

Popular Annual Financial Report

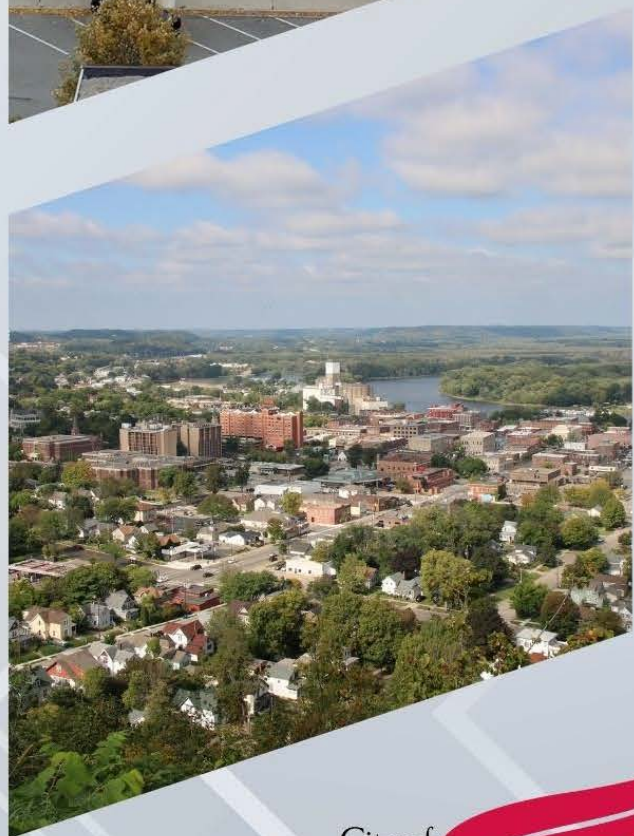
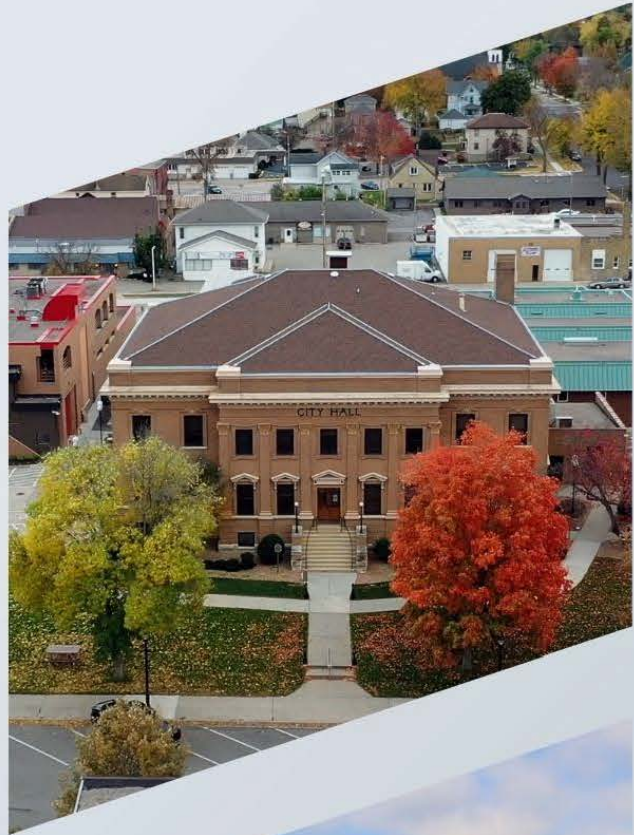
City of Red Wing, MN

For the Fiscal Year Ended December 31, 2023



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Vision, