10,094,240
Construction in progress	21,109,812	5,443,269	(3,660,813)	22,892,268
Total Capital Assets not Being Depreciated/Amortized	<u>30,764,292</u>	<u>5,883,029</u>	<u>(3,660,813)</u>	<u>32,986,508</u>
Capital Assets Being Depreciated/Amortized				
Buildings	43,827,858	-	-	43,827,858
Improvements other than buildings	39,364,652	229,584	-	39,594,236
Machinery and equipment	3,429,069	230,045	-	3,659,114
Office equipment	1,466,362	-	-	1,466,362
Vehicles	13,669,691	416,733	(625,147)	13,461,277
Infrastructure	89,408,477	3,660,479	-	93,068,956
Leased building (intangible right to use asset)	565,331	-	-	565,331
Total Capital Assets Being Depreciated/Amortized	<u>191,731,440</u>	<u>4,536,841</u>	<u>(625,147)</u>	<u>195,643,134</u>
Less Accumulated Depreciation for				
Buildings	(26,198,613)	(1,131,512)	-	(27,330,125)
Improvements other than buildings	(15,713,924)	(1,017,818)	-	(16,731,742)
Machinery and equipment	(2,001,796)	(207,676)	-	(2,209,472)
Office equipment	(1,194,966)	(68,204)	-	(1,263,170)
Vehicles	(10,841,186)	(957,572)	620,640	(11,178,118)
Infrastructure	(43,751,151)	(3,301,956)	-	(47,053,107)
Leased building (intangible right to use asset)	(141,333)	(141,333)	-	(282,666)
Total Accumulated Depreciation	<u>(99,842,969)</u>	<u>(6,826,071)</u>	<u>620,640</u>	<u>(106,048,400)</u>
Total Capital Assets Being Depreciated, Net	<u>91,888,471</u>	<u>(2,289,230)</u>	<u>(4,507)</u>	<u>89,594,734</u>
Governmental Activities Capital Assets, Net	<u>\$ 122,652,763</u>	<u>\$ 3,593,799</u>	<u>\$ (3,665,320)</u>	<u>\$ 122,581,242</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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	\$ 45,674	\$ -	\$ 260,654
Construction in progress	910,762	4,548,217	(201,700)	5,257,279
Total Capital Assets not Being Depreciated	1,125,742	4,593,891	(201,700)	5,517,933
Capital Assets Being Depreciated				
Buildings	34,848,397	-	-	34,848,397
Improvements other than buildings	39,021,313	742,543	-	39,763,856
Machinery and equipment	3,596,344	539,953	-	4,136,297
Vehicles	8,462,587	213,629	(433,204)	8,243,012
Infrastructure	28,527,746	-	-	28,527,746
Total Capital Assets Being Depreciated	114,456,387	1,496,125	(433,204)	115,519,308
Less Accumulated Depreciation for				
Buildings	(13,529,996)	(697,629)	-	(14,227,625)
Improvements other than buildings	(11,618,213)	(1,275,128)	-	(12,893,341)
Machinery and equipment	(2,634,568)	(117,385)	-	(2,751,953)
Vehicles	(5,648,842)	(758,836)	433,204	(5,974,474)
Infrastructure	(14,704,912)	(494,747)	-	(15,199,659)
Total Accumulated Depreciation	(48,136,531)	(3,343,725)	433,204	(51,047,052)
Total Capital Assets Being Depreciated, Net	66,319,856	(1,847,600)	-	64,472,256
Business-type Activities Capital Assets, Net	<u>\$ 67,445,598</u>	<u>\$ 2,746,291</u>	<u>\$ (201,700)</u>	<u>\$ 69,990,189</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 174,154
Public safety	910,799
Public works	4,480,971
Culture and recreation	950,626
Economic development	97,587
Miscellaneous	
Airport	55,732
Cemeteries	72,235
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>83,967</u>

Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 6,826,071</u></u>
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Business-type Activities

Refuse collection and recycling	\$ 265,550
Water utility	698,015
Sewer utility	1,100,411
Solid waste campus	1,038,104
Marina	51,177
Ambulance	123,398
Storm water utility	<u>67,070</u>

Total Depreciation Expense - Business-type Activities	<u><u>\$ 3,343,725</u></u>
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Component Unit

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Component Unit Activities				
Capital Assets not Being Depreciated/Amortized				
Land	<u>\$ 175,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,042</u>
Capital Assets Being Depreciated/Amortized				
Improvements other than buildings	997,441	-	-	997,441
Leased land (intangible right to use asset)	<u>-</u>	<u>114,342</u>	<u>-</u>	<u>114,342</u>
Total Capital Assets Being Depreciated/Amortized	<u>997,441</u>	<u>114,342</u>	<u>-</u>	<u>1,111,783</u>
Less Accumulated Depreciation/Amortization for				
Improvements other than buildings	(549,097)	(14,255)	-	(563,352)
Leased land (intangible right to use asset)	<u>-</u>	<u>(22,868)</u>	<u>-</u>	<u>(22,868)</u>
Total Accumulated Depreciation/Amortization	<u>(549,097)</u>	<u>(37,123)</u>	<u>-</u>	<u>(586,220)</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>448,344</u>	<u>77,219</u>	<u>-</u>	<u>525,563</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$ 623,386</u></u>	<u><u>\$ 77,219</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 700,605</u></u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense charged to the component unit was as follows:

Component Unit Activities

Port Authority	<u>\$ 37,123</u>
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Construction Commitments

The City has active construction projects as of December 31, 2023. 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
2023 Sewer Lining	\$ 317,189	\$ 59,194
Federal Airport Project	724,058	378,614
2021 Reconstruction	1,063,151	71,555
Old West Main Reconstruction	<u>4,192,090</u>	<u>142,402</u>
Total	<u>\$ 6,296,487</u>	<u>\$ 651,766</u>

E. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2023 is as follows:

Due from/to Other Funds

Receivable Fund	Primary Government Payable Fund	Amount
General	PERA Perpetual	\$ 761,537
	Nonmajor Governmental	425,311
	Water Enterprise	1,068,706
	Ambulance Enterprise	2,768,459
	Internal Service	<u>451,998</u>
Total		<u>\$ 5,476,011</u>
Governmental activities - internal balances	Business-type activities - internal balances	<u>\$ 4,756,129</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 \$761,537 is for the operating subsidy not yet remitted to the General fund. The remaining balances totaling \$4,713,606 are for temporary advances to cover cash deficits. A portion of the amount due to the governmental activities from the business-type activities (\$4,713,606) is due to the elimination of internal service fund profits and losses.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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>\$ 2,453</u>

Interfund Transfers

The following transfers were made for the year ended December 31, 2023:

Fund	Transfers In					Total
	General	Nonmajor Governmental	Ambulance	Nonmajor Enterprise	Engineering Management Internal Service	
Transfers Out						
General	\$ -	\$ 3,104,631	\$ 250,000	\$ 75,000	\$ 569,600	\$ 3,999,231
PERA Perpetual	101,371	-	-	-	-	101,371
Capital Improvement						
Assessment	-	19,500	-	-	-	19,500
Nonmajor						
governmental	-	641,921	-	-	-	641,921
Water Utility enterprise	36,000	630,125	-	-	-	666,125
Sewer Utility enterprise	36,000	385,497	-	-	-	421,497
Nonmajor enterprise	-	-	-	-	-	-
Storm Water	-	167,000	-	-	-	167,000
Total	<u>\$ 173,371</u>	<u>\$ 4,948,674</u>	<u>\$ 250,000</u>	<u>\$ 75,000</u>	<u>\$ 569,600</u>	<u>\$ 6,016,645</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 2023:

- From the General fund to the following funds for operating subsidies:
 - Green Revolving special revenue fund (\$75,000)
 - Airport special revenue fund (\$109,209)
 - Library special revenue fund (\$1,235,386)
 - Sister Cities special revenue fund (\$5,500)
 - Building Inspection special revenue fund (\$135,843)
 - Ambulance enterprise fund (\$250,000)
 - Engineering Management internal service fund (\$569,600)

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

In the year ended December 31, 2023, the City made the following one-time significant transfers:

- General fund to various nonmajor capital projects for one-time capital improvements (\$1,618,893)
- PERA Perpetual fund to the General Fund for operating subsidy to fund capital improvements (\$101,371)
- Capital Improvement Assessment Fund to nonmajor governmental funds to fund one-time capital improvements (\$19,500)
- Various nonmajor capital funds to various nonmajor capital funds to fund one-time capital improvements and close funds (\$641,921)
- Water enterprise fund to General Fund for operating subsidy to fund capital improvements (\$36,000)
- Water enterprise fund to nonmajor capital funds to fund one-time capital improvements (\$630,125)
- Sewer enterprise fund to General Fund for operating subsidy to fund capital improvements (\$36,000)
- Sewer enterprise fund to nonmajor capital funds to fund one-time capital improvements (\$385,497)
- Nonmajor Storm Water enterprise fund to nonmajor capital funds to fund one-time capital improvements (\$167,000)

F. Leases Receivable

Primary Government

The City leases various marina, buildings, and cell tower space. There are four marina leases that have related long-term receivable balances. These leases expire between 2037 and 2047 and include various renewal terms. The City also leases several building spaces, the shortest expiring in 2028 and one running through 2042. Lastly, there are four outstanding cell tower leases in which various cellular companies rent water tower space. These leases are expected to be renewed with the latest renewal term ending in 2052.

Long-term lease activity for the year ended December 31, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Governmental Lease Receivables				
River Valley Marina Lease	01/01/22	2.00 %	\$ 28,451	\$ 718,467
Red Wing Yacht Club	01/01/15	2.00	53,756	893,365
Harbor Yacht Club Marina	01/01/15	2.00	10,942	180,795
Goodhue County Historical Society	01/01/90	2.00	20,464	333,124
Hiawatha Broadband Communications	01/01/13	2.00	4,185	81,684
Cruiser Club Marina Lease	01/01/15	2.00	10,868	179,574
Brownseed Genetics	08/01/13	1.44	9,283	93,916
Blue Airways Inc - Fixed Base Operator Lease	01/01/19	1.44	30,951	156,778
Total Governmental Lease Receivables				<u>\$ 2,637,703</u>
Business-Type Lease Receivables				
Verizon Wireless - River Bluff	01/01/23	1.73	34,151	994,439
New Cingular Wireless	01/01/08	0.83	30,248	125,354
Verizon Wireless - Charlson	01/01/06	0.55	23,179	47,932
T-Mobile	01/01/18	1.65	30,454	757,367
Total Business-Type Lease Receivables				<u>1,925,092</u>
Total Lease Receivables				<u>\$ 4,562,795</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

The annual receipts for governmental and business-type activities to maturity for lease receivables are as follows:

Year Ending December 31,	Lease Receivable		
	Governmental Activities		
	Principal	Interest	Total
2024	\$ 125,749	\$ 51,274	\$ 177,023
2025	130,808	48,959	179,767
2026	136,035	46,545	182,580
2027	141,435	44,029	185,464
2028	147,012	41,407	188,419
2029 - 2033	656,848	169,735	826,583
2034 - 2038	761,351	100,427	861,778
2039 - 2043	345,941	34,779	380,720
2044 - 2048	192,524	9,949	202,473
Total	<u>\$ 2,637,703</u>	<u>\$ 547,104</u>	<u>\$ 3,184,807</u>

Year Ending December 31,	Lease Receivable		
	Business-type Activities		
	Principal	Interest	Total
2024	\$ 81,601	\$ 31,097	\$ 112,698
2025	84,094	30,232	114,326
2026	61,400	29,397	90,797
2027	63,140	28,627	91,767
2028	39,839	27,945	67,784
2029 - 2033	220,437	129,333	349,770
2034 - 2038	297,673	108,062	405,735
2039 - 2043	390,969	79,682	470,651
2044 - 2048	443,710	42,729	486,439
2049 - 2053	242,229	10,651	252,880
Total	<u>\$ 1,925,092</u>	<u>\$ 517,755</u>	<u>\$ 2,442,847</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Component Unit

The City's Port Authority leases land and building space to various lessee's. Two of these agreements expired in 2023, one runs through 2029, and in 2023, the Port Authority entered into a five-year lease with CD Terminal LLC for the Little River Bulkhead.

Long-term lease activity for the year ended December 31, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
Port Authority Lease Receivables				
American River Transportation	07/01/19	1.44 %	\$ 21,015	\$ 130,001
2023 Bulkhead Operator Lease Agreement	01/01/23	4.23	77,283	319,284
Total Port Authority Lease Receivables				<u>\$ 449,285</u>

The annual receipts for Port Authority activities to maturity for lease receivables are as follows:

Year Ending December 31,	Lease Receivable Port Authority Activities		
	Principal	Interest	Total
2024	\$ 90,882	\$ 14,536	\$ 105,418
2025	97,214	11,150	108,364
2026	103,883	7,511	111,394
2027	110,907	3,605	114,512
2028	22,800	588	23,388
2029 - 2033	23,599	256	23,855
2034 - 2038	-	-	-
2039 - 2043	-	-	-
2044 - 2048	-	-	-
Total	<u>\$ 449,285</u>	<u>\$ 37,646</u>	<u>\$ 486,931</u>

G. 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, 2023

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 2013A G.O. Equipment Certificates of 2014A	\$ 2,930,000	2.00	04/24/13	02/01/24	\$ 220,000
G.O. Bonds of 2015A	1,115,000	1.90 - 2.25	04/23/14	02/01/24	120,000
G.O. Bonds of 2016A	7,735,000	2.00	05/13/15	02/01/26	2,400,000
G.O. Bonds of 2017A	8,525,000	2.00	08/25/16	02/01/27	3,550,000
G.O. Bonds of 2018A	6,740,000	2.00 - 4.00	05/25/17	02/01/27	2,895,000
G.O. Bonds of 2018A	13,535,000	3.00 - 5.00	04/26/18	02/01/28	8,230,000
Total G.O. Bonds					<u>\$ 17,415,000</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
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	3,285,000	120,600	3,405,600
2028	1,805,000	27,075	1,832,075
Total	<u>\$ 17,415,000</u>	<u>\$ 1,340,800</u>	<u>\$ 18,755,800</u>

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 Bonds of 2004	\$ 5,283,360	2.34 %	09/23/04	08/20/24	\$ 340,000
G.O. Refunding Revenue Bonds of 2017A	2,585,000	2.00 - 4.00	05/25/17	02/01/29	1,510,000
G.O. Solid Waste Revenue Bonds of 2019A	5,955,000	3.00 - 5.00	03/28/19	02/01/40	5,330,000
Total G.O. Revenue Bonds					<u>\$ 7,180,000</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

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
2024	\$ 795,000	\$ 230,668	\$ 1,025,668
2025	475,000	204,162	679,162
2026	495,000	183,537	678,537
2027	520,000	160,687	680,687
2028	540,000	139,297	679,297
2029 - 2033	1,795,000	509,320	2,304,320
2034 - 2038	1,775,000	258,781	2,033,781
2039 - 2040	785,000	24,766	809,766
Total	<u>\$ 7,180,000</u>	<u>\$ 1,711,219</u>	<u>\$ 8,891,219</u>

Lease Payable

The Goodhue County Law Enforcement Center was leased for police department use in beginning in 2014. The initial lease term ends on December 31, 2023, but it is anticipated to be renewed for an additional two year term. In 2023, the Port Authority leased real property from Northern States Power Company for the storage of barge commodities and equipment. The lease has a five year term and will automatically expire at the end of the fifth year.

Lease agreements are summarized as follows:

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Governmental Activities						
Goodhue County Law Enforcement Center	\$ 565,331	1.44 %	01/01/14	4 Years	\$ 144,398 Annually	\$ 282,637
Port Authority Activities						
Northern States Power Company Property	114,342	4.23	01/01/23	5 years	2,548 monthly	93,035
Total Lease Payable						<u>\$ 375,672</u>

The annual debt service requirements to maturity for the lease payables are as follows:

Year Ending December 31	Lease Payable		
	Governmental Activities		
	Principal	Interest	Total
2024	\$ 140,302	\$ 4,097	\$ 144,399
2025	142,335	2,063	144,398
Total	<u>\$ 282,637</u>	<u>\$ 6,160</u>	<u>\$ 288,797</u>

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Year Ending December 31	Lease Payable Port Authority		
	Principal	Interest	Total
2024	\$ 21,807	\$ 3,529	\$ 25,336
2025	22,747	2,589	25,336
2026	23,729	1,607	25,336
2027	24,752	584	25,336
Total	<u>\$ 93,035</u>	<u>\$ 8,309</u>	<u>\$ 101,344</u>

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	\$ 4,630,059	\$ 6,916,700	\$ 5,109,237
Principal and Interest	1,048,754	347,725	684,013
Percentage of Revenues	22.7%	5.0%	13.4%

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 21,815,000	\$ -	\$ (4,400,000)	\$ 17,415,000	\$ 4,250,000
Unamortized Bond Premiums	1,425,130	-	(271,875)	1,153,255	-
Total Bonds Payable	23,240,130	-	(4,671,875)	18,568,255	4,250,000
Lease Payable	420,933	-	(138,296)	282,637	140,302
Compensated Absences Payable	1,885,355	1,243,796	(1,122,380)	2,006,771	1,297,124
Governmental Activity Long-term Liabilities	<u>\$ 25,546,418</u>	<u>\$ 1,243,796</u>	<u>\$ (5,932,551)</u>	<u>\$ 20,857,663</u>	<u>\$ 5,687,426</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
General Obligation					
Revenue Bonds	\$ 8,977,000	\$ -	\$ (1,797,000)	\$ 7,180,000	\$ 795,000
Unamortized Bond Premiums	366,031	-	(32,149)	333,882	-
Total Bonds Payable	9,343,031	-	(1,829,149)	7,513,882	795,000
Compensated Absences Payable	952,968	194,025	(138,996)	1,007,997	466,021
Business-type Activity Long-term Liabilities	<u>\$ 10,295,999</u>	<u>\$ 194,025</u>	<u>\$ (1,968,145)</u>	<u>\$ 8,521,879</u>	<u>\$ 1,261,021</u>

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023, there were ten series of Industrial Revenue Bonds outstanding, with an aggregate principal of \$34,023,750. The balance on these bonds at December 31, 2023 was \$30,505,026.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 3: Detailed Notes on All Funds (Continued)

H. Components of Fund Balance

At December 31, 2023, 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	\$ -	\$ -	\$ -	\$ -	\$ 1,787	\$ 1,787
Library endowment	-	-	-	-	643,201	643,201
Total Nonspendable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 644,988</u>	<u>\$ 644,988</u>
Restricted						
Debt service	\$ -	\$ -	\$ 5,104,346	\$ -	\$ -	\$ 5,104,346
Public safety	725,896	-	-	-	-	725,896
Housing	95,500	-	-	-	-	95,500
Library activities	-	-	-	-	18,198	18,198
Pickleball Courts	-	-	-	-	416,278	416,278
Police and fire activities	-	8,728,098	-	-	-	8,728,098
Future loans	-	-	-	-	252,659	252,659
Cemetery perpetual	-	-	-	-	3,192,010	3,192,010
Total Restricted	<u>\$ 821,396</u>	<u>\$ 8,728,098</u>	<u>\$ 5,104,346</u>	<u>\$ -</u>	<u>\$ 3,879,145</u>	<u>\$ 18,532,985</u>
Committed						
Capital improvements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,099,000</u>	<u>\$ 7,099,000</u>
Assigned						
Downtown conservancy	\$ 685,243	\$ -	\$ -	\$ -	\$ -	\$ 685,243
Old West Main	31,775	-	-	-	-	31,775
Capital improvements	-	-	-	5,121,586	-	5,121,586
Total Assigned	<u>\$ 717,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,121,586</u>	<u>\$ -</u>	<u>\$ 5,838,604</u>
Unassigned	<u>\$ 25,550,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (654,862)</u>	<u>\$ 24,896,058</u>

Note 4: Defined Benefit Pension Plans - 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 4: Defined Benefit Pension Plans - 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. 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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2023 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, 2023, 2022 and 2021 were \$744,796, \$717,265 and \$706,358, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022 and 2021 were \$979,982, \$931,621 and \$868,465, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of \$6,827,695 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 \$188,117. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1221 percent at the end of the measurement period and 0.1264 percent for the beginning of the period.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the City recognized pension expense of \$903,125 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$845 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, 2023, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 226,121	\$ 49,077
Changes in Actuarial Assumptions	1,152,925	1,871,413
Net Difference Between Projected and Actual Investment Earnings	-	267,690
Changes in Proportion	-	180,957
Contributions Paid to PERA Subsequent to the Measurement Date	374,554	-
	<u>\$ 1,753,600</u>	<u>\$ 2,369,137</u>
Total		

The \$374,554 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 97,198
2025	(1,129,382)
2026	190,210
2027	(148,117)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of \$7,035,268 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.4074 percent at the end of the measurement period and 0.4218 percent for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. 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, 2022. 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. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$283,379.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

City Proportionate Share of the Net Pension Liability	\$ 7,035,268
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the	<u>283,379</u>
Total	<u><u>\$ 7,318,647</u></u>

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, 2023, the City recognized pension expense of \$1,913,647 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional negative \$17,068 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

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 \$36,666 for the year ended December 31, 2023 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, 2023, the City reported its proportionate share of the 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 Economic Experience	\$ 1,960,428	\$ -
Changes in Actuarial Assumptions	8,367,332	9,893,254
Net Difference Between Projected and Actual Investment Earnings	-	226,648
Changes in Proportion	80,210	610,090
Contributions Paid to PERA Subsequent to the Measurement Date	<u>521,782</u>	<u>-</u>
Total	<u><u>\$ 10,929,752</u></u>	<u><u>\$ 10,729,992</u></u>

The \$521,782 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 244,967
2025	(18,104)
2026	1,718,912
2027	(522,302)
2028	(1,745,495)

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

E. Long-term Expected Return on Investment

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 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, 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 7.0 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 7.0 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 and 1.00 percent for the the Police and Fire Plan.

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 27 years of service. 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 for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.0 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of \$19.4 million will be contributed to the Plan on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014 was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023 prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 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 and Police and Fire Funds were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

H. 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:

	<u>1 Percent Decrease (6.0%)</u>	<u>Current (7.0%)</u>	<u>1 Percent Increase (8.0%)</u>
General Employees Fund	\$ 12,078,741	\$ 6,827,695	\$ 2,508,510
Police and Fire Fund	13,958,811	7,035,268	1,343,190

I. 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, 2023

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 2023 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,318	\$ 1,318	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2023, 2022 and 2021 were \$1,318, \$2,080 and \$2,079, 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, 2023, the plan covered 21 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$134,388 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2023. 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, 2023 were \$0. 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, 2023, the City reported a net pension liability (asset) of (\$331,515) for the plan. The net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a-b)
Beginning Balance January 1, 2023	\$ 1,418,431	\$ 1,710,802	\$ (292,371)
Changes for the Year			
Service cost	107,254	-	107,254
Interest cost	83,913	-	83,913
Assumption changes	(134,200)	-	(134,200)
Nonemployer contributions	-	134,388	(134,388)
Projected investment return	-	97,783	(97,783)
(Gain)/loss	(132,899)	(268,719)	135,820
Administrative expenses	-	(240)	240
Total Net Changes	(75,932)	(36,788)	(39,144)
Ending Balance December 31, 2023	\$ 1,342,499	\$ 1,674,014	\$ (331,515)

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

For the year ended December 31, 2023, the City recognized pension expense of \$257,540 for the plan.

At December 31, 2023, 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	\$ -	\$ 167,345
Changes in Actuarial Assumptions	32,311	120,779
Net Difference Between Projected and Actual Earnings on Plan Investments	169,751	-
Total	<u>\$ 202,062</u>	<u>\$ 288,124</u>

Deferred outflows of resources totaling \$134,388 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, 2023. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2024	\$ (7,950)
2025	20,733
2026	23,009
2027	23,197
2028	(30,546)
Thereafter	(114,505)

E. Actuarial Assumptions

The total pension liability at December 31, 2023 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	-9.60%
20 Year Municipal Bond Yield	6.00%

The following changes in benefit changes occurred in 2023:

- The discount rate changes from 5.50% to 6.00%.
- The application of interest to deferred member benefits has changed for some members.

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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	59.0 %	7.90 %
Cash	9.0	2.00
Fixed Income	32.0	3.30
Total	<u>100.0 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.00 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.

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%)	Current (6%)	1 Percent Increase (7%)
Defined Benefit Plan	\$ (297,146)	\$ (331,515)	\$ (364,703)

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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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 and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	9
Active Plan Members	143
	<hr/>
Total Plan Members	152
	<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, 2023, the City had no direct contributions to the Plan, while implicit contributions totaled \$216,026.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$2,290,855 was measured as of January 1, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.00%
20-Year Municipal Bond Yield	4.00%
Dental Rate	N/A
Inflation Rate	2.50%
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 4.00 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-2020 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2023 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Beginning Balance January 1, 2023	<u>\$ 2,234,234</u>
Changes for the Year	
Service cost	119,586
Interest	45,091
Assumption changes	(295,748)
Differences between expected and actual experience	603,216
Benefit payments	<u>(199,498)</u>
Total Net Changes	<u>272,647</u>
Ending Balance December 31, 2023	<u><u>\$ 2,506,881</u></u>

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 Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.
- The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.
- These changes decreased the liability \$295,748.

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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current discount rate:

1 Percent Decrease (3.0%)	Current (4.0%)	1 Percent Increase (5.0%)
\$ 2,683,499	\$ 2,506,881	\$ 2,344,233

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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

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 decreasing 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%)
\$ 2,302,922	\$ 2,506,881	\$ 2,742,920

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

For the year ended December 31, 2023, the City recognized OPEB expense of \$247,757. At December 31, 2023, 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	\$ 1,000,397	\$ 526,911
Changes in Actuarial Assumptions	54,679	279,562
Contributions to OPEB Subsequent to the Measurement Date	216,026	-
Total	\$ 1,271,102	\$ 806,473

Deferred outflows of resources totaling \$216,026 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, 2023. 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	
2024	\$ 83,080
2025	83,078
2026	(30,117)
2027	(48,336)
2028	84,023
Thereafter	76,875

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

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 2023. Should the LMCIT Workers' Compensation Division liabilities exceed assets, LMCIT may assess the City in a method and amount to be determined by LMCIT.

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

All funds of the City participate in the program and make payments to the Risk Management internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for future claims. The fund has net position of \$4,238,396 at December 31, 2023 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, 2023 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
2023	\$ -	\$ 4,371,531	\$ 4,371,531	\$ -
2022	-	5,296,770	5,296,770	-
2021	-	3,341,174	3,341,174	-

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 8: Other Information (Continued)

B. Contingent Liabilities

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

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

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, 2023, the City is under the legal debt margin.

D. Principal Taxpayer

Property owned by Xcel Energy located in Red Wing represents approximately 48.97 percent of the City's 2023 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.

City of Red Wing, Minnesota
Notes to the Financial Statements
December 31, 2023

Note 9: Tax Abatements

As of December 31, 2023, 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 abatement agreement on March 28, 2005 with Central Park Condominiums, LLC in which the developer incurs costs for property improvements for condominiums. In return, the City will reimburse the developer for some costs as the City collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$780,741 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1813) with a maximum duration of 15 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

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

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

Lost revenue as it relates to tax abatements for the year ended December 31, 2023 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			\$ 37,004
Capital Safety USA			31,631
Red Wing Shoe Company			24,563
Tax Increment Districts (PAYGO)			
TIF District #9.1	68.350%	\$ 8,439	5,768
Total			<u>\$ 98,966</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Red Wing, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

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
06/30/23	0.1221 %	\$ 6,827,695	\$ 188,117	\$ 7,015,812	\$ 9,705,084	70.4 %	83.1 %
06/30/22	0.1264	10,010,922	293,477	10,304,399	9,468,542	105.7	76.7
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	4,414,471	145.9	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)
12/31/23	\$ 744,796	\$ 744,796	\$ -	\$ 9,930,618	7.5 %
12/31/22	717,265	717,265	-	9,563,532	7.5
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, 2023

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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, 2023

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

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024. 2022- There were no changes in plan provisions since the previous valuation.

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, 2023

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
06/30/23	0.4074 %	\$ 7,035,268	\$ 283,379	\$ 7,318,647	\$ 5,349,855	131.5 %	86.5 %
06/30/22	0.4218	18,355,070	801,803	19,156,873	5,123,435	358.3	70.5
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	-	5,429,283	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	4,728,647	121.1	85.4
06/30/16	0.4190	16,815,199	-	16,815,199	4,133,623	406.8	63.9
06/30/15	0.4210	4,783,545	-	4,783,545	4,099,002	116.7	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)
12/31/23	\$ 979,982	\$ 979,982	\$ -	\$ 5,536,621	17.7 %
12/31/22	931,621	931,621	-	5,263,393	17.7
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, 2023

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

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

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.

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

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

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

Changes in Plan Provisions

2023 - Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

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, 2023

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

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 119,586	\$ 142,212	\$ 138,631	\$ 119,910	\$ 100,072
Interest	45,091	39,732	83,719	102,986	67,501
Assumption changes	(295,748)	-	(4,444)	127,577	(63,853)
Differences between expected and actual experience	603,216	319,142	(922,095)	-	856,195
Benefit payments	(199,498)	(221,383)	(177,743)	(206,604)	(128,761)
Net Change in Total OPEB Liability	272,647	279,703	(881,932)	143,869	683,319
Total OPEB Liability - January 1	2,234,234	1,954,531	2,836,463	2,692,594	2,009,275
Total OPEB Liability - December 31	\$ 2,506,881	\$ 2,234,234	\$ 1,954,531	\$ 2,836,463	\$ 2,692,594
Covered-Employee Payroll	\$ 9,437,619	\$ 13,401,594	\$ 13,054,109	\$ 13,719,204	\$ 13,319,616
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	26.56%	16.67%	14.97%	20.68%	20.22%

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

2023 - None noted.

2022 - None noted.

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, 2023

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

Changes in Assumptions

2023 – The discount rate changes from 5.50% to 6.0%. The application of interest to deferred benefits has changed for some members.

2022 - None noted.

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

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	\$ 119,586	\$ 142,212	\$ 138,631	\$ 119,910	\$ 100,072
Interest	45,091	39,732	83,719	102,986	67,501
Assumption changes	(295,748)	-	(4,444)	127,577	(63,853)
Differences between expected and actual experience	603,216	319,142	(922,095)	-	856,195
Benefit payments	(199,498)	(221,383)	(177,743)	(206,604)	(128,761)
Net Change in Total OPEB Liability	272,647	279,703	(881,932)	143,869	683,319
Total OPEB Liability - January 1	2,234,234	1,954,531	2,836,463	2,692,594	2,009,275
Total OPEB Liability - December 31	\$ 2,506,881	\$ 2,234,234	\$ 1,954,531	\$ 2,836,463	\$ 2,692,594
Covered-Employee Payroll	\$ 9,437,619	\$ 13,401,594	\$ 13,054,109	\$ 13,719,204	\$ 13,319,616
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	26.56%	16.67%	14.97%	20.68%	20.22%

*Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.
There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.*

City of Red Wing, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information - Total OPEB Liability

Changes in Actuarial Assumptions

2023 – The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale. The inflation rate was changed from 2.00% to 2.50%. The discount rate was changed from 2.00% to 4.00%. The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study. These changes decreased the liability \$295,748.

2022 - None noted.

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

2023 - None noted.

2022- A benefit level increase from \$7,500 to \$9,000 was reflected in the active liability.

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, 2023

City of Red Wing, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Assets				
Cash and investments	\$ 1,217,233	\$ 6,603,661	\$ 3,185,836	\$ 11,006,730
Assets held in endowment	643,201	-	-	643,201
Receivables				
Accrued interest	-	-	6,174	6,174
Accounts	18,123	-	-	18,123
Intergovernmental	95,401	377,169	-	472,570
Leases	250,694	-	-	250,694
Prepaid items	1,787	-	-	1,787
Total Assets	<u><u>\$ 2,226,439</u></u>	<u><u>\$ 6,980,830</u></u>	<u><u>\$ 3,192,010</u></u>	<u><u>\$ 12,399,279</u></u>
Liabilities				
Accounts payable	\$ 126,094	\$ 360,123	\$ -	\$ 486,217
Contracts payable	-	70,003	-	70,003
Due to other funds	160,152	265,159	-	425,311
Due to other governments	563	-	-	563
Salaries payable	70,735	-	-	70,735
Total Liabilities	<u><u>357,544</u></u>	<u><u>695,285</u></u>	<u><u>-</u></u>	<u><u>1,052,829</u></u>
Deferred Inflows of Resources				
Deferred lease resources	247,586	-	-	247,586
Advance from other governments	-	130,593	-	130,593
Total Deferred Inflows of Resources	<u><u>247,586</u></u>	<u><u>130,593</u></u>	<u><u>-</u></u>	<u><u>378,179</u></u>
Fund Balances				
Nonspendable	644,988	-	-	644,988
Restricted	270,857	416,278	3,192,010	3,879,145
Committed	883,994	6,215,006	-	7,099,000
Assigned	-	-	-	-
Unassigned	(178,530)	(476,332)	-	(654,862)
Total Fund Balances	<u><u>1,621,309</u></u>	<u><u>6,154,952</u></u>	<u><u>3,192,010</u></u>	<u><u>10,968,271</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 2,226,439</u></u>	<u><u>\$ 6,980,830</u></u>	<u><u>\$ 3,192,010</u></u>	<u><u>\$ 12,399,279</u></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, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permanent	Total
Revenues				
Taxes	\$ 298,563	\$ -	\$ -	\$ 298,563
Licenses and permits	332,893	-	-	332,893
Intergovernmental	267,123	3,172,955	-	3,440,078
Charges for services	154,072	-	-	154,072
Fines and forfeits	204	-	-	204
Investment income	49,672	-	103,982	153,654
Miscellaneous	52,627	842,069	85,465	980,161
Total Revenues	<u>1,155,154</u>	<u>4,015,024</u>	<u>189,447</u>	<u>5,359,625</u>
Expenditures				
Current				
Public safety	593,643	-	-	593,643
Culture and recreation	1,425,994	-	-	1,425,994
Economic development	315,084	-	-	315,084
Airport	287,112	-	-	287,112
Capital outlay				
Public safety	262	11,000	-	11,262
Public works	-	4,370,064	-	4,370,064
Culture and recreation	154,376	471,615	-	625,991
Airport	51,282	966,410	-	1,017,692
Total Expenditures	<u>2,827,753</u>	<u>5,819,089</u>	<u>-</u>	<u>8,646,842</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(1,672,599)</u>	<u>(1,804,065)</u>	<u>189,447</u>	<u>(3,287,217)</u>
Other Financing Sources (Uses)				
Transfers in	1,658,438	3,290,236	-	4,948,674
Transfers out	-	(641,921)	-	(641,921)
Total Other Financing Sources (Uses)	<u>1,658,438</u>	<u>2,648,315</u>	<u>-</u>	<u>4,306,753</u>
Net Change in Fund Balances	(14,161)	844,250	189,447	1,019,536
Fund Balances, January 1	<u>1,635,470</u>	<u>5,310,702</u>	<u>3,002,563</u>	<u>9,948,735</u>
Fund Balances, December 31	<u>\$ 1,621,309</u>	<u>\$ 6,154,952</u>	<u>\$ 3,192,010</u>	<u>\$ 10,968,271</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.

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.

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.

Arts and Placemaking -f this fund accounts for money set aside for murals and sculptures in Red Wing, as well as decorative items in the streetscape downtown.

DEED Loan - This fund is used to account for funding received from the State of Minnesota's Department of Employment and Economic Development (DEED); the low interest loans made to qualified applicants from these funds; receipt of loan repayments and interest thereon; and the repayment of amounts due DEED.

Sister Cities - This fund is used to account for monies to be used for the relationship between the City and China, Norway, and Japan.

Tax Increment Downtown District – This fund is used to account for the costs relating to a proposed housing district.

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.

City of Red Wing, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	203	204	206	209	211	215
	Health Initiatives	South Park Skating Rink	Lodging Tax	Airport	Library	Arts and Placemaking Fund
Assets						
Cash and investments	\$ 11,098	\$ 53,247	\$ 16,279	\$ 66,782	\$ 704,135	\$ 73,200
Assets held in endowment	-	-	-	-	643,201	-
Receivables						
Accounts	-	-	15,803	-	-	-
Intergovernmental	-	-	-	95,401	-	-
Leases	-	-	-	250,694	-	-
Prepaid items	-	-	-	1,787	-	-
Total Assets	<u>\$ 11,098</u>	<u>\$ 53,247</u>	<u>\$ 32,082</u>	<u>\$ 414,664</u>	<u>\$ 1,347,336</u>	<u>\$ 73,200</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ 30,115	\$ 65,558	\$ 27,053	\$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	563	-
Salaries payable	-	-	-	2,485	50,920	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>30,115</u>	<u>68,043</u>	<u>78,536</u>	<u>-</u>
Deferred Inflows of Resources						
Deferred lease resources	-	-	-	247,586	-	-
Fund Balances						
Nonspendable	-	-	-	1,787	643,201	-
Restricted	-	-	-	-	-	-
Committed	11,098	53,247	1,967	97,248	625,599	73,200
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>11,098</u>	<u>53,247</u>	<u>1,967</u>	<u>99,035</u>	<u>1,268,800</u>	<u>73,200</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 11,098</u>	<u>\$ 53,247</u>	<u>\$ 32,082</u>	<u>\$ 414,664</u>	<u>\$ 1,347,336</u>	<u>\$ 73,200</u>

243	248	271	291	299	
DEED Loan	Sister Cities	Tax Increment Downtown District	Inspection	Library Memorial	Total
\$ 252,659	\$ 21,635	\$ -	\$ -	\$ 18,198	\$ 1,217,233
-	-	-	-	-	643,201
-	-	-	2,320	-	18,123
-	-	-	-	-	95,401
-	-	-	-	-	250,694
-	-	-	-	-	1,787
<u>\$ 252,659</u>	<u>\$ 21,635</u>	<u>\$ -</u>	<u>\$ 2,320</u>	<u>\$ 18,198</u>	<u>\$ 2,226,439</u>
\$ -	\$ -	\$ -	\$ 3,368	\$ -	\$ 126,094
-	-	14,920	145,232	-	160,152
-	-	-	-	-	563
-	-	-	17,330	-	70,735
-	-	14,920	165,930	-	357,544
-	-	-	-	-	247,586
-	-	-	-	-	644,988
252,659	-	-	-	18,198	270,857
-	21,635	-	-	-	883,994
-	-	(14,920)	(163,610)	-	(178,530)
<u>252,659</u>	<u>21,635</u>	<u>(14,920)</u>	<u>(163,610)</u>	<u>18,198</u>	<u>1,621,309</u>
<u>\$ 252,659</u>	<u>\$ 21,635</u>	<u>\$ -</u>	<u>\$ 2,320</u>	<u>\$ 18,198</u>	<u>\$ 2,226,439</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, 2023

	203	204	206	209	211	215
	Health Initiatives	South Park Skating Rink	Lodging Tax	Airport	Library	Arts and Placemaking Fund
Revenues						
Taxes						
Hotel-motel	\$ -	\$ -	\$ 298,563	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental						
Federal	-	-	-	51,282	-	-
State	-	-	-	44,119	-	-
County	-	-	-	-	171,722	-
Charges for services						
General government	-	-	-	-	7,002	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	2,843	-
Airport	-	-	-	82,288	-	-
Fines and forfeits	-	-	-	-	204	-
Investment income	-	-	-	-	49,672	-
Miscellaneous						
Contributions and donations	-	-	-	-	10,354	-
Other	-	-	-	15,846	9,100	-
Total Revenues	<u>-</u>	<u>-</u>	<u>298,563</u>	<u>193,535</u>	<u>250,897</u>	<u>-</u>
Expenditures						
Current						
Public safety	-	-	-	-	-	-
Culture and recreation	-	28	-	-	1,396,219	1,800
Economic development	-	-	300,624	-	-	-
Airport	-	-	-	287,112	-	-
Capital outlay						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	154,376	-
Airport	-	-	-	51,282	-	-
Total Expenditures	<u>-</u>	<u>28</u>	<u>300,624</u>	<u>338,394</u>	<u>1,550,595</u>	<u>1,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(28)</u>	<u>(2,061)</u>	<u>(144,859)</u>	<u>(1,299,698)</u>	<u>(1,800)</u>
Other Financing Sources						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,709</u>	<u>1,385,386</u>	<u>-</u>
Net Change in Fund Balances	-	(28)	(2,061)	(13,150)	85,688	(1,800)
Fund Balances, January 1	<u>11,098</u>	<u>53,275</u>	<u>4,028</u>	<u>112,185</u>	<u>1,183,112</u>	<u>75,000</u>
Fund Balances, December 31	<u>\$ 11,098</u>	<u>\$ 53,247</u>	<u>\$ 1,967</u>	<u>\$ 99,035</u>	<u>\$ 1,268,800</u>	<u>\$ 73,200</u>

243	248	271	291	299	
DEED	Sister	Tax Increment	Inspection	Library	Total
Loan	Cities	Downtown		Memorial	
District					
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,563
-	-	-	332,893	-	332,893
-	-	-	-	-	51,282
-	-	-	-	-	44,119
-	-	-	-	-	171,722
-	-	-	-	-	7,002
-	-	-	61,939	-	61,939
-	-	-	-	-	2,843
-	-	-	-	-	82,288
-	-	-	-	-	204
-	-	-	-	-	49,672
-	13,235	-	-	2,145	25,734
-	1,947	-	-	-	26,893
-	15,182	-	394,832	2,145	1,155,154
-	-	-	593,643	-	593,643
-	27,947	-	-	-	1,425,994
-	-	14,460	-	-	315,084
-	-	-	-	-	287,112
-	-	-	262	-	262
-	-	-	-	-	154,376
-	-	-	-	-	51,282
-	27,947	14,460	593,905	-	2,827,753
-	(12,765)	(14,460)	(199,073)	2,145	(1,672,599)
-	5,500	-	135,843	-	1,658,438
-	(7,265)	(14,460)	(63,230)	2,145	(14,161)
252,659	28,900	(460)	(100,380)	16,053	1,635,470
\$ 252,659	\$ 21,635	\$ (14,920)	\$ (163,610)	\$ 18,198	\$ 1,621,309

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, 2023
 (With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental					
Federal	\$ -	\$ -	\$ 51,282	\$ 51,282	\$ -
State	118,500	171,000	44,119	(126,881)	65,871
Charges for services					
Rents	35,000	35,000	31,541	(3,459)	31,567
Lease payments received	51,000	51,000	50,747	(253)	37,063
Miscellaneous					
Other	19,000	19,000	15,846	(3,154)	45,134
Total Revenues	<u>223,500</u>	<u>276,000</u>	<u>193,535</u>	<u>(82,465)</u>	<u>179,635</u>
Expenditures					
Current					
Airport					
Personal services	57,944	57,944	68,026	(10,082)	64,111
Supplies	39,150	39,150	34,930	4,220	39,389
Other services and charges	191,701	191,701	184,156	7,545	228,954
Capital outlay					
Airport	-	73,768	51,282	22,486	-
Total Expenditures	<u>288,795</u>	<u>362,563</u>	<u>338,394</u>	<u>24,169</u>	<u>332,454</u>
Deficiency of Revenues Under Expenditures	<u>(65,295)</u>	<u>(86,563)</u>	<u>(144,859)</u>	<u>(58,296)</u>	<u>(152,819)</u>
Other Financing Sources					
Transfers in	<u>109,209</u>	<u>131,709</u>	<u>131,709</u>	<u>-</u>	<u>237,003</u>
Net Change in Fund Balances	43,914	45,146	(13,150)	(58,296)	84,184
Fund Balances, January 1	<u>112,185</u>	<u>112,185</u>	<u>112,185</u>	<u>-</u>	<u>28,001</u>
Fund Balances, December 31	<u>\$ 156,099</u>	<u>\$ 157,331</u>	<u>\$ 99,035</u>	<u>\$ (58,296)</u>	<u>\$ 112,185</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Intergovernmental					
County	\$ 171,722	\$ 171,722	\$ 171,722	\$ -	\$ 161,150
Charges for services					
General government	8,000	8,000	7,002	(998)	6,996
Culture and recreation	3,500	3,500	2,843	(657)	2,876
Fines and forfeits	-	-	204	204	309
Investment income (loss)	47,657	47,657	49,672	2,015	(64,559)
Miscellaneous					
Contributions and donations	3,350	3,350	10,354	7,004	5,889
Other	6,000	6,000	9,100	3,100	7,455
Total Revenues	<u>240,229</u>	<u>240,229</u>	<u>250,897</u>	<u>10,668</u>	<u>120,116</u>
Expenditures					
Current					
Culture and recreation					
Library					
Personal services	1,041,282	1,041,282	944,549	96,733	970,508
Supplies	13,918	26,018	21,082	4,936	42,371
Other services and charges	420,415	420,415	430,588	(10,173)	422,884
Capital outlay					
Culture and recreation	-	199,300	154,376	44,924	-
Total Expenditures	<u>1,475,615</u>	<u>1,687,015</u>	<u>1,550,595</u>	<u>136,420</u>	<u>1,435,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,235,386)	(1,446,786)	(1,299,698)	147,088	(1,315,647)
Other Financing Sources					
Transfers in	<u>1,235,386</u>	<u>1,385,386</u>	<u>1,385,386</u>	<u>-</u>	<u>1,282,365</u>
Net Change in Fund Balances	-	(61,400)	85,688	147,088	(33,282)
Fund Balances, January 1	<u>1,183,112</u>	<u>1,183,112</u>	<u>1,183,112</u>	<u>-</u>	<u>1,216,394</u>
Fund Balances, December 31	<u>\$ 1,183,112</u>	<u>\$ 1,121,712</u>	<u>\$ 1,268,800</u>	<u>\$ 147,088</u>	<u>\$ 1,183,112</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous					
Other	\$ 2,500	\$ 2,500	\$ -	\$ (2,500)	\$ 1,522
Expenditures					
Current					
Economic development					
Other services and charges	1,200	1,200	-	1,200	-
Net Change in Fund Balances	1,300	1,300	-	(1,300)	1,522
Fund Balances, January 1	252,659	252,659	252,659	-	251,137
Fund Balances, December 31	<u>\$ 253,959</u>	<u>\$ 253,959</u>	<u>\$ 252,659</u>	<u>\$ (1,300)</u>	<u>\$ 252,659</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Miscellaneous					
Contributions and donations	\$ 11,000	\$ 11,000	\$ 13,235	\$ 2,235	\$ 3,688
Other	-	-	1,947	1,947	-
Total Revenues	<u>11,000</u>	<u>11,000</u>	<u>15,182</u>	<u>4,182</u>	<u>3,688</u>
Expenditures					
Current					
Culture and recreation					
Other services and charges	<u>16,000</u>	<u>16,000</u>	<u>27,947</u>	<u>(11,947)</u>	<u>42</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	(5,000)	(12,765)	(9,712)	3,646
Other Financing Sources					
Transfers in	<u>5,500</u>	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Net Change in Fund Balances	500	500	(7,265)	(7,765)	9,146
Fund Balances, January 1	<u>28,900</u>	<u>28,900</u>	<u>28,900</u>	<u>-</u>	<u>19,754</u>
Fund Balances, December 31	<u>\$ 29,400</u>	<u>\$ 29,400</u>	<u>\$ 21,635</u>	<u>\$ (7,765)</u>	<u>\$ 28,900</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Licenses and permits	\$ 390,000	\$ 390,000	\$ 332,893	\$ (57,107)	\$ 362,669
Charges for services					
Public safety	70,000	70,000	61,939	(8,061)	79,564
Total Revenues	<u>460,000</u>	<u>460,000</u>	<u>394,832</u>	<u>(65,168)</u>	<u>442,233</u>
Expenditures					
Current					
Public safety					
Inspection					
Personal services	339,273	339,273	348,662	(9,389)	325,952
Supplies	13,050	13,050	12,045	1,005	13,379
Other services and charges	243,520	243,520	232,936	10,584	222,339
Capital outlay					
Public safety	-	-	262	(262)	30,948
Total Expenditures	<u>595,843</u>	<u>595,843</u>	<u>593,905</u>	<u>1,938</u>	<u>592,618</u>
Deficiency of Revenues					
Under Expenditures	(135,843)	(135,843)	(199,073)	(63,230)	(150,385)
Other Financing Sources					
Transfers in	<u>135,843</u>	<u>135,843</u>	<u>135,843</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(63,230)	(63,230)	(150,385)
Fund Balances, January 1	<u>(100,380)</u>	<u>(100,380)</u>	<u>(100,380)</u>	<u>-</u>	<u>50,005</u>
Fund Balances, December 31	<u>\$ (100,380)</u>	<u>\$ (100,380)</u>	<u>\$ (163,610)</u>	<u>\$ (63,230)</u>	<u>\$ (100,380)</u>

City of Red Wing, Minnesota
Library Memorial Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	<u>2023</u>				<u>2022</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Amounts</u>
Revenues					
Miscellaneous revenues					
Contributions and donations	\$ 2,000	\$ 2,000	\$ 2,145	\$ 145	\$ 2,173
Other Financing Uses					
Transfers out	-	-	-	-	(13,740)
Net Change in Fund Balances	2,000	2,000	2,145	145	(11,567)
Fund Balances, January 1	<u>16,053</u>	<u>16,053</u>	<u>16,053</u>	<u>-</u>	<u>27,620</u>
Fund Balances, December 31	<u>\$ 18,053</u>	<u>\$ 18,053</u>	<u>\$ 18,198</u>	<u>\$ 145</u>	<u>\$ 16,053</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

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

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

Briarwood and Hi Park Avenue – This fund is used to account for the funds received and capital expenditures incurred for the Briarwood construction project.

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.

Old Main/Withers Drive Intersection - This fund is used to account for funds received and capital expenditures incurred for the Old Main/Withers Drive Intersection project.

Levee Wall Improvements – This fund is used to account for funds received and capital expenditures incurred for the Levee Wall Improvement project.

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

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

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

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

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

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

Little River Bulk Head - This fund is used to account for funds received and capital expenditures incurred for the Little River Bulk Head project.

Pickleball Courts - This fund is used to account for the funds received and capital expenditures incurred for the Pickleball Courts construction project.

Levee Mooring Cluster Dolphins - This fund is used to account for funds received and capital expenditures incurred for the Levee Mooring Cluster Dolphins project.

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

River Channel Sediment Control – This fund is used to account for funds received and capital expenditures incurred for the River Channel Sediment Control project.

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

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NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

Dolphin – This fund is used to account for the funds received and capital expenditures incurred for the mooring dolphin construction project.

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

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

Safe Routes to School Project - This fund is used to account for funds received and capital expenditures incurred in the improvement of school intersections.

Barn Bluff Improvements - This fund is used to account for funds received and capital expenditures incurred in the improvement of Barn Bluff.

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.

Port Redevelopment Stimulus – fund is used to account for funds received and the capital expenditures incurred in the Port Redevelopment Stimulus project.

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, 2023

	400	401	404	405	407	408	409	410	419
	Capital Reserve	Briarwood and Hi Park Avenue	CSO-PBF Building	Railroad Crossing Quiet Zone	Bush St Crosswalk and Refurbish 13th and 17th St	Old Main/ Withers Drive Intersection	Levee Wall Improvements	Airport Projects	River Renaissance Phase II
Assets									
Cash and investments	\$ 945,148	\$ -	\$ 122,543	\$ 41,019	\$ -	\$ -	\$ -	\$ 16,746	\$ 1,036,504
Receivables									
Intergovernmental	-	-	-	-	-	-	-	377,169	-
Total Assets	\$ 945,148	\$ -	\$ 122,543	\$ 41,019	\$ -	\$ -	\$ -	\$ 393,915	\$ 1,036,504
Liabilities									
Accounts payable	\$ -	\$ 11,000	\$ 43,967	\$ -	\$ -	\$ -	\$ -	\$ 113,905	\$ -
Contracts payable	-	-	-	-	-	-	-	38,108	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	11,000	43,967	-	-	-	-	152,013	-
Deferred Inflows of Resources									
Advance from other governments	-	-	-	-	-	-	-	130,593	-
Fund Balances									
Restricted	-	-	-	-	-	-	-	-	-
Committed	945,148	-	78,576	41,019	-	-	-	111,309	1,036,504
Unassigned	-	(11,000)	-	-	-	-	-	-	-
Total Fund Balances	945,148	(11,000)	78,576	41,019	-	-	-	111,309	1,036,504
Total Liabilities and Fund Balances	\$ 945,148	\$ -	\$ 122,543	\$ 41,019	\$ -	\$ -	\$ -	\$ 393,915	\$ 1,036,504

420	421	426	428	429	435	436	440	441	442
River Renaissance Phase III	Old West Main Project	Parkland Acquisition	Universal Playground Project	Little River Bulk Head	Pickelball Courts	Levee Mooring Cluster Dolphins	2021 Street Reconstruction Project	River Channel Sediment Control	2023 Street Reconstruction Project
\$ 484,058	\$ 261,923	\$ -	\$ -	\$ 100,000	\$ 416,278	\$ 323,946	\$ 16,556	\$ 110,000	\$ 1,339,072
-	-	-	-	-	-	-	-	-	-
<u>\$ 484,058</u>	<u>\$ 261,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 416,278</u>	<u>\$ 323,946</u>	<u>\$ 16,556</u>	<u>\$ 110,000</u>	<u>\$ 1,339,072</u>
\$ -	\$ 142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,275
-	-	5,050	-	-	-	-	31,895	-	-
-	142	5,050	-	-	-	-	31,895	-	5,275
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	416,278	-	-	-	-
484,058	261,781	-	-	100,000	-	323,946	-	110,000	1,333,797
-	-	(5,050)	-	-	-	-	(15,339)	-	-
<u>484,058</u>	<u>261,781</u>	<u>(5,050)</u>	<u>-</u>	<u>100,000</u>	<u>416,278</u>	<u>323,946</u>	<u>(15,339)</u>	<u>110,000</u>	<u>1,333,797</u>
<u>\$ 484,058</u>	<u>\$ 261,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 416,278</u>	<u>\$ 323,946</u>	<u>\$ 16,556</u>	<u>\$ 110,000</u>	<u>\$ 1,339,072</u>

City of Red Wing, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
(Continued)
December 31, 2023

	450	454	458	459	460	466	467	470
	Dolphin	Highway 19 Turn Lane	Memorial Park Project	Safe Routes to Schools	Barn Bluff Improvements	Spring Creek and Highway 61 Access	Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge
Assets								
Cash and investments	\$ 106,845	\$ 435,350	\$ 109,273	\$ 57,426	\$ 33,517	\$ -	\$ -	\$ 131,881
Receivables								
Intergovernmental	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 106,845</u>	<u>\$ 435,350</u>	<u>\$ 109,273</u>	<u>\$ 57,426</u>	<u>\$ 33,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,881</u>
Liabilities								
Accounts payable	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 111,668	\$ -
Contracts payable	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	72,353	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>184,021</u>	<u>-</u>
Deferred Inflows of Resources								
Advance from other governments	-	-	-	-	-	-	-	-
Fund Balances								
Restricted	-	-	-	-	-	-	-	-
Committed	106,845	435,350	108,273	57,426	33,517	-	-	131,881
Unassigned	-	-	-	-	-	-	(184,021)	-
Total Fund Balances	<u>106,845</u>	<u>435,350</u>	<u>108,273</u>	<u>57,426</u>	<u>33,517</u>	<u>-</u>	<u>(184,021)</u>	<u>131,881</u>
Total Liabilities and Fund Balances	<u>\$ 106,845</u>	<u>\$ 435,350</u>	<u>\$ 109,273</u>	<u>\$ 57,426</u>	<u>\$ 33,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,881</u>

475	477	491	498	499	
Old West Main Reconstruction	Street Reclamation/ Reconditioning	Port Redevelopment Stimulus	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ -	\$ 370,000	\$ 145,576	\$ -	\$ 6,603,661
-	-	-	-	-	377,169
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 145,576</u>	<u>\$ -</u>	<u>\$ 6,980,830</u>
\$ 73,166	\$ -	\$ -	\$ -	\$ -	\$ 360,123
-	-	-	-	-	70,003
187,756	-	-	-	-	265,159
<u>260,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,285</u>
-	-	-	-	-	130,593
-	-	-	-	-	416,278
-	-	370,000	145,576	-	6,215,006
(260,922)	-	-	-	-	(476,332)
<u>(260,922)</u>	<u>-</u>	<u>370,000</u>	<u>145,576</u>	<u>-</u>	<u>6,154,952</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,000</u>	<u>\$ 145,576</u>	<u>\$ -</u>	<u>\$ 6,980,830</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, 2023

	400	401	404	405	407	408	409	410	419
	Capital Reserve	Briarwood and Hi Park Avenue	CSO-PBF Building	Railroad Crossing Quiet Zone	Bush St Crosswalk and Refurbish 13th and 17th St	Old Main/ Withers Drive Intersection	Levee Wall Improvements	Airport Projects	River Renaissance Phase II
Revenues									
Intergovernmental									
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,114
State	-	-	-	-	-	-	-	202,659	-
Miscellaneous									
Contributions and donations	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,659</u>	<u>91,114</u>
Expenditures									
Capital outlay									
Public safety	-	11,000	-	-	-	-	-	-	-
Public works	-	-	66,385	-	154	-	10,000	-	-
Culture and recreation	-	-	-	-	-	-	-	-	224,567
Airport	-	-	-	-	-	-	-	966,410	-
Total Expenditures	<u>-</u>	<u>11,000</u>	<u>66,385</u>	<u>-</u>	<u>154</u>	<u>-</u>	<u>10,000</u>	<u>966,410</u>	<u>224,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(11,000)</u>	<u>(66,385)</u>	<u>-</u>	<u>(154)</u>	<u>-</u>	<u>(10,000)</u>	<u>(763,751)</u>	<u>(133,453)</u>
Other Financing Sources (Uses)									
Transfers in	424,777	-	-	-	-	1,770	10,000	492,272	430,199
Transfers out	(21,787)	-	-	-	(18,447)	-	-	-	-
Total Other Financing Sources (Uses)	<u>402,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,447)</u>	<u>1,770</u>	<u>10,000</u>	<u>492,272</u>	<u>430,199</u>
Net Change in Fund Balances	402,990	(11,000)	(66,385)	-	(18,601)	1,770	-	(271,479)	296,746
Fund Balances, January 1	<u>542,158</u>	<u>-</u>	<u>144,961</u>	<u>41,019</u>	<u>18,601</u>	<u>(1,770)</u>	<u>-</u>	<u>382,788</u>	<u>739,758</u>
Fund Balances, December 31	<u>\$ 945,148</u>	<u>\$ (11,000)</u>	<u>\$ 78,576</u>	<u>\$ 41,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,309</u>	<u>\$ 1,036,504</u>

420	421	426	428	429	435	436	440	441	442
River Renaissance Phase III	Old West Main Project	Parkland Acquisition	Universal Playground Project	Little River Bulk Head	Pickleball Courts	Levee Mooring Cluster Dolphins	2021 Street Reconstruction Project	River Channel Sediment Control	2023 Street Reconstruction Project
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-	-
15,000	-	-	-	-	-	-	-	-	-
-	-	-	-	-	416,278	173,946	-	10,000	-
15,000	-	-	-	-	416,278	173,946	-	10,000	-
-	-	-	-	-	-	-	-	-	-
-	9,881	-	-	-	-	-	10,582	-	75,793
924	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
924	9,881	-	-	-	-	-	10,582	-	75,793
14,076	(9,881)	-	-	-	416,278	173,946	(10,582)	10,000	(75,793)
156,613	-	-	-	-	-	-	-	-	1,182,622
-	-	-	(44,497)	-	-	-	-	-	-
156,613	-	-	(44,497)	-	-	-	-	-	1,182,622
170,689	(9,881)	-	(44,497)	-	416,278	173,946	(10,582)	10,000	1,106,829
313,369	271,662	(5,050)	44,497	100,000	-	150,000	(4,757)	100,000	226,968
\$ 484,058	\$ 261,781	\$ (5,050)	\$ -	\$ 100,000	\$ 416,278	\$ 323,946	\$ (15,339)	\$ 110,000	\$ 1,333,797

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, 2023

	450	454	458	459	460	466	467	470
	Dolphin	Highway 19 Turn Lane	Memorial Park Project	Safe Routes to Schools	Barn Bluff Improvements	Spring Creek and Highway 61 Access	Sturgeon Lake Road Overpass	Highway 63 River Crossing Bridge
Revenues								
Intergovernmental								
Federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,846	\$ -
State	-	-	9,679	209,191	-	-	2,459,466	-
Miscellaneous								
Contributions and donations	-	-	-	-	-	-	-	-
Other	106,845	-	-	-	-	-	-	-
Total Revenues	<u>106,845</u>	<u>-</u>	<u>9,679</u>	<u>209,191</u>	<u>-</u>	<u>-</u>	<u>2,660,312</u>	<u>-</u>
Expenditures								
Capital outlay								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	246,262	-	-	2,438,490	5,690
Culture and recreation	-	-	15,000	-	231,124	-	-	-
Airport	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>246,262</u>	<u>231,124</u>	<u>-</u>	<u>2,438,490</u>	<u>5,690</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>106,845</u>	<u>-</u>	<u>(5,321)</u>	<u>(37,071)</u>	<u>(231,124)</u>	<u>-</u>	<u>221,822</u>	<u>(5,690)</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	57,097	218,141	-	-	-
Transfers out	-	-	-	-	(117,506)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,097</u>	<u>100,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>106,845</u>	<u>-</u>	<u>(5,321)</u>	<u>20,026</u>	<u>(130,489)</u>	<u>-</u>	<u>221,822</u>	<u>(5,690)</u>
Fund Balances, January 1	<u>-</u>	<u>435,350</u>	<u>113,594</u>	<u>37,400</u>	<u>164,006</u>	<u>-</u>	<u>(405,843)</u>	<u>137,571</u>
Fund Balances, December 31	<u>\$ 106,845</u>	<u>\$ 435,350</u>	<u>\$ 108,273</u>	<u>\$ 57,426</u>	<u>\$ 33,517</u>	<u>\$ -</u>	<u>\$ (184,021)</u>	<u>\$ 131,881</u>

475	477	491	498	499	
Old West Main Reconstruction	Street Reclamation/ Reconditioning	Port Redevelopment Stimulus	Sidewalk Construction Project	Street and Alley Improvements	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,960
-	-	-	-	-	2,880,995
-	-	-	-	-	15,000
-	-	120,000	-	-	827,069
-	-	120,000	-	-	4,015,024
-	-	-	-	-	11,000
411,910	930,328	-	4,424	160,165	4,370,064
-	-	-	-	-	471,615
-	-	-	-	-	966,410
411,910	930,328	-	4,424	160,165	5,819,089
(411,910)	(930,328)	120,000	(4,424)	(160,165)	(1,804,065)
216,474	-	-	59,187	41,084	3,290,236
-	(439,684)	-	-	-	(641,921)
216,474	(439,684)	-	59,187	41,084	2,648,315
(195,436)	(1,370,012)	120,000	54,763	(119,081)	844,250
(65,486)	1,370,012	250,000	90,813	119,081	5,310,702
\$ (260,922)	\$ -	\$ 370,000	\$ 145,576	\$ -	\$ 6,154,952

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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, 2023
(With Comparative Totals for December 31, 2022)

	551 Oakwood Care	552 Oakwood Flower	553 Burnside Care	554 Burnside Flower	Total
Assets					
Cash and investments	\$ 1,647,835	\$ 955,750	\$ 406,465	\$ 175,786	\$ 3,185,836
Receivables					
Accrued interest	3,081	2,650	443	-	6,174
Total Assets	<u>\$ 1,650,916</u>	<u>\$ 958,400</u>	<u>\$ 406,908</u>	<u>\$ 175,786</u>	<u>\$ 3,192,010</u>
Fund Balances					
Restricted	<u>\$ 1,650,916</u>	<u>\$ 958,400</u>	<u>\$ 406,908</u>	<u>\$ 175,786</u>	<u>\$ 3,192,010</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, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	551 Oakwood Care	552 Oakwood Flower	553 Burnside Care	554 Burnside Flower	Total
Revenues					
Investment income	\$ 57,322	\$ 37,818	\$ 8,825	\$ 17	\$ 103,982
Miscellaneous					
Burial plot sales	49,955	-	12,010	-	61,965
Perpetual contract sales	-	15,000	-	8,500	23,500
Total Revenues	107,277	52,818	20,835	8,517	189,447
Fund Balances, January 1	1,543,639	905,582	386,073	167,269	3,002,563
Fund Balances, December 31	<u>\$ 1,650,916</u>	<u>\$ 958,400</u>	<u>\$ 406,908</u>	<u>\$ 175,786</u>	<u>\$ 3,192,010</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, 2023

	605 <u>Marina</u>	652 <u>Storm Water</u>	<u>Total</u>
Assets			
Current Assets			
Cash and investments	\$ 158,440	\$ 2,055,074	\$ 2,213,514
Receivables			
Accrued interest	-	5,091	5,091
Accounts	-	252,361	252,361
Inventories	37,708	-	37,708
Prepaid items	27,443	-	27,443
Total Current Assets	<u>223,591</u>	<u>2,312,526</u>	<u>2,536,117</u>
Noncurrent Assets			
Capital assets at cost			
Land	-	45,674	45,674
Construction in progress	-	477,328	477,328
Improvements other than buildings	2,572,529	1,345,831	3,918,360
Machinery and equipment	37,269	-	37,269
Vehicles	28,960	452,781	481,741
Less accumulated depreciation	<u>(2,244,370)</u>	<u>(564,067)</u>	<u>(2,808,437)</u>
Total Capital Assets	<u>394,388</u>	<u>1,757,547</u>	<u>2,151,935</u>
Total Assets	<u>617,979</u>	<u>4,070,073</u>	<u>4,688,052</u>
Deferred Outflows of Resources			
Deferred pension resources	38,556	48,252	86,808
Deferred other postemployment benefit resources	4,900	5,180	10,080
Total Deferred Outflows of Resources	<u>43,456</u>	<u>53,432</u>	<u>96,888</u>
Liabilities			
Current Liabilities			
Accounts payable	13,309	377,388	390,697
Contracts payable	-	16,694	16,694
Salaries payable	6,448	12,000	18,448
Compensated absences payable	9,551	17,469	27,020
Unearned revenue	14,159	-	14,159
Other postemployment benefits obligation	833	880	1,713
Total Current Liabilities	<u>44,300</u>	<u>424,431</u>	<u>468,731</u>
Noncurrent Liabilities			
Compensated absences payable	32,390	37,639	70,029
Other postemployment benefits obligation	8,831	9,335	18,166
Net pension liability	150,117	187,869	337,986
Total Noncurrent Liabilities	<u>191,338</u>	<u>234,843</u>	<u>426,181</u>
Total Liabilities	<u>235,638</u>	<u>659,274</u>	<u>894,912</u>
Deferred Inflows of Resources			
Deferred pension resources	52,089	65,189	117,278
Deferred other postemployment benefit resources	3,109	3,286	6,395
Total Deferred Inflows of Resources	<u>55,198</u>	<u>68,475</u>	<u>123,673</u>
Net Position			
Investment in capital assets	394,388	1,740,853	2,135,241
Unrestricted	<u>(23,789)</u>	<u>1,654,903</u>	<u>1,631,114</u>
Total Net Position	<u>\$ 370,599</u>	<u>\$ 3,395,756</u>	<u>\$ 3,766,355</u>

City of Red Wing, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2023

	605 Marina	652 Storm Water	Total
Operating Revenues			
Charges for services	\$ 744,372	\$ 1,366,057	\$ 2,110,429
Sales	118,315	-	118,315
Cost of goods sold	(92,761)	-	(92,761)
Miscellaneous	442	17,938	18,380
Total Operating Revenues	<u>770,368</u>	<u>1,383,995</u>	<u>2,154,363</u>
Operating Expenses			
Personal services	202,078	191,911	393,989
Employee benefits	39,459	106,002	145,461
Supplies	125,114	88,941	214,055
Professional services	140,289	585,813	726,102
Rent and leased equipment	6,751	-	6,751
Repairs and maintenance	44,278	-	44,278
Administration and fiscal charges	72,328	-	72,328
Insurance premiums	22,506	-	22,506
Depreciation	51,177	67,070	118,247
Miscellaneous	17,239	-	17,239
Total Operating Expenses	<u>721,219</u>	<u>1,039,737</u>	<u>1,760,956</u>
Operating Income	<u>49,149</u>	<u>344,258</u>	<u>393,407</u>
Nonoperating Revenues (Expenses)			
Intergovernmental			
State grant	-	7,500	7,500
Investment income	-	111,256	111,256
Gain on sale of capital assets	-	3,544	3,544
Total Nonoperating Revenues	<u>-</u>	<u>122,300</u>	<u>122,300</u>
Income Before Contributions and Transfers	49,149	466,558	515,707
Capital Grants and Contributions	-	22,500	22,500
Transfers In	-	75,000	75,000
Transfers Out	<u>-</u>	<u>(167,000)</u>	<u>(167,000)</u>
Change in Net Position	49,149	397,058	446,207
Net Position, January 1	<u>321,450</u>	<u>2,998,698</u>	<u>3,320,148</u>
Net Position, December 31	<u>\$ 370,599</u>	<u>\$ 3,395,756</u>	<u>\$ 3,766,355</u>

City of Red Wing, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2023

	605 Marina	652 Storm Water	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 840,929	\$ 1,354,148	\$ 2,195,077
Payments to vendors and suppliers	(587,407)	(625,938)	(1,213,345)
Payments to and on behalf of employees	(239,780)	(280,066)	(519,846)
Other receipts	423	17,914	18,337
Net Cash Provided by Operating Activities	<u>14,165</u>	<u>466,058</u>	<u>480,223</u>
Cash Flows From Noncapital Financing Activities			
Grants received	-	7,500	7,500
Transfers from other funds	-	75,000	75,000
Transfers to other funds	-	(167,000)	(167,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(84,500)</u>	<u>(84,500)</u>
Cash Flows From Capital and Related Financing Activities			
Capital grants and contributions received	-	22,500	22,500
Proceeds from sale of capital assets	-	3,544	3,544
Payments for acquisition and construction of capital assets	-	(205,813)	(205,813)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(179,769)</u>	<u>(179,769)</u>
Cash Flows From Investing Activities			
Interest receipts	-	109,543	109,543
Net Increase (Decrease) in Cash and Cash Equivalents	14,165	311,332	325,497
Cash and Cash Equivalents, January 1	<u>144,275</u>	<u>1,743,742</u>	<u>1,888,017</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 158,440</u></u>	<u><u>\$ 2,055,074</u></u>	<u><u>\$ 2,213,514</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 49,149	\$ 344,258	\$ 393,407
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	51,177	67,070	118,247
(Increase) decrease in assets			
Accounts receivable	4,765	(11,885)	(7,120)
Inventories	(14,060)	-	(14,060)
Prepaid items	(3,808)	-	(3,808)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	23,724	32,686	56,410
Deferred other postemployment benefit resources	7,479	(986)	6,493
Increase (decrease) in liabilities			
Accounts payable	(48,273)	32,122	(16,151)
Contracts payable	-	16,694	16,694
Salaries payable	163	(646)	(483)
Compensated absences payable	12,861	16,729	29,590
Other postemployment benefits obligation	(20,632)	(50)	(20,682)
Net pension liability	(63,662)	(89,960)	(153,622)
Unearned revenue	(26,504)	-	(26,504)
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	48,022	59,906	107,928
Deferred other postemployment benefit resources	(6,236)	120	(6,116)
Net Cash Provided by Operating Activities	<u><u>\$ 14,165</u></u>	<u><u>\$ 466,058</u></u>	<u><u>\$ 480,223</u></u>
Schedule of Noncash Financing and Investing Activities			
Capital assets acquired on account	<u><u>\$ -</u></u>	<u><u>\$ 317,189</u></u>	<u><u>\$ 317,189</u></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, 2023 and 2022

	2023	2022
Assets		
Cash and investments	\$ 22,559,271	\$ 23,267,512
Receivables		
Accrued interest	148,852	70,029
Delinquent taxes	125,111	76,992
Accounts (net of allowance)	65,472	200,998
Intergovernmental	292,425	246,510
Leases	2,387,009	2,469,272
Due from other funds	5,476,011	4,130,296
	<u>5,476,011</u>	<u>4,130,296</u>
Total Assets	<u><u>\$ 31,054,151</u></u>	<u><u>\$ 30,461,609</u></u>
Liabilities		
Accounts payable	\$ 646,808	\$ 514,290
Escrow accounts payable	73,265	73,265
Due to other governments	107,040	2,486
Salaries payable	461,869	715,824
Deposits payable	4,196	4,803
Unearned revenue	98,118	78,973
Total Liabilities	<u>1,391,296</u>	<u>1,389,641</u>
Deferred Inflows of Resources		
Deferred lease resources	2,298,828	2,427,495
Unavailable revenue		
Taxes	125,111	76,992
Intergovernmental	149,582	134,662
Total Deferred Inflows of Resources	<u>2,573,521</u>	<u>2,639,149</u>
Fund Balances		
Restricted	821,396	-
Committed	-	3,600,000
Assigned	717,018	685,243
Unassigned	25,550,920	22,147,576
Total Fund Balances	<u>27,089,334</u>	<u>26,432,819</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 31,054,151</u></u>	<u><u>\$ 30,461,609</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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023			2022
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Taxes				
Property taxes	\$ 18,948,694	\$ 18,948,694	\$ 18,820,858	\$ 18,637,425
Franchise taxes	247,700	247,700	201,255	229,369
Other taxes	42,000	42,000	43,478	42,158
Total taxes	19,238,394	19,238,394	19,065,591	18,908,952
Licenses and permits				
Business	55,780	55,780	53,935	54,023
Nonbusiness	13,625	13,625	13,533	19,475
Total licenses and permits	69,405	69,405	67,468	73,498
Intergovernmental				
Federal				
American Rescue Plan Act	-	-	-	891,743
Other	-	-	-	35,248
Total Federal	-	-	-	926,991
State				
Local government aid	298,946	298,946	298,946	628,846
Property tax credits	-	-	4,822	5,232
Police aid	258,328	258,328	271,687	239,560
Fire aid	125,113	259,501	134,388	2,000
Other	553,415	594,544	1,408,675	409,973
Total state	1,235,802	1,411,319	2,118,518	1,285,611
County				
Other County aids	60,000	60,000	44,096	86,775
Local				
Other local aid	-	-	-	10,000
Total intergovernmental	1,295,802	1,471,319	2,162,614	2,309,377
Charges for services				
General government	412,371	412,371	423,630	401,613
Public safety	239,633	239,633	243,539	231,771
Public works	108,217	108,217	99,389	118,932
Culture and recreation	124,210	124,210	135,882	120,045
Cemeteries	169,800	169,800	132,364	135,137
Rents	166,950	166,950	268,372	240,512
Total charges for services	1,221,181	1,221,181	1,303,176	1,248,010
Fines and forfeits	63,385	63,385	80,514	71,730
Investment income (loss)	125,000	125,000	1,556,039	(1,350,624)
Miscellaneous				
Contributions and donations	30,575	30,575	15,217	47,690
Refunds	-	-	54	919
Other	18,500	18,500	36,639	50,000
Total miscellaneous	49,075	49,075	51,910	98,609
Total Revenues	22,062,242	22,237,759	24,287,312	21,359,552

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
City council					
Personal services	\$ 51,890	\$ 51,890	\$ 60,152	\$ (8,262)	\$ 54,257
Supplies	575	575	2,118	(1,543)	1,210
Other services and charges	33,860	33,860	29,929	3,931	62,540
Total city council	86,325	86,325	92,199	(5,874)	118,007
Mayor					
Personal services	9,215	9,215	8,624	591	8,623
Supplies	50	50	-	50	32
Other services and charges	5,603	5,603	5,357	246	10,757
Total mayor	14,868	14,868	13,981	887	19,412
Council administration					
Other services and charges	168,704	168,704	168,708	(4)	163,860
Administrative customer services					
Other services and charges	110,963	110,963	110,964	(1)	112,704
Boards and commissions					
Personal services	29,625	29,625	18,172	11,453	35,961
Supplies	1,000	1,000	1,548	(548)	502
Other services and charges	114,660	134,905	82,914	51,991	115,535
Total boards and commissions	145,285	165,530	102,634	62,896	151,998
City clerk					
Personal services	78,098	78,098	78,096	2	82,872
Supplies	-	-	-	-	20
Other services and charges	50,783	50,783	50,784	(1)	49,308
Total city clerk	128,881	128,881	128,880	1	132,200
Elections					
Personal services	-	-	-	-	25,904
Supplies	130	130	-	130	2,117
Other services and charges	6,166	6,166	5,369	797	12,243
Total elections	6,296	6,296	5,369	927	40,264
Finance					
Personal services	435,311	435,311	435,312	(1)	360,060
Supplies	-	-	-	-	261
Other services and charges	180,399	180,399	181,547	(1,148)	162,043
Total finance	615,710	615,710	616,859	(1,149)	522,364
Audit					
Other services and charges	47,372	47,372	63,123	(15,751)	35,149
Attorney					
Other services and charges	271,475	271,475	298,087	(26,612)	235,605
Communications					
Personal services	67,890	67,890	67,896	(6)	67,464
Other services and charges	56,365	56,365	56,364	1	53,232
Total communications	124,255	124,255	124,260	(5)	120,696

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
Community engagement					
Personal services	\$ 141,320	\$ 141,320	\$ 105,903	\$ 35,417	\$ 132,373
Supplies	15,650	15,650	14,742	908	2,222
Other services and charges	20,373	20,373	12,539	7,834	34,683
Total community engagement	177,343	177,343	133,184	44,159	169,278
Employee services					
Personal services	180,017	180,017	180,012	5	166,320
Other services and charges	131,135	131,135	158,575	(27,440)	132,444
Total employee services	311,152	311,152	338,587	(27,435)	298,764
Government buildings					
Personal services	11,067	11,067	17,466	(6,399)	6,050
Supplies	20,775	20,775	24,633	(3,858)	16,842
Other services and charges	158,415	158,415	144,700	13,715	146,049
Total general government buildings	190,257	190,257	186,799	3,458	168,941
Total general government	2,398,886	2,419,131	2,383,634	35,497	2,289,242
Public safety					
Police					
Personal services	4,685,570	4,685,570	4,452,997	232,573	4,332,657
Supplies	139,000	143,398	138,518	4,880	208,788
Other services and charges	637,621	681,337	565,510	115,827	540,295
Total police	5,462,191	5,510,305	5,157,025	353,280	5,081,740
Fire					
Personal services	2,372,739	2,405,972	2,518,273	(112,301)	2,280,100
Supplies	154,252	161,227	112,608	48,619	322,731
Other services and charges	534,064	701,348	519,142	182,206	366,545
Total fire	3,061,055	3,268,547	3,150,023	118,524	2,969,376
Fire station building - Plum Street					
Personal services	1,087	1,087	5,394	(4,307)	604
Supplies	6,700	6,700	4,562	2,138	4,291
Other services and charges	47,764	47,764	64,367	(16,603)	71,346
Total fire station building - plum street	55,551	55,551	74,323	(18,772)	76,241
Fire station building - West					
Supplies	3,800	3,800	5,103	(1,303)	4,682
Other services and charges	35,029	35,029	66,239	(31,210)	59,131
Total fire station building - west	38,829	38,829	71,342	(32,513)	63,813
Civil defense					
Supplies	2,050	2,050	18,239	(16,189)	21,327
Other services and charges	3,266	3,266	2,684	582	1,533
Total civil defense	5,316	5,316	20,923	(15,607)	22,860
Total public safety	8,622,942	8,878,548	8,473,636	404,912	8,214,030
Public works					
Administration					
Personal services	276,087	276,087	223,314	52,773	244,232
Supplies	44,300	44,300	47,731	(3,431)	53,982
Other services and charges	468,239	468,239	472,136	(3,897)	513,825
Total administration	788,626	788,626	743,181	45,445	812,039

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street maintenance					
Personal services	\$ 32,300	\$ 26,837	\$ 44,419	\$ (17,582)	\$ 31,895
Supplies	351,249	351,249	343,782	7,467	283,139
Other services and charges	712,410	712,410	918,315	(205,905)	899,554
Total street maintenance	1,095,959	1,090,496	1,306,516	(216,020)	1,214,588
Snow and ice removal					
Personal services	-	-	15,777	(15,777)	-
Supplies	198,800	198,800	159,897	38,903	156,265
Other services and charges	273,446	273,446	415,090	(141,644)	334,829
Total snow and ice removal	472,246	472,246	590,764	(118,518)	491,094
Street lighting					
Personal services	32,671	32,671	38,379	(5,708)	19,362
Supplies	85,290	85,290	57,350	27,940	81,138
Other services and charges	365,857	360,857	332,705	28,152	235,379
Total street lighting	483,818	478,818	428,434	50,384	335,879
Parking ramps					
Personal services	10,694	10,694	23,058	(12,364)	1,815
Supplies	11,700	11,700	6,617	5,083	6,436
Other services and charges	122,830	122,830	98,331	24,499	101,147
Total parking ramps	145,224	145,224	128,006	17,218	109,398
Total public works	2,985,873	2,975,410	3,196,901	(221,491)	2,962,998
Sanitation					
Composting					
Personal services	24,060	24,060	19,667	4,393	18,696
Supplies	5,000	5,000	516	4,484	4,320
Other services and charges	14,243	14,243	27,744	(13,501)	15,360
Total sanitation	43,303	43,303	47,927	(4,624)	38,376
Culture and recreation					
Parks and boulevards					
Personal services	183,087	188,551	223,120	(34,569)	144,404
Supplies	262,105	262,105	249,483	12,622	269,543
Other services and charges	784,968	784,968	953,200	(168,232)	911,641
Total parks and boulevards	1,230,160	1,235,624	1,425,803	(190,179)	1,325,588
Recreational activities and facilities					
Personal services	84,652	84,652	111,690	(27,038)	109,841
Supplies	97,055	97,055	116,939	(19,884)	135,911
Other services and charges	948,449	948,449	957,065	(8,616)	983,868
Total recreational activities and facilities	1,130,156	1,130,156	1,185,694	(55,538)	1,229,620
Total culture and recreation	2,360,316	2,365,780	2,611,497	(245,717)	2,555,208

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, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Economic development					
Community development					
Personal services	\$ 814,776	\$ 762,776	\$ 730,719	\$ 32,057	\$ 674,893
Supplies	18,500	18,500	7,542	10,958	6,476
Other services and charges	201,552	254,952	151,758	103,194	163,730
Total community development	1,034,828	1,036,228	890,019	146,209	845,099
Planning					
Supplies	6,130	6,130	8,574	(2,444)	10,174
Other services and charges	158,145	158,145	118,811	39,334	268,338
Total planning	164,275	164,275	127,385	36,890	278,512
Total economic development	1,199,103	1,200,503	1,017,404	183,099	1,123,611
Cemeteries					
Personal services	221,701	221,701	215,005	6,696	233,849
Supplies	79,350	79,350	91,749	(12,399)	90,535
Other services and charges	140,756	140,756	121,988	18,768	119,924
Total cemeteries	441,807	441,807	428,742	13,065	444,308
Transit					
Other services and charges	182,000	182,000	-	182,000	226
Contingencies and other					
Other services and charges	122,575	122,575	199,847	(77,272)	242,840
Total current	18,356,805	18,629,057	18,359,588	269,469	17,870,839
Capital outlay					
General government	40,100	229,832	101,975	127,857	4,978
Public safety	365,075	750,075	316,257	433,818	-
Public works	619,410	832,406	230,616	601,790	636,659
Culture and recreation	516,100	958,818	624,142	334,676	124,037
Economic development	-	38,144	16,589	21,555	12,057
Cemeteries	41,000	41,000	38,205	2,795	36,412
Total capital outlay	1,581,685	2,850,275	1,327,784	1,522,491	814,143
Debt service					
Principal retirement	144,864	144,864	138,296	6,568	144,398
Interest and fiscal charges	-	-	17,585	(17,585)	-
Total debt service	144,864	144,864	155,881	(11,017)	144,398
Total Expenditures	20,083,354	21,624,196	19,843,253	1,780,943	18,829,380
Excess of Revenues					
Over Expenditures	1,978,888	613,563	4,444,059	3,830,496	2,530,172
Other Financing Sources (Uses)					
Sale of capital assets	9,000	9,000	38,316	29,316	111,416
Transfers in	221,000	221,000	173,371	(47,629)	610,895
Transfers out	(3,461,459)	(3,999,231)	(3,999,231)	-	(5,194,910)
Total Other Financing					
Sources (Uses)	(3,231,459)	(3,769,231)	(3,787,544)	(18,313)	(4,472,599)
Net Change in Fund Balances	(1,252,571)	(3,155,668)	656,515	3,812,183	(1,942,427)
Fund Balances, January 1	26,432,819	26,432,819	26,432,819	-	28,375,246
Fund Balances, December 31	\$ 25,180,248	\$ 23,277,151	\$ 27,089,334	\$ 3,812,183	\$ 26,432,819

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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.

\$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, 2023

	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	306 \$7,735,000 G.O. Improvement Bonds 2015A
Assets				
Cash and investments	\$ -	\$ 224,854	\$ 123,521	\$ 941,925
Receivables				
Intergovernmental	-	720	431	3,183
Total Assets	<u>\$ -</u>	<u>\$ 225,574</u>	<u>\$ 123,952</u>	<u>\$ 945,108</u>
Liabilities				
Accounts payable	\$ -	\$ 414	\$ 414	\$ 414
Fund Balances				
Restricted				
Debt service	-	225,160	123,538	944,694
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 225,574</u>	<u>\$ 123,952</u>	<u>\$ 945,108</u>

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
\$ 1,103,031	\$ 791,209	\$ 1,904,384	\$ 5,088,924
<u>3,560</u>	<u>2,981</u>	<u>7,031</u>	<u>17,906</u>
<u>\$ 1,106,591</u>	<u>\$ 794,190</u>	<u>\$ 1,911,415</u>	<u>\$ 5,106,830</u>
\$ 414	\$ 414	\$ 414	\$ 2,484
<u>1,106,177</u>	<u>793,776</u>	<u>1,911,001</u>	<u>5,104,346</u>
<u>\$ 1,106,591</u>	<u>\$ 794,190</u>	<u>\$ 1,911,415</u>	<u>\$ 5,106,830</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, 2023

	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	306 \$7,735,000 G.O. Improvement Bonds 2015A
Revenues				
Taxes				
Property taxes	\$ 8,477	\$ 187,727	\$ 112,478	\$ 829,861
Charges for services	-	372	223	1,645
Total Revenues	<u>8,477</u>	<u>188,099</u>	<u>112,701</u>	<u>831,506</u>
Expenditures				
Debt service				
Principal retirement	170,000	330,000	120,000	810,000
Interest and fiscal charges	6,428	8,662	4,894	57,563
Total Expenditures	<u>176,428</u>	<u>338,662</u>	<u>124,894</u>	<u>867,563</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(167,951)</u>	<u>(150,563)</u>	<u>(12,193)</u>	<u>(36,057)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(74,277)	-	-	-
Total Other Financing Sources (Uses)	<u>(74,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(242,228)	(150,563)	(12,193)	(36,057)
Fund Balances, January 1	<u>242,228</u>	<u>375,723</u>	<u>135,731</u>	<u>980,751</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 225,160</u>	<u>\$ 123,538</u>	<u>\$ 944,694</u>

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
\$ 930,106	\$ 777,189	\$ 1,833,155	\$ 4,678,993
-	1,540	3,635	7,415
<u>930,106</u>	<u>778,729</u>	<u>1,836,790</u>	<u>4,686,408</u>
885,000	670,000	1,415,000	4,400,000
<u>80,764</u>	<u>112,264</u>	<u>411,738</u>	<u>682,313</u>
<u>965,764</u>	<u>782,264</u>	<u>1,826,738</u>	<u>5,082,313</u>
<u>(35,658)</u>	<u>(3,535)</u>	<u>10,052</u>	<u>(395,905)</u>
-	-	74,277	74,277
<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,277)</u>
<u>-</u>	<u>-</u>	<u>74,277</u>	<u>-</u>
(35,658)	(3,535)	84,329	(395,905)
<u>1,141,835</u>	<u>797,311</u>	<u>1,826,672</u>	<u>5,500,251</u>
<u>\$ 1,106,177</u>	<u>\$ 793,776</u>	<u>\$ 1,911,001</u>	<u>\$ 5,104,346</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, 2023

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Services
Assets				
Current Assets				
Cash and investments	\$ 269,866	\$ 373,932	\$ 4,280,180	\$ -
Receivables				
Accrued interest	-	367	14,303	-
Accounts	698	12,019	13,416	-
Loans	-	-	8,811	-
Intergovernmental	-	27,076	18,183	-
Due from other funds	-	-	-	-
Inventories	-	125,611	4,540	-
Prepaid items	-	-	385	-
Total Current Assets	<u>270,564</u>	<u>539,005</u>	<u>4,339,818</u>	<u>-</u>
Capital Assets				
Buildings	-	7,825	-	-
Machinery and equipment	-	61,379	-	-
Office equipment	-	-	-	419,171
Vehicles	-	285,224	-	-
Less accumulated depreciation	-	(278,797)	-	(279,672)
Net Capital Assets	<u>-</u>	<u>75,631</u>	<u>-</u>	<u>139,499</u>
Total Assets	<u>270,564</u>	<u>614,636</u>	<u>4,339,818</u>	<u>139,499</u>
Liabilities				
Current Liabilities				
Accounts payable	3,485	136,625	80,705	144,668
Due to other funds	-	-	-	243,991
Salaries payable	104,849	157,845	7,160	21,481
Compensated absences payable	177,503	187,773	10,546	46,496
Total Current Liabilities	<u>285,837</u>	<u>482,243</u>	<u>98,411</u>	<u>456,636</u>
Noncurrent Liabilities				
Compensated absences payable	<u>166,418</u>	<u>54,978</u>	<u>3,011</u>	<u>40,683</u>
Total Liabilities	<u>452,255</u>	<u>537,221</u>	<u>101,422</u>	<u>497,319</u>
Net Position				
Investment in capital assets	-	75,631	-	139,499
Unrestricted	<u>(181,691)</u>	<u>1,784</u>	<u>4,238,396</u>	<u>(497,319)</u>
Total Net Position	<u>\$ (181,691)</u>	<u>\$ 77,415</u>	<u>\$ 4,238,396</u>	<u>\$ (357,820)</u>

715 Postemployment Benefits	728 Engineering	Total
\$ 1,197,443	\$ -	\$ 6,121,421
-	3,403	18,073
-	-	26,133
-	-	8,811
-	-	45,259
-	-	-
-	-	130,151
-	-	385
<u>1,197,443</u>	<u>3,403</u>	<u>6,350,233</u>
-	-	7,825
-	-	61,379
-	90,758	509,929
-	131,498	416,722
-	(164,972)	(723,441)
-	<u>57,284</u>	<u>272,414</u>
<u>1,197,443</u>	<u>60,687</u>	<u>6,622,647</u>
-	48,002	413,485
-	208,007	451,998
-	35,304	326,639
798,806	76,000	1,297,124
<u>798,806</u>	<u>367,313</u>	<u>2,489,246</u>
<u>395,985</u>	<u>48,572</u>	<u>709,647</u>
<u>1,194,791</u>	<u>415,885</u>	<u>3,198,893</u>
-	57,284	272,414
2,652	(412,482)	3,151,340
<u>\$ 2,652</u>	<u>\$ (355,198)</u>	<u>\$ 3,423,754</u>

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Services
Operating Revenues				
Charges for services	\$ 2,683,005	\$ 4,569,899	\$ 6,982,776	\$ 1,212,355
Miscellaneous	698	23,153	2,408,980	1,680
Total Operating Revenues	<u>2,683,703</u>	<u>4,593,052</u>	<u>9,391,756</u>	<u>1,214,035</u>
Operating Expenses				
Personal services	1,655,547	1,851,084	87,313	357,782
Employee benefits	688,310	1,227,759	6,855,233	164,872
Supplies	33,750	521,460	143	3,442
Cost of merchandise sold	-	974,520	-	-
Professional services	281,124	244,562	813,329	48,549
Rent and leased equipment	2,222	351	-	21,944
Repairs and maintenance	20,667	9,556	-	518,932
Administration and fiscal charges	56,847	5,933	85,073	18,149
Insurance premiums	6,266	12,082	471,255	11,527
Insurance claims	-	-	69,238	-
Depreciation	-	25,250	-	53,660
Miscellaneous	5,625	-	7,014	418
Total Operating Expenses	<u>2,750,358</u>	<u>4,872,557</u>	<u>8,388,598</u>	<u>1,199,275</u>
Operating Income (Loss)	(66,655)	(279,505)	1,003,158	14,760
Nonoperating Revenues				
Investment income	<u>-</u>	<u>2,887</u>	<u>186,672</u>	<u>43</u>
Income (Loss) Before Transfers	(66,655)	(276,618)	1,189,830	14,803
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(66,655)	(276,618)	1,189,830	14,803
Net Position, January 1	<u>(115,036)</u>	<u>354,033</u>	<u>3,048,566</u>	<u>(372,623)</u>
Net Position, December 31	<u>\$ (181,691)</u>	<u>\$ 77,415</u>	<u>\$ 4,238,396</u>	<u>\$ (357,820)</u>

715	728	
Postemployment Benefits	Engineering	Total
\$ -	\$ 432,227	\$ 15,880,262
-	10	2,434,521
-	432,237	18,314,783
-	489,132	4,440,858
-	233,957	9,170,131
-	27,755	586,550
-	-	974,520
-	509,146	1,896,710
-	257	24,774
-	2,582	551,737
-	63,013	229,015
-	3,612	504,742
-	-	69,238
-	5,057	83,967
-	-	13,057
-	1,334,511	18,545,299
-	(902,274)	(230,516)
-	24,392	213,994
-	(877,882)	(16,522)
-	569,600	569,600
-	(308,282)	553,078
2,652	(46,916)	2,870,676
<u>\$ 2,652</u>	<u>\$ (355,198)</u>	<u>\$ 3,423,754</u>

City of Red Wing, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2023

	701 Administrative Services	702 Central Services	705/708 Risk Management	710 Information Services
Cash Flows from Operating Activities				
Receipts from interfund services provided	\$ 2,682,307	\$ 4,535,740	\$ 7,005,192	\$ 1,212,355
Payments to vendors and suppliers	(435,631)	(1,804,207)	(904,928)	(471,660)
Payments to and on behalf of employees	(2,326,913)	(3,192,857)	(7,685,965)	(529,706)
Other receipts	698	23,153	2,408,980	1,680
Net Cash Provided (Used) by Operating Activities	<u>(79,539)</u>	<u>(438,171)</u>	<u>823,279</u>	<u>212,669</u>
Cash Flows from Noncapital Financing Activities				
Loans made	-	-	1,466	-
Increase (decrease) in due to other funds	-	-	-	(212,712)
Transfers from other funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>1,466</u>	<u>(212,712)</u>
Cash Flows from Capital and Related Financing Activities				
Payments for acquisition and construction of capital assets	<u>-</u>	<u>(48,884)</u>	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities				
Interest receipts	<u>-</u>	<u>2,795</u>	<u>180,474</u>	<u>43</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,539)	(484,260)	1,005,219	-
Cash and Cash Equivalents, January 1	<u>349,405</u>	<u>858,192</u>	<u>3,274,961</u>	<u>-</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 269,866</u></u>	<u><u>\$ 373,932</u></u>	<u><u>\$ 4,280,180</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (66,655)	\$ (279,505)	\$ 1,003,158	\$ 14,760
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	25,250	-	53,660
(Increase) decrease in assets				
Accounts receivable	(698)	(10,280)	34,397	-
Due from other governments	-	(23,879)	(11,981)	-
Inventories	-	(35,468)	622	-
Prepaid items	-	-	9	-
Increase (decrease) in liabilities				
Accounts payable	(29,130)	(275)	(200,281)	139,774
Salaries payable	4,677	(474)	346	(2,062)
Compensated absences payable	12,267	(113,540)	(2,991)	6,537
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (79,539)</u></u>	<u><u>\$ (438,171)</u></u>	<u><u>\$ 823,279</u></u>	<u><u>\$ 212,669</u></u>

715	728	
Postemployment		
Benefits	Engineering	Total
\$ -	\$ 434,127	\$ 15,869,721
-	(846,243)	(4,462,669)
213,118	(713,231)	(14,235,554)
-	10	2,434,521
<u>213,118</u>	<u>(1,125,337)</u>	<u>(393,981)</u>
-	-	1,466
-	208,007	(4,705)
-	569,600	569,600
-	<u>777,607</u>	<u>566,361</u>
-	<u>(53,650)</u>	<u>(102,534)</u>
-	<u>23,420</u>	<u>206,732</u>
213,118	(377,960)	276,578
<u>984,325</u>	<u>377,960</u>	<u>5,844,843</u>
<u>\$ 1,197,443</u>	<u>\$ -</u>	<u>\$ 6,121,421</u>
\$ -	\$ (902,274)	\$ (230,516)
-	5,057	83,967
-	1,900	25,319
-	-	(35,860)
-	-	(34,846)
-	-	9
-	(239,878)	(329,790)
-	3,833	6,320
<u>213,118</u>	<u>6,025</u>	<u>121,416</u>
<u>\$ 213,118</u>	<u>\$ (1,125,337)</u>	<u>\$ (393,981)</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, 2023

	808	810	825	840	845	
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020	Coalition of Utility Cities	Local Government Utility	Total
Assets						
Current Assets						
Cash and temporary investments	\$ 908,278	\$ 391,257	\$ 1,061	\$ 218,835	\$ 1,129	\$ 1,520,560
Assets held in endowment	-	3,723,466	-	-	-	3,723,466
Receivables						
Accrued interest	1,188	-	-	-	-	1,188
Accounts	-	-	-	48,311	-	48,311
Due from primary government	-	99,943	-	-	-	99,943
Prepaid items	-	63,694	-	-	-	63,694
Total Assets	909,466	4,278,360	1,061	267,146	1,129	5,457,162
Liabilities						
Current Liabilities						
Accounts payable	56,063	34,484	-	1,455	-	92,002
Due to other governments	187	1,445	-	-	-	1,632
Salaries payable	-	32,636	-	-	-	32,636
Compensated absences payable	-	8,857	-	-	-	8,857
Unearned revenue	-	131,939	-	-	-	131,939
Total Current Liabilities	56,250	209,361	-	1,455	-	267,066
Noncurrent Liabilities						
Compensated absences payable	-	56,171	-	-	-	56,171
Total Liabilities	56,250	265,532	-	1,455	-	323,237
Net Position						
Restricted						
Individuals, Organizations, Endowments and Other Governments	<u>\$ 853,216</u>	<u>\$ 4,012,828</u>	<u>\$ 1,061</u>	<u>\$ 265,691</u>	<u>\$ 1,129</u>	<u>\$ 5,133,925</u>

City of Red Wing, Minnesota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2023

	808	810	825	840	845	
	Cannon Valley Bike	Sheldon Auditorium	Red Wing 2020	Coalition of Utility Cities	Local Government Utility	Total
Additions						
Intergovernmental	\$ 792,409	\$ 232,608	\$ -	\$ -	\$ -	\$ 1,025,017
Investment earnings	8,563	285,659	-	-	-	294,222
Charges for services	139,355	522,821	-	-	-	662,176
Miscellaneous	24,969	305,526	-	174,999	-	505,494
Total Additions	<u>965,296</u>	<u>1,346,614</u>	<u>-</u>	<u>174,999</u>	<u>-</u>	<u>2,486,909</u>
Deductions						
Culture and recreation						
Personal services	33,531	657,827	-	-	-	691,358
Supplies	30,649	44,967	-	-	-	75,616
Other services and charges	243,519	553,860	-	-	-	797,379
Capital outlay	898,445	-	-	-	-	898,445
Miscellaneous						
Other services and charges	-	-	-	89,882	-	89,882
Total Deductions	<u>1,206,144</u>	<u>1,256,654</u>	<u>-</u>	<u>89,882</u>	<u>-</u>	<u>2,552,680</u>
Net Increase (Decrease) in Fiduciary Net Position	(240,848)	89,960	-	85,117	-	(65,771)
Net Position, January 1	<u>1,094,064</u>	<u>3,922,868</u>	<u>1,061</u>	<u>180,574</u>	<u>1,129</u>	<u>5,199,696</u>
Net Position, December 31	<u>\$ 853,216</u>	<u>\$ 4,012,828</u>	<u>\$ 1,061</u>	<u>\$ 265,691</u>	<u>\$ 1,129</u>	<u>\$ 5,133,925</u>

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DISCRETELY PRESENTED COMPONENT UNIT
PORT AUTHORITY

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Balance Sheet (Continued on the following page)
December 31, 2023

	Special Revenue					Total
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	234 Small Business Development Fund	
Assets						
Cash and cash equivalents	\$ 369,346	\$ 1,030,626	\$ 75,872	\$ 536,041	\$ 40,000	\$ 2,051,885
Receivables						
Delinquent taxes	2,566	-	-	-	-	2,566
Accounts	21,491	3,483	-	10,000	-	34,974
Notes and loans (net of allowance)	-	1,061,898	27,580	121,540	60,000	1,271,018
Intergovernmental	1,946	-	-	-	-	1,946
Leases	449,285	-	-	-	-	449,285
Total Assets	\$ 844,634	\$ 2,096,007	\$ 103,452	\$ 667,581	\$ 100,000	\$ 3,811,674
Liabilities						
Accounts payable	\$ 80,937	\$ -	\$ -	\$ -	\$ -	\$ 80,937
Due to other governments	-	-	-	158,233	-	158,233
Total Liabilities	80,937	-	-	158,233	-	239,170
Deferred Inflows of Resources						
Deferred lease resources	435,219	-	-	-	-	435,219
Unavailable revenue						
Taxes	2,566	-	-	-	-	2,566
Total Deferred Inflows of Resources	437,785	-	-	-	-	437,785
Fund Balances						
Restricted	-	-	-	509,348	100,000	609,348
Committed	-	2,096,007	103,452	-	-	2,199,459
Assigned	325,912	-	-	-	-	325,912
Total Fund Balances	325,912	2,096,007	103,452	509,348	100,000	3,134,719
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 844,634	\$ 2,096,007	\$ 103,452	\$ 667,581	\$ 100,000	\$ 3,811,674

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Balance Sheet (Continued)
December 31, 2023

	<u>Total</u>
Amounts reported for governmental activities in the statement of net position are different because	
Fund Balances - governmental funds from above	\$ 3,134,719
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	700,605
Long-term liabilities, including lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Lease payable	(93,035)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	2,566
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>2,453</u>
Total Net Position - Governmental Activities	<u>\$ 3,747,308</u>

City of Red Wing, Minnesota
Discretely Presented Component Unit - Port Authority
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued on the following page)
For the Year Ended December 31, 2023

		Special Revenue				
	236 Port Authority General	231 Industrial Loan	232 Micro Loan	233 Intermediary Relending	234 Small Business Development Fund	Total
Revenues						
Taxes						
Property taxes	\$ 511,335	\$ -	\$ -	\$ -	\$ -	\$ 511,335
Other taxes	1,023	-	-	-	-	1,023
Intergovernmental						
State	12,054	-	-	-	-	12,054
Charges for services	181,805	-	-	-	-	181,805
Investment income	125	-	-	12,235	-	12,360
Miscellaneous						
Interest on notes and loans	-	55,229	316	7,096	-	62,641
Other	-	-	67	-	-	67
Total Revenues	<u>706,342</u>	<u>55,229</u>	<u>383</u>	<u>19,331</u>	<u>-</u>	<u>781,285</u>
Expenditures						
Current						
Economic development						
Personal services	5,772	-	-	-	-	5,772
Supplies	1,436	-	-	-	-	1,436
Other services and charges	530,230	-	-	-	-	530,230
Miscellaneous	410,791	-	-	(2,834)	-	407,957
Capital outlay						
Economic development	114,342	-	-	-	-	114,342
Debt service						
Principal retirement	21,307	-	-	-	-	21,307
Interest and fiscal charges	4,357	-	-	1,890	-	6,247
Total Expenditures	<u>1,088,235</u>	<u>-</u>	<u>-</u>	<u>(944)</u>	<u>-</u>	<u>1,087,291</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(381,893)</u>	<u>55,229</u>	<u>383</u>	<u>20,275</u>	<u>-</u>	<u>(306,006)</u>
Other Financing Uses						
Lease issued	114,342	-	-	-	-	114,342
Payment to primary government	(120,612)	-	-	-	-	(120,612)
Total Other Financing Sources (Uses)	<u>(6,270)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,270)</u>
Net Change in Fund Balances	(388,163)	55,229	383	20,275	-	(312,276)
Fund Balances, January 1	<u>714,075</u>	<u>2,040,778</u>	<u>103,069</u>	<u>489,073</u>	<u>100,000</u>	<u>3,446,995</u>
Fund Balances, December 31	<u>\$ 325,912</u>	<u>\$ 2,096,007</u>	<u>\$ 103,452</u>	<u>\$ 509,348</u>	<u>\$ 100,000</u>	<u>\$ 3,134,719</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, 2023

	<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	\$ (312,276)
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	114,342
Depreciation/amortization expense	(37,123)
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	936
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.	
Lease issued	21,307
Lease repayments	(114,342)
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>(1,591)</u>
Change in Net Position - Governmental Activities	<u>\$ (328,747)</u>

City of Red Wing, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Totals		Percent Increase (Decrease)
	2023	2022	
Revenues			
Taxes	\$ 24,043,147	\$ 24,135,111	(0.38) %
Special assessments	735,573	771,496	(4.66)
Licenses and permits	400,361	436,167	(8.21)
Intergovernmental	5,602,692	4,489,347	24.80
Charges for services	1,464,663	1,415,637	3.46
Fines and forfeits	80,718	72,039	12.05
Investment income (loss)	2,204,686	(2,330,238)	N/A
Miscellaneous	1,035,598	1,128,770	(8.25)
Total Revenues	<u>\$ 35,567,438</u>	<u>\$ 30,118,329</u>	18.09 %
Per Capita	\$ 2,123	\$ 1,816	16.91 %
Expenditures			
Current			
General government	\$ 2,383,634	\$ 2,289,242	4.12 %
Public safety	9,067,279	8,920,098	1.65
Public works	3,544,686	3,224,304	9.94
Sanitation	47,927	38,376	24.89
Culture and recreation	4,037,491	3,994,879	1.07
Economic development	1,332,488	1,431,674	(6.93)
Airport	287,112	332,454	(13.64)
Transit	-	226	(100.00)
Cemeteries	428,742	444,308	(3.50)
Unallocated	199,847	242,840	(17.70)
Capital outlay			
General government	101,975	4,978	1,948.51
Public safety	327,519	30,948	958.29
Public works	4,600,680	6,781,993	(32.16)
Culture and recreation	1,250,133	180,380	593.06
Economic development	16,589	12,057	37.59
Airport	1,017,692	20,158	4,948.58
Cemeteries	38,205	36,412	4.92
Debt service			
Principal	4,538,296	4,465,000	1.64
Interest and fiscal charges	699,898	821,177	(14.77)
Bond issuance costs	-	-	N/A
Total Expenditures	<u>\$ 33,920,193</u>	<u>\$ 33,271,504</u>	1.95 %
Per Capita	\$ 2,024	\$ 2,006	0.93 %
Total Long-term Indebtedness	\$ 17,697,637	\$ 22,235,933	(20.41) %
Per Capita	1,056	1,340	(21.21)
General Fund Balance - December 31	\$ 27,089,334	\$ 26,432,819	2.48 %
Per Capita	1,617	1,593	1.46

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

STATISTICAL SECTION (UNAUDITED)

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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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				
	2023	2022	2021	2020	2019
Governmental Activities					
Net investment in capital assets	\$ 103,300,224	\$ 98,523,215	\$ 93,291,928	\$ 86,519,771	\$ 80,102,509
Restricted	19,256,326	17,704,727	18,763,839	18,876,295	18,292,106
Unrestricted	<u>36,530,420</u>	<u>35,571,165</u>	<u>37,956,673</u>	<u>36,152,726</u>	<u>35,107,626</u>
Total Governmental Activities Net Position	<u>\$ 159,086,970</u>	<u>\$ 151,799,107</u>	<u>\$ 150,012,440</u>	<u>\$ 141,548,792</u>	<u>\$ 133,502,241</u>
Business-type Activities					
Net investment in capital assets	\$ 62,459,275	\$ 58,102,567	\$ 57,591,840	\$ 55,900,420	\$ 53,690,749
Restricted	-	-	-	-	490,600
Unrestricted	<u>(2,038,257)</u>	<u>(686,560)</u>	<u>(193,852)</u>	<u>(466,730)</u>	<u>(488,437)</u>
Total Business-type Activities Net Position	<u>\$ 60,421,018</u>	<u>\$ 57,416,007</u>	<u>\$ 57,397,988</u>	<u>\$ 55,433,690</u>	<u>\$ 53,692,912</u>
Primary Government					
Net investment in capital assets	\$ 165,759,499	\$ 156,625,782	\$ 150,883,768	\$ 142,420,191	\$ 133,793,258
Restricted	19,256,326	17,704,727	18,763,839	18,876,295	18,782,706
Unrestricted	<u>34,492,163</u>	<u>34,884,605</u>	<u>37,762,821</u>	<u>35,685,996</u>	<u>34,619,189</u>
Total Primary Government Net Position	<u>\$ 219,507,988</u>	<u>\$ 209,215,114</u>	<u>\$ 207,410,428</u>	<u>\$ 196,982,482</u>	<u>\$ 187,195,153</u>

Table 1

Fiscal Year				
2018	2017	2016	2015	2014
\$ 74,558,012	\$ 65,465,148	\$ 58,051,200	\$ 49,648,560	\$ 46,262,064
15,669,640	15,331,092	14,254,984	13,309,298	12,812,857
32,445,017	30,800,095	28,121,151	32,917,382	31,756,579
<u>\$ 122,672,669</u>	<u>\$ 111,596,335</u>	<u>\$ 100,427,335</u>	<u>\$ 95,875,240</u>	<u>\$ 90,831,500</u>
\$ 50,671,411	\$ 48,252,911	\$ 44,944,878	\$ 44,265,403	\$ 41,964,192
472,538	454,476	436,414	418,352	400,290
994,152	797,066	2,894,021	2,404,032	7,743,886
<u>\$ 52,138,101</u>	<u>\$ 49,504,453</u>	<u>\$ 48,275,313</u>	<u>\$ 47,087,787</u>	<u>\$ 50,108,368</u>
\$ 125,229,423	\$ 113,718,059	\$ 102,996,078	\$ 93,913,963	\$ 88,226,256
16,142,178	15,785,568	14,691,398	13,727,650	13,213,147
33,439,169	31,597,161	31,015,172	35,321,414	39,500,465
<u>\$ 174,810,770</u>	<u>\$ 161,100,788</u>	<u>\$ 148,702,648</u>	<u>\$ 142,963,027</u>	<u>\$ 140,939,868</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				
	2023	2022	2021	2020	2019
Expenses					
Governmental Activities					
General government	\$ 2,896,236	\$ 2,759,870	\$ 2,396,890	\$ 2,378,800	\$ 2,302,696
Public safety	10,678,850	9,920,596	8,299,485	9,299,639	7,999,708
Public works	9,201,272	7,665,726	7,513,849	7,236,954	6,339,104
Sanitation	46,407	41,230	43,791	62,237	70,548
Culture and recreation	5,096,497	5,096,239	4,361,808	4,438,605	4,453,930
Economic development	1,444,103	1,636,344	2,099,220	2,052,125	1,961,397
Airport	394,168	398,653	337,844	314,972	788,599
Cemeteries	493,955	505,987	484,345	439,843	411,340
Transit	-	208	23	31,181	30,305
Interest and fiscal charges	370,746	341,417	607,073	721,999	849,877
Total Governmental Activities Expenses	<u>30,622,234</u>	<u>28,366,270</u>	<u>26,144,328</u>	<u>26,976,355</u>	<u>25,207,504</u>
Business-Type Activities					
Ambulance	3,227,504	3,662,126	2,602,201	2,637,394	2,427,424
Refuse collection and recycling	3,249,224	3,008,637	2,949,020	2,938,594	2,751,975
Water	3,440,433	3,358,719	3,275,412	3,142,303	3,083,037
Sewer	5,977,179	5,764,126	4,670,247	4,752,683	4,308,018
Storm water	1,077,237	979,979	889,196	928,302	917,945
Solid waste campus	5,507,693	5,350,561	4,877,124	4,249,011	3,863,171
Marina	806,461	728,010	707,691	627,636	650,314
Total Business-type Activities Expenses	<u>23,285,731</u>	<u>22,852,158</u>	<u>19,970,891</u>	<u>19,275,923</u>	<u>18,001,884</u>
Total Primary Government Expenses	<u>\$ 53,907,965</u>	<u>\$ 51,218,428</u>	<u>\$ 46,115,219</u>	<u>\$ 46,252,278</u>	<u>\$ 43,209,388</u>
Program Revenue					
Governmental Activities					
Charges for services					
General government	\$ 694,233	\$ 645,913	\$ 509,725	\$ 306,285	\$ 360,160
Public safety	729,065	760,934	559,901	585,947	697,271
Public works	102,916	126,967	110,747	142,305	196,529
Culture and recreation	226,384	210,289	229,146	121,996	163,828
Economic development	-	6,522	5,598	9,037	10,905
Airport	98,134	113,764	121,003	104,985	508,244
Cemeteries	217,229	223,152	277,005	320,681	217,172
Operating grants and contributions	6,688,982	2,844,672	1,985,850	2,617,452	1,985,988
Capital grants and contributions	1,352,555	1,315,520	4,991,182	4,681,547	5,660,185
Total Governmental Activities Program Revenues	<u>10,109,498</u>	<u>6,247,733</u>	<u>8,790,157</u>	<u>8,890,235</u>	<u>9,800,282</u>
Business-type Activities					
Charges for services					
Ambulance	3,624,040	2,885,881	2,564,035	2,013,230	2,165,995
Refuse collection and recycling	3,523,871	3,251,971	2,849,662	2,734,616	2,581,246
Water	4,811,048	4,480,345	3,814,559	3,674,000	3,674,091
Sewer	7,273,482	6,389,186	5,336,604	4,959,154	4,999,087
Storm water	1,383,471	1,304,340	1,311,885	1,391,077	1,357,185
Solid waste campus	5,141,795	4,865,440	5,222,827	4,318,835	5,793,406
Marina	863,110	857,345	873,320	804,175	688,091
Operating grants and contributions	205,538	369,083	217,712	182,918	345,628
Capital grants and contributions	93,919	195,625	206,427	1,999,500	52,568
Total Business-type Activities Program Revenues	<u>26,920,274</u>	<u>24,599,216</u>	<u>22,397,031</u>	<u>22,077,505</u>	<u>21,657,297</u>
Total Primary Government Program Revenues	<u>\$ 37,029,772</u>	<u>\$ 30,846,949</u>	<u>\$ 31,187,188</u>	<u>\$ 30,967,740</u>	<u>\$ 31,457,579</u>
Net (Expense) Revenue					
Governmental Activities	<u>\$(20,512,736)</u>	<u>\$(22,118,537)</u>	<u>\$(17,354,171)</u>	<u>\$(18,086,120)</u>	<u>\$(15,407,222)</u>
Business-type Activities	<u>3,634,543</u>	<u>1,747,058</u>	<u>2,426,140</u>	<u>2,801,582</u>	<u>3,655,413</u>
Total Primary Government Net Expense	<u>\$ 16,878,193</u>	<u>\$ 20,371,479</u>	<u>\$ 14,928,031</u>	<u>\$ 15,284,538</u>	<u>\$ 11,751,809</u>

Table 2

Fiscal Year				
2018	2017	2016	2015	2014
\$ 2,197,544	\$ 1,978,680	\$ 2,186,067	\$ 2,014,182	\$ 1,928,550
7,403,798	7,458,841	8,359,216	6,037,426	6,033,337
6,310,412	5,616,530	5,502,852	4,967,050	5,291,324
89,269	96,063	66,457	38,978	48,969
4,187,586	4,223,786	4,091,398	3,308,523	3,791,583
1,967,863	1,116,449	526,193	861,913	562,704
405,650	354,440	375,284	375,939	358,401
415,040	368,286	494,246	371,341	368,248
206	236	27,885	48,200	22,904
1,023,906	567,690	411,189	324,976	153,007
24,001,274	21,781,001	22,040,787	18,348,528	18,559,027
2,053,098	2,186,069	2,385,807	1,865,373	1,842,459
2,564,204	2,450,536	2,377,624	2,452,011	2,050,561
3,100,054	3,250,721	3,291,289	3,176,793	3,127,351
4,695,023	4,246,080	4,720,564	4,341,896	4,216,823
656,048	801,777	639,856	719,183	622,651
3,254,076	3,242,387	2,575,882	2,647,529	2,272,893
591,098	550,923	564,350	620,148	711,761
16,913,601	16,728,493	16,555,372	15,822,933	14,844,499
\$ 40,914,875	\$ 38,509,494	\$ 38,596,159	\$ 34,171,461	\$ 33,403,526
\$ 401,318	\$ 242,075	\$ 220,509	\$ 213,967	\$ 222,553
752,079	717,634	446,891	445,281	487,672
121,458	205,902	106,649	116,943	222,671
217,036	204,738	201,576	205,901	171,026
14,051	20,474	19,641	18,891	31,460
118,063	102,222	104,043	117,471	107,625
175,621	183,357	196,675	186,409	159,976
1,642,979	1,130,771	1,157,393	1,676,665	1,306,110
5,517,336	5,726,499	3,509,448	8,248,980	2,493,704
8,959,941	8,533,672	5,962,825	11,230,508	5,202,797
2,091,102	1,817,922	1,770,147	1,732,331	1,700,329
2,536,707	2,494,292	2,474,252	2,401,294	2,245,610
3,579,496	3,435,180	3,349,471	3,313,412	3,305,736
5,040,547	4,593,955	4,397,573	3,819,287	3,808,506
1,334,966	1,303,006	1,325,296	1,274,544	1,110,841
4,260,460	3,618,528	2,713,880	2,695,806	2,435,248
691,877	665,935	550,365	554,370	565,965
40,735	19,346	36,059	28,093	54,787
368,812	-	-	68,977	-
19,944,702	17,948,164	16,617,043	15,888,114	15,227,022
\$ 28,904,643	\$ 26,481,836	\$ 22,579,868	\$ 27,118,622	\$ 20,429,819
\$ (15,041,333)	\$ (13,247,329)	\$ (16,077,962)	\$ (7,118,020)	\$ (13,356,230)
3,031,101	1,219,671	61,671	65,181	382,523
\$ 12,010,232	\$ 12,027,658	\$ 16,016,291	\$ 7,052,839	\$ 12,973,707

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 18,868,977	\$ 18,616,115	\$ 17,786,198	\$ 17,718,266	\$ 14,161,673
Property taxes, levied for debt service	4,656,570	4,909,320	5,083,396	5,645,428	6,125,216
Tax increments	-	-	25,572	138,474	128,248
Franchise taxes	201,255	229,369	232,637	241,107	251,768
Hotel-motel taxes	298,563	308,172	249,531	149,562	263,495
Other taxes	52,811	51,803	51,523	48,537	43,752
Grants and contributions not restricted to specific programs	303,768	634,078	2,417,613	767,552	888,367
Unrestricted investment earnings (loss)	2,418,680	(2,510,129)	(13,363)	655,744	1,843,522
Other revenues	36,544	10,371	22,804	289,428	72,111
Gain on sale of capital assets	33,809	111,416	37,071	70,263	105,334
Transfers	929,622	1,544,689	645,479	408,310	2,354,897
Total Governmental Activities	<u>27,800,599</u>	<u>23,905,204</u>	<u>26,538,461</u>	<u>26,132,671</u>	<u>26,238,383</u>
Business-type Activities					
Unrestricted investment earnings (loss)	288,750	(219,442)	(7,507)	60,588	252,317
Gain on sale of capital assets	11,340	35,092	191,144	73,621	1,978
Transfers	(929,622)	(1,544,689)	(645,479)	(408,310)	(2,354,897)
Loss on discontinued operations	-	-	-	-	-
Total Business-type Activities	<u>(629,532)</u>	<u>(1,729,039)</u>	<u>(461,842)</u>	<u>(274,101)</u>	<u>(2,100,602)</u>
Total Primary Government	<u>\$ 27,171,067</u>	<u>\$ 22,176,165</u>	<u>\$ 26,076,619</u>	<u>\$ 25,858,570</u>	<u>\$ 24,137,781</u>
Changes in Net Position					
Governmental Activities	\$ 7,287,863	\$ 1,786,667	\$ 9,184,290	\$ 8,046,551	\$ 10,831,161
Business-type Activities	<u>3,005,011</u>	<u>18,019</u>	<u>1,964,298</u>	<u>2,527,481</u>	<u>1,554,811</u>
Total Primary Government	<u>\$ 10,292,874</u>	<u>\$ 1,804,686</u>	<u>\$ 11,148,588</u>	<u>\$ 10,574,032</u>	<u>\$ 12,385,972</u>

Table 2 (Continued)

	Fiscal Year			
2018	2017	2016	2015	2014
\$ 19,522,521	\$ 18,570,054	\$ 17,565,362	\$ 15,926,127	\$ 13,979,615
3,653,662	3,037,320	2,087,390	1,228,574	612,320
136,802	130,672	126,293	130,668	119,509
247,661	252,374	250,847	231,315	228,567
-	-	-	-	-
39,681	38,728	36,789	34,934	39,793
1,305,856	1,215,076	1,350,331	1,517,171	1,796,830
783,568	818,561	(29,598)	528,855	2,190,982
400,875	201,387	54,659	68,355	30,032
176,756	10,316	71,779	105,141	31,854
135,694	141,841	(883,795)	(1,940,807)	486,494
26,403,076	24,416,329	20,630,057	17,830,333	19,515,996
82,102	90,603	211,253	339,807	1,115,146
26,472	60,707	30,807	104,459	112,220
(135,694)	(141,841)	883,795	1,940,807	(486,494)
-	-	-	-	(2,564,361)
(27,120)	9,469	1,125,855	2,385,073	(1,823,489)
<u>\$ 26,375,956</u>	<u>\$ 24,425,798</u>	<u>\$ 21,755,912</u>	<u>\$ 20,215,406</u>	<u>\$ 17,692,507</u>
\$ 11,361,743	\$ 11,169,000	\$ 4,552,095	\$ 10,712,313	\$ 6,159,766
3,003,981	1,229,140	1,187,526	2,450,254	(1,440,966)
<u>\$ 14,365,724</u>	<u>\$ 12,398,140</u>	<u>\$ 5,739,621</u>	<u>\$ 13,162,567</u>	<u>\$ 4,718,800</u>

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City of Red Wing, Minnesota
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 3

Fiscal Year	Property Taxes		Tax Increments	Franchise Tax	Hotel-Motel Tax	Other Tax	Total
	Levied for General Purposes	Levied for Debt Service					
2023	\$ 18,868,977	\$ 4,656,570	\$ -	\$ 201,255	\$ 298,563	\$ 52,811	\$ 24,078,176
2022	18,616,115	4,909,320	-	229,369	308,172	51,803	24,114,779
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

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ 62,594	\$ 1,064,270
Restricted	821,396	-	-	48,697	98,424
Committed	-	3,600,000	3,600,000	3,600,000	3,600,000
Assigned	717,018	685,243	585,243	592,743	742,741
Unassigned	25,550,920	22,147,576	24,190,003	23,844,117	21,931,586
Total General Fund	<u>\$ 27,089,334</u>	<u>\$ 26,432,819</u>	<u>\$ 28,375,246</u>	<u>\$ 28,148,151</u>	<u>\$ 27,437,021</u>
All Other Governmental Funds					
Nonspendable	\$ 644,988	\$ 2,783,132	\$ 2,818,893	\$ 2,722,455	\$ 2,588,039
Restricted	17,711,589	15,000,463	16,280,810	16,585,701	17,111,630
Committed	7,099,000	5,793,608	4,319,652	6,201,435	5,743,100
Assigned	5,121,586	5,539,776	5,124,602	4,707,486	5,107,669
Unassigned	(654,862)	(583,746)	(360,433)	(925,090)	(839,382)
Total All Other Governmental Funds	<u>\$ 29,922,301</u>	<u>\$ 28,533,233</u>	<u>\$ 28,183,524</u>	<u>\$ 29,291,987</u>	<u>\$ 29,711,056</u>

Table 4

Fiscal Year				
2018	2017	2016	2015	2014
\$ 1,064,052	\$ 1,063,817	\$ 142,122	\$ 113,387	\$ 193,687
4,897,102	2,504,393	1,467,860	1,010,204	1,005,870
3,600,000	3,600,000	3,600,000	3,600,000	3,600,000
542,741	542,741	-	-	-
20,259,408	18,524,408	17,598,256	14,992,326	12,674,073
<u>\$ 30,363,303</u>	<u>\$ 26,235,359</u>	<u>\$ 22,808,238</u>	<u>\$ 19,715,917</u>	<u>\$ 17,473,630</u>
\$ 2,454,190	\$ 2,474,046	\$ 2,351,681	\$ 2,208,470	\$ 4,991,700
18,985,163	14,714,608	12,706,743	11,169,450	10,865,226
2,967,968	3,240,965	3,277,743	5,788,854	767,845
6,458,925	5,772,009	5,761,280	6,483,127	4,389,895
(1,382,088)	(1,258,162)	(1,931,540)	(429,114)	(1,339,709)
<u>\$ 29,484,158</u>	<u>\$ 24,943,466</u>	<u>\$ 22,165,907</u>	<u>\$ 25,220,787</u>	<u>\$ 19,674,957</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 24,043,147	\$ 24,135,111	\$ 23,423,670	\$ 23,931,090	\$ 20,976,818
Special assessments	735,573	771,496	630,228	867,216	430,028
Intergovernmental revenue	5,602,692	4,489,347	6,701,733	6,595,370	8,647,517
Licenses and permits	400,361	436,167	240,097	278,897	368,777
Charges for services	1,464,663	1,415,637	1,296,837	795,174	976,522
Fines and forfeits	80,718	72,039	60,982	44,602	81,956
Interest income (loss)	2,204,686	(2,330,238)	(5,448)	620,322	1,665,491
Miscellaneous	1,035,598	1,128,770	608,867	832,006	900,616
Total Revenues	<u>35,567,438</u>	<u>30,118,329</u>	<u>32,956,966</u>	<u>33,964,677</u>	<u>34,047,725</u>
Expenditures					
General government	2,383,634	2,289,242	2,122,793	2,067,986	2,064,234
Public safety	9,067,279	8,920,098	8,198,218	8,303,007	7,455,079
Public works	3,544,686	3,224,304	3,282,031	3,211,907	2,995,786
Sanitation	47,927	38,376	44,118	61,124	60,769
Culture and recreation	4,037,491	3,994,879	3,629,506	3,607,285	3,732,936
Economic development	1,332,488	1,431,674	2,044,996	1,961,080	1,753,077
Airport	287,112	332,454	269,713	250,021	704,372
Cemeteries	428,742	444,308	408,384	358,080	360,182
Transit	-	226	-	31,173	30,381
Contingencies and other	199,847	242,840	78,879	98,824	133,297
Capital outlay	7,352,793	7,066,926	8,427,959	8,313,078	15,802,545
Debt service					
Principal	4,538,296	4,465,000	4,365,000	4,240,000	2,935,000
Interest and fiscal charges	699,898	821,177	935,420	1,056,207	1,320,598
Bond issuance costs	-	-	-	-	-
Total Expenditures	<u>33,920,193</u>	<u>33,271,504</u>	<u>33,807,017</u>	<u>33,559,772</u>	<u>39,348,256</u>
Excess of Revenues Over (Under) Expenditures	<u>1,647,245</u>	<u>(3,153,175)</u>	<u>(850,051)</u>	<u>404,905</u>	<u>(5,300,531)</u>
Other Financing Sources (Uses)					
Sale of capital assets	38,316	111,416	38,071	70,263	107,839
Transfers in	5,122,045	9,066,617	6,353,168	5,750,126	12,072,382
Bonds issued	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-
Transfers out	(4,762,023)	(7,617,576)	(6,422,556)	(5,933,233)	(9,577,485)
Total Other Financing Sources (Uses)	<u>398,338</u>	<u>1,560,457</u>	<u>(31,317)</u>	<u>(112,844)</u>	<u>2,602,736</u>
Net Change in Fund Balance	<u>\$ 2,045,583</u>	<u>\$ (1,592,718)</u>	<u>\$ (881,368)</u>	<u>\$ 292,061</u>	<u>\$ (2,697,795)</u>
Debt service as a percentage of noncapital expenditures	19.21%	20.17%	20.88%	20.98%	18.07%
Debt service as a percentage of total expenditures	15.44%	15.89%	15.68%	15.78%	10.82%

Table 5

Fiscal Year				
2018	2017	2016	2015	2014
\$ 23,625,190	\$ 22,016,695	\$ 20,149,887	\$ 17,522,463	\$ 15,027,160
700,994	867,140	491,636	410,235	1,300,387
7,082,531	6,069,508	5,519,205	11,750,265	5,451,664
395,487	390,394	234,925	251,182	271,741
814,189	721,865	605,117	577,233	535,387
89,398	82,057	89,599	88,125	83,991
722,293	785,340	17,545	494,171	1,891,320
1,377,456	992,282	599,655	818,731	718,158
<u>34,807,538</u>	<u>31,925,281</u>	<u>27,707,569</u>	<u>31,912,405</u>	<u>25,279,808</u>
1,930,751	1,657,839	1,814,476	1,834,768	1,715,823
6,999,578	6,329,892	6,339,056	5,882,501	5,755,448
2,799,613	2,833,260	2,609,653	2,570,328	2,947,103
80,256	84,249	49,339	43,891	49,680
3,464,235	3,606,939	3,259,092	3,033,293	3,187,335
1,899,496	1,098,068	486,445	822,158	525,693
299,996	233,749	227,118	251,797	221,686
340,666	286,930	404,413	332,475	323,860
-	-	27,720	48,200	22,904
112,255	153,065	180,769	81,536	85,994
19,992,982	14,255,013	18,711,325	14,630,507	8,381,266
3,020,000	1,600,000	870,000	845,000	475,000
781,395	515,743	312,479	140,702	165,689
-	-	107,617	116,103	-
<u>41,721,223</u>	<u>32,654,747</u>	<u>35,399,502</u>	<u>30,633,259</u>	<u>23,857,481</u>
<u>(6,913,685)</u>	<u>(729,466)</u>	<u>(7,691,933)</u>	<u>1,279,146</u>	<u>1,422,327</u>
208,008	39,566	148,679	105,141	43,685
5,491,216	4,587,172	4,349,273	4,723,724	5,231,828
13,535,000	6,740,000	8,525,000	7,735,000	1,115,000
1,617,340	494,647	339,490	221,357	19,612
<u>(5,269,243)</u>	<u>(4,927,239)</u>	<u>(5,633,068)</u>	<u>(6,276,251)</u>	<u>(5,201,062)</u>
<u>15,582,321</u>	<u>6,934,146</u>	<u>7,729,374</u>	<u>6,508,971</u>	<u>1,209,063</u>
<u>\$ 8,668,636</u>	<u>\$ 6,204,680</u>	<u>\$ 37,441</u>	<u>\$ 7,788,117</u>	<u>\$ 2,631,390</u>
17.51%	11.54%	7.07%	6.20%	4.16%
9.11%	6.48%	3.34%	3.22%	2.69%

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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
2023	\$ 23,499,851	\$ -	\$ 201,255	\$ 298,563	\$ 43,478	\$ 24,043,147
2022	23,555,412	-	229,369	308,172	42,158	24,135,111
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

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
2023	\$ 14,912,120	\$ 5,761,613	\$ 17,580,060	\$ 308,352	\$ 321,967
2022	12,309,984	4,709,001	16,938,848	267,681	116,097
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

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	
\$	38,240,178	\$	367,931	\$	38,608,109		61.032	\$	2,693,763,700	1.45	%
	34,109,417		362,285		34,471,702		68.351		2,351,424,100	1.47	
	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	

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).			
2023	48.906	12.126	61.032
2022	54.155	14.196	68.351
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

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	
41.558	9.800	2.583	53.941	114.973
45.777	10.304	2.394	58.475	126.826
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

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

Table 9

Taxpayer	Type of Business	2023			2014		
		Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total Net Tax Capacity
Xcel Energy	Utility	\$ 17,890,537	1	46.3 %	\$ 10,432,153	1	45.7 %
Mayo Clinic Health Systems	Medical Services	226,433	2	0.6	250,995	2	1.1
Red Wing Shoe Co	Manufacturing	291,672	3	0.8	177,431	4	0.8
Wal-Mart Stores Incorporated	Retail	209,688	4	0.5	194,428	3	0.9
Menards	Retail	172,183	5	0.4	171,847	5	0.8
Scribe Propco Inc	Manufacturing	184,444	6	0.5	-	-	-
Principle Investments LLC	Real Estate	132,430	7	0.3	106,216	9	1
3M Fall Protection (b)	Wholesale	158,506	8	0.4	-	-	-
Red Wing Grain	Manufacturing	153,493	9	0.4	100,590	10	0.4
Keller Baartman Properties V	Residential	194,363	10	0.5			
Target Corporation	Retail	-		-	120,518	6	0.5
BIC Graphic USA (a)	Manufacturing	-		-	116,692	7	0.5
M & E Realty	Real Estate	-		-	115,218	8	0.5
		<u>\$ 19,613,749</u>		<u>50.7 %</u>	<u>\$ 11,786,088</u>		<u>51.7 %</u>
Total All Property		<u>\$ 38,608,109</u>			<u>\$ 22,824,600</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
2023	\$23,549,496	\$23,458,115	99.6 %	\$ -	\$ 23,458,115	99.6 %
2022	23,549,496	23,478,137	99.7	52,848	23,530,985	99.9
2021	22,863,588	22,782,728	99.6	73,967	22,856,695	100.0
2020	23,363,588	23,275,232	99.6	85,651	23,360,883	100.0
2019	20,281,443	20,184,515	99.5	94,500	20,279,015	100.0
2018	23,205,223	23,107,416	99.6	96,641	23,204,057	100.0
2017	21,595,473	21,506,999	99.6	87,995	21,594,994	100.0
2016	19,573,426	19,464,518	99.4	108,908	19,573,426	100.0
2015	17,193,315	17,079,664	99.3	113,652	17,193,316	100.0
2014	14,574,823	14,483,847	99.4	90,989	14,574,836	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

Table 11

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income	Bonded Debt Per Capita
	General Obligation Bonds	Leases Payable	General Obligation Revenue			
2023	\$ 18,568,255	\$ 282,637	\$ 7,513,882	\$ 26,364,774	0.86 %	\$ 1,573
2022	23,240,130	420,933	9,343,031	33,004,094	1.13	1,980
2021	27,985,944	565,331	11,221,179	39,772,454	1.47	2,404
2020	32,631,758	-	13,051,326	45,683,084	1.77	2,783
2019	37,433,386	-	14,623,682	52,057,068	2.09	3,166
2018	40,368,386	-	9,894,144	50,262,530	2.18	3,042
2017	28,355,125	-	14,129,585	42,484,710	1.85	2,564
2016	22,790,094	-	13,063,206	35,853,300	1.57	2,167
2015	14,831,270	-	14,701,402	29,532,672	1.31	1,786
2014	7,733,443	-	16,292,988	24,026,431	1.10	1,456

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

City of Red Wing, Minnesota
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 12

Fiscal Year	General Bonded Debt Outstanding			Resources Restricted in Debt Service for Repayment	Net General Bonded Debt	Percentage of Fully Taxable Market Value	Per Capita
	General Obligation Bonds	General Obligation Revenue	Total				
2023	\$ 18,568,255	\$ 7,513,882	\$ 26,082,137	\$ 4,852,971	\$ 21,229,166	0.79 %	\$ 1,267
2022	23,240,130	9,343,031	32,583,161	5,212,104	27,371,057	1.16	1,642
2021	27,985,944	11,221,179	39,207,123	5,524,768	33,682,355	1.46	2,036
2020	32,631,758	13,051,326	45,683,084	6,058,575	39,624,509	1.82	2,414
2019	37,433,386	14,623,682	52,057,068	5,695,777	46,361,291	2.20	2,820
2018	40,368,386	9,894,144	50,262,530	3,820,935	46,441,595	2.21	2,811
2017	28,355,125	14,129,585	42,484,710	3,019,697	39,465,013	1.96	2,381
2016	22,790,094	13,063,206	35,853,300	1,999,460	33,853,840	1.79	2,046
2015	14,831,270	14,701,402	29,532,672	975,764	28,556,908	1.65	1,727
2014	7,733,443	16,292,988	24,026,431	734,870	23,291,561	1.50	1,411

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

City of Red Wing, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2023

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Red Wing	\$ 18,850,892	100.00 %	\$ 18,850,892
Overlapping Debt			
Goodhue County	12,310,000	40.95	5,040,664
Independent School District #256	19,035,000	83.45	15,884,355
Total Overlapping Debt	<u>31,345,000</u>		<u>20,925,019</u>
Total Direct and Overlapping Debt	<u>\$ 50,195,892</u>		<u>\$ 39,775,911</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
2023	16,756	\$ 80,812,911	\$ 13,715,284	\$ 67,097,627	16.97 %	\$ 819
2022	16,672	70,542,723	18,028,026	52,514,697	25.56	1,081
2021	16,547	69,095,586	22,461,176	46,634,410	32.51	1,357
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

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

Legal Debt Margin Calculation for Fiscal Year 2021

Market Value	\$ 2,693,763,700
Debt Limit (3% of Market Value)	<u>80,812,911</u>
Debt Applicable to Limit	
General obligation bonds	18,568,255
Less amount set aside for repayment of general obligation debt	<u>4,852,971</u>
Total Net Debt Applicable to Limit	<u>13,715,284</u>
Legal Debt Margin	<u><u>\$ 67,097,627</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	
2023	\$ 4,630,059	\$ 2,733,616	\$ 1,896,443	\$ 1,020,000	\$ 28,754	\$ 1,048,754	1.81
2022	4,089,195	2,612,244	1,476,951	992,000	56,718	1,048,718	1.41
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

Sewer Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 6,916,700	\$ 4,894,640	\$ 2,022,060	\$ 332,000	\$ 15,725	\$ 347,725	5.82
2022	6,045,869	4,656,251	1,389,618	429,000	27,233	456,233	3.05
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

Marina Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 770,368	\$ 670,042	\$ 100,326	\$ -	\$ -	\$ -	-
2022	753,718	588,461	165,257	-	-	-	-
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

Disposal System Revenue Bonds							
Fiscal Year	Operating Revenues	Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2023	\$ 5,109,237	\$ 4,309,818	\$ 799,419	\$ -	\$ 239,013	\$ 239,013	3.34
2022	4,841,607	4,168,707	672,900	-	253,322	253,322	2.66
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

(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⁾
2023	16,756	\$ 3,073,035,000	\$ 64,004	2.6 %
2022	16,672	2,925,576,129	60,933	2.6
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

(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 2023 Personal Income information for Goodhue County will not be released until sometime in August of 2024, therefore the 2022 figures were used.

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

Table 17

	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Treasure Island Casino (a)	1,598 (d)	1	13.80 %	1,429 (d)	1	10.66 %
Red Wing Shoe Company	935	2	8.07	1,040	2	7.76
Mayo Clinic Health System	800	3	6.91	780	3	5.82
Xcel Energy	700	4	6.05	755	4	5.63
3M Fall Protection (b)	520 (d)	5	4.49	435 (d)	6	3.25
Goodhue County	380	6	3.28	350	8	2.61
Independent School District #256	377 (d)	7	3.26	425 (d)	7	3.17
Koozie Group (c)	229	8	1.98	475	5	3.54
City of Red Wing	195	9	1.68	180 (d)	9	1.34
Minnesota Correctional Facility	193	10	1.67	-		-
Hiawatha Homecare				180	10	1.34
Total	<u>5,927</u>		<u>51.19 %</u>	<u>6,049</u>		<u>45.12 %</u>
Total City Employment	<u>11,579</u>			<u>13,402</u>		

Sources: Red Wing Port Authority and Minnesota Employment and Economic Development.

(a) Operated by the Prairie island Mdewakanton Dakota Tribe on tax-exempt reservation land.

(b) Formerly Capital Safety

(c) Koozie Group formerly listed as BIC Graphic USA

(d) Includes full and part-time employees

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			
	2023	2022	2021	2020
Governmental Activities				
Public Safety				
Police	30	30	34	35
Fire	15	13	13	13
Inspection	3	3	2	2
Streets and Highways				
Maintenance	5	13	13	13
Engineering		5	7	7
Culture and Recreation	11			
Library		10	10	10
Parks	21	7	7	7
All Other Governmental Employees	16			
Cemetery	1	1	1	1
Public services	6	2	2	2
Buildings and grounds	0	8	8	6
Central services	7	7	7	7
Community development	2	9	9	7
Port Authority	22.6	0	0	0
Sheldon Theatre		5	5	5
Internal service administration		22	22	21
	10			
Business-type Activities	8.9			
Refuse and Recycling	11.2	12	12	12
Water	1.43	11	11	11
Sewer	8.1	13	13	13
Storm Water	1	1	1	1
Solid Waste Campus	15	10	10	10
Marina	1	1	1	1
Ambulance	15	15	15	15
Total	<u>211</u>	<u>198</u>	<u>203</u>	<u>199</u>

Sources: City Administrative Business Department and Employee Services Department.

Note: A full-time employee is scheduled to work 2,080 hours per year, including vacation and sick leave.

Table 18

Full-Time Equivalent Employees as of December 31						
2019	2018	2017	2016	2015	2014	
35	35	34	32	32	32	
13	13	13	12	12	13	
2	2	1	2	2	2	
10	10	10	12	11	10	
7	7	6	6	7	7	
10	10	9	9	9	9	
6	6	6	6	6	6	
1	1	1	1	1	1	
2	2	2	3	2	2	
6	5	5	5	5	5	
6	6	6	6	6	7	
6	7	6	-	-	-	
0	-	-	1	1	2	
4	5	4	4	4	4	
23	25	20	20	21	18	
12	13	12	12	11	10	
12	11	10	11	11	11	
15	15	13	13	13	12	
2	2	3	2	2	1	
10	9	9	10	10	9	
1	1	1	1	1	1	
15	14	13	13	13	13	
<u>198</u>	<u>199</u>	<u>184</u>	<u>181</u>	<u>181</u>	<u>175</u>	

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

Function/Program	Fiscal Year			
	2023	2022	2021	2020
Elections*				
Number of registered voters		10,415		10,406
Number of votes cast		7,337		9,378
Police				
Number of calls for service	14,986	15,942	14,402	13,183
Fire				
Number of fire calls	1,071	1,061	817	760
Building Permits				
Newly issued residential permits	150	24	17	86
Total valuation of residential permits	\$ 9,361,915	\$ 13,028,145	\$ 4,130,364	\$ 17,808,550
Newly issued civic, institutional, commercial, & industrial permits	33	38	55	45
Total valuation of civic, institutional, commercial, & industrial permits	\$ 10,514,931	\$ 6,391,634	\$ 7,505,823	\$ 4,108,662
Refuse				
Refuse collected (tons/year)	7,393	6,977	7,115	7,088
Water				
Number of accounts		6,413	6,179	6,179
Average daily water demand in gallons	1,400,000	1,400,000	1,500,000	1,500,000
Peak daily water demand in gallons	2,990,000	2,990,000	3,300,000	3,300,000
Wastewater				
Peak daily dry weather sewage treatment flow in gallons	1,900,000	1,900,000	6,800,000	6,800,000
Peak daily wet weather sewage treatment flow in gallons	3,100,000	3,100,000	10,000,000	10,000,000

Sources: Various City departments.

* Elections are held in even numbered years.

Table 19

Fiscal Year					
2019	2018	2017	2016	2015	2014
	10,289 7,903		10,602 8,557		9,644 5,426
13,912	15,700	14,341	14,754	14,669	14,976
765	712	454	639	704	732
17	24	26	15	18	17
\$ 14,077,115	\$ 5,169,015	\$ 3,749,772	\$ 2,723,955	\$ 3,426,276	\$ 4,514,616
3	8	4	4	3	8
\$ 1,341,000	\$ 3,484,546	\$ 5,997,178	\$ 5,133,000	\$ 3,349,910	\$ 11,728,189
7,309	8,054	7,871	7,041	7,063	6,603
6,179	6,264	6,238	6,231	6,235	6,227
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
3,300,000	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
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			
	2023	2022	2021	2020
General Government				
Municipal governmental buildings	12	12	12	12
Public Safety				
Police				
Police units	20	20	23	22
Fire				
Fire units	7	7	8	9
Public Works				
Street division				
Miles of street	123.51	123.51	117.93	117.93
Parks division				
Parks and playgrounds	39	34	34	34
Acres of parks and playgrounds	993.46	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	13	13	12	12
Number of pump stations	5	5	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					
2019	2018	2017	2016	2015	2014
12	10	9	9	9	9
22	22	21	21	20	18
9	9	9	10	9	8
117.93	117.93	117.55	117.65	117.56	117.50
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, 2023

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City of Red Wing, Minnesota
Schedule of Cash and Investments
December 31, 2023

Schedule A

	Interest Rate (%)	Maturity Date	Carrying Amount
General Pooled Deposits and Investments			
Checking accounts			
Merchants Bank	Varies	-	\$ 2,033,515.00
Petty cash			<u>2,425.00</u>
Negotiable certificates of deposit			
CD - ALLY BANK, SANDY, UT	1.95	3/28/2024	198,380.00
CD - BMW BK N AMERICA, SALT LAKE CITY, UT	0.65	9/17/2024	237,387.85
CD - WEBBANK, SALT LAKE CITY, UT	1	12/30/2024	235,209.80
CD - OCEANFIRST BANK NA, TOMS RIVER, NJ	2.2	3/31/2025	212,390.20
CD - COMENITY BANK, WILMINGTON, DE	2.25	4/6/2026	189,230.20
CD - BMO HARRIS BANK NA, CHICAGO, IL	1	4/13/2026	224,856.10
CD - STATE BANK INDIA, CHICAGO, IL	1	4/27/2026	224,589.05
CD - SALLIE MAE BANK, SALT LAKE CITY, UT	1	7/8/2026	222,847.10
CD - GOLDMAN SACHS BK, NY, NY	1	7/28/2026	221,943.05
CD - PACIFIC VESTERN BK, BEVERLY HILLS, CA	5.5	3/22/2028	200,328.00
Total negotiable certificates of deposit			<u>\$ 2,167,161.35</u>
U.S. government securities			
US TREASURY BILLS	5.139	1/4/2024	8,001,652.98
US TREASURY BILLS	5.203	1/9/2024	5,000,053.56
FHLB	Step Up 100% -4.00%	3/15/2024	997,440.00
FHLB	Step Up 1.00% - 4.00%	9/9/2024	1,962,244.66
FHLB	Step Up 1.00% -3.00%	2/25/2025	245,897.50
FHLB	Step Up 1.25% - 5.00%	2/28/2025	1,984,300.00
FHLB	Step Up 125% -2.50%	2/28/2025	1,024,212.00
FHLB	2.625	4/21/2025	850,877.40
FHLB	Step Up 2.00% -4.50%	4/21/2025	987,630.00
FHLB	0.7	6/16/2025	1,422,078.48
FHLB	Step Up 0.25% - 1.00%	6/30/2025	949,280.00
FNMA	0.6	7/29/2025	942,630.00
FHLB	Step Up 1.15% - 2.15%	11/24/2025	4,794,152.74
FHLB	5.4	12/22/2025	274,631.08
FHLB	Step Up 0.30% - 0.75%	1/27/2026	359,420.60
FHLB	Step Up 0.30% - 1.00%	1/29/2026	465,705.00
FHLB	Step Up 0.30% - 1.50%	2/25/2026	466,615.00
FHLB	Step Up 0.50% - 1.75%	3/30/2026	468,660.00
FHLB	Step Up 0.55% - 2.00%	4/28/2026	711,495.00
FHLB	Step Up 0.60% - 3.00%	4/29/2026	3,793,215.90
FHLB	Step Up 0.60% - 3.00%	4/29/2026	474,925.00
FHLB	Step Up 0.50% - 2.25%	5/27/2026	705,195.00
FHLB	Step Up 0.50% - 4.00%	6/30/2026	1,877,180.00
FHLB	Step Up 0.50% - 2.50%	6/30/2026	469,995.00
FHLB	Step Up 0.50% - 2.25%	6/30/2026	464,145.00
FHLB	Step Up 0.50% - 2.25%	6/30/2026	703,792.50
FHLB	Step Up 0.50% - 3.00%	9/9/2026	1,857,800.00
FHLB	Step Up 0.40% - 0.75%	9/9/2026	228,710.00
FHLB	Step Up 0.50% - 2.50%	9/30/2026	464,390.00
FHLB	Step Up 0.50% - 1.625%	9/30/2026	1,839,518.91
FHLB	Step Up 0.50% - 2.50%	9/30/2026	464,260.00
FHLB	1.2	10/26/2026	458,670.00
FHLB	Step Up 0.70% - 3.00%	10/28/2026	464,245.00
FHLB	1	11/24/2026	639,177.75
FHLB	Step Up 1.00% - 3.00%	12/30/2026	255,946.50
FFCB	1.47	1/11/2027	915,742.60
FHLB	Step Up 1.00% - 5.00%	1/28/2027	1,000,482.00
FHLB	Step Up 1.00% - 5.375%	2/25/2027	3,687,596.00
FHLB	5	12/30/2027	990,673.01
FFCB	5.11	8/14/2028	1,400,210.00
FHLB	Step Up 0.50% - 3.00%	8/25/2028	457,140.00
FFCB	5.87	10/24/2029	1,969,518.51
FFCB	3.33	7/12/2032	952,456.29
FNMA POOL	5	5/1/2033	6,413.30
FNMA POOL	5	5/15/2033	7,533.46
FNMA POOL	4.5	6/1/2033	62,862.99
Total U.S. government securities			<u>\$ 58,520,770.72</u>
Other Investments			
St. Paul & Minnesota Foundation			\$ 4,366,667.89
Government Money Market	Variable	NA	3,168,582.54
Total other investments			<u>\$ 7,535,250.43</u>
Total General Pooled Deposits and Investments			<u>\$ 70,259,122.50</u>

City of Red Wing, Minnesota
Schedule of Intergovernmental Revenue
For the Year Ended December 31, 2023

		Special Revenue Funds			Airport Federal Projects	River Renaissance Phase II
	General Fund	Airport	Library	Total		
Shared Revenue						
State						
Highway users tax	\$ 430,023	\$ -	\$ -	\$ -	\$ -	\$ -
Market value credit	4,822	-	-	-	-	-
Local government aid	298,946	-	-	-	-	-
State police pension aid	269,513	-	-	-	-	-
State fire pension aid	134,388	-	-	-	-	-
Total Shared Revenue	1,137,692	-	-	-	-	-
Grants						
County and Local						
Miscellaneous	44,096	-	171,722	171,722	-	-
Total County and Local	44,096	-	171,722	171,722	-	-
State						
Minnesota Department of						
Public Safety	792,250	-	-	-	-	-
Police - Toward Zero Deaths	1,590	-	-	-	-	-
Transportation	-	-	-	-	-	-
Aeronautics	-	44,119	-	44,119	202,659	-
Miscellaneous	-	-	-	-	-	-
Minnesota Historical & Cultural	100,681	-	-	-	-	-
Minnesota Peace Officers Board (POST)	25,255	-	-	-	-	-
Total State	919,776	44,119	-	44,119	202,659	-
Federal						
U.S. Department of						
Treasury	-	51,282	-	51,282	-	-
Transportation	-	-	-	-	-	91,114
Total Federal	-	51,282	-	51,282	-	91,114
Total Grants	963,872	95,401	171,722	267,123	202,659	91,114
Total Intergovernmental Revenue	\$ 2,101,564	\$ 95,401	\$ 171,722	\$ 267,123	\$ 202,659	\$ 91,114

Schedule B

Memorial Park Project	Safe Routes to Schools	Sturgeon Lake Road Overpass	Total	Totals All Funds
\$ -	\$ -	\$ -	\$ -	\$ 430,023
-	-	-	-	4,822
-	-	-	-	298,946
-	-	-	-	269,513
-	-	-	-	134,388
-	-	-	-	1,137,692
-	-	-	-	215,818
-	-	-	-	215,818
-	-	-	-	792,250
-	-	-	-	1,590
-	209,191	2,459,466	2,668,657	2,668,657
-	-	-	202,659	246,778
9,679	-	-	9,679	9,679
-	-	-	-	100,681
-	-	-	-	25,255
9,679	209,191	2,459,466	2,880,995	3,844,890
-	-	-	-	51,282
-	-	200,846	291,960	291,960
-	-	200,846	291,960	343,242
9,679	209,191	2,660,312	3,172,955	4,403,950
\$ 9,679	\$ 209,191	\$ 2,660,312	\$ 3,172,955	\$ 5,541,642

City of Red Wing, Minnesota
Detailed Combined Schedule of Indebtedness
For the Year Ended December 31, 2023

<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>				
\$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>				
\$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 2024	Interest Due in 2024
\$ 2,930,000	\$ 2,930,000	\$ 2,710,000	\$ -	\$ 220,000	\$ 2,200
1,115,000	1,115,000	995,000	-	120,000	1,350
7,735,000	7,735,000	5,335,000	1,575,000	825,000	39,750
8,525,000	8,525,000	4,975,000	2,645,000	905,000	61,950
6,740,000	6,740,000	3,845,000	2,205,000	690,000	91,450
13,535,000	13,535,000	5,305,000	6,740,000	1,490,000	338,150
<u>40,580,000</u>	<u>40,580,000</u>	<u>23,165,000</u>	<u>13,165,000</u>	<u>4,250,000</u>	<u>534,850</u>
5,283,360	5,283,360	5,283,360	-	340,000	7,956
2,585,000	2,585,000	1,305,000	1,280,000	230,000	42,556
5,955,000	5,955,000	850,000	5,105,000	225,000	180,156
<u>13,823,360</u>	<u>13,823,360</u>	<u>7,438,360</u>	<u>6,385,000</u>	<u>795,000</u>	<u>230,668</u>
<u>\$54,733,440</u>	<u>\$54,733,440</u>	<u>\$ 30,933,440</u>	<u>\$19,550,000</u>	<u>\$ 5,045,000</u>	<u>\$ 765,518</u>

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SINGLE AUDIT AND
OTHER REQUIRED REPORTS

CITY OF RED WING
RED WING, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2024.

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, except as described in the Schedule of Findings and Responses as item 2023-003. 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
August 28, 2024

**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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 28, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described as finding 2023-003.

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
August 28, 2024



City of Red Wing, Minnesota
Schedule of Findings and Responses
For the Year Ended December 31, 2023

<u>Finding</u>	<u>Description</u>
2023-001	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed to record retainage, construction in process, capital asset additions, accumulated depreciation, grant revenues and related receivables.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff did not properly record the capital asset and grant activity during the year.
<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 capital asset and grant account.
<i>Management Response:</i>	Management will review the capital asset and grant accounts thoroughly in the future.
2023-002	Timely Bank Reconciliations
<i>Condition:</i>	During our audit, we noted bank reconciliations were not completed timely with several improper outstanding balances.
<i>Criteria:</i>	Internal controls and procedures should be in place to provide timely and reasonable assurance over the reliability of financial records and reporting.
<i>Cause:</i>	Reconciliation between the City's finance software and bank statements are not being performed on a timely and accurate basis.
<i>Effect:</i>	Without bank and investment reconciliations completed timely, the accuracy of monthly financial information may not be correct and allows for errors or incomplete information to go unnoticed for longer periods of time.
<i>Recommendation:</i>	We recommend bank reconciliations be completed within 15 days of month end and the City finance software be utilized for financial reporting. This will allow for more efficient process and more accurate financial information. Also, we recommend, upon completion of the reconciliations that a detailed review of adjustments be completed.
<i>Management Response:</i>	The City is aware of the situation and plans to implement procedures to ensure that timely and accurate bank reconciliations are completed going forward.

City of Red Wing, Minnesota
Schedule of Findings and Responses (Continued)
For the Year Ended December 31, 2023

2023-003

Unclaimed Property

Condition:

Auditing for legal compliance requires a review of the City's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied.

Criteria:

In accordance with Minnesota statute, section 345.38-43, the City is required to report and deliver to the State Commissioner of Commerce any unclaimed or uncashed checks held for more than three years (or one year for unpaid compensation).

Cause:

The City had forty checks in excess of the three-year limitation.

Effect:

The City is in violation of this statute.

Recommendation:

We recommend that the City review their outstanding checks and notify the State Commissioner of Commerce. This will not result in any additional cost and will ensure that the City complies with the applicable statute.

Management Response:

The City is aware of the situation and plans to monitor more closely in the future.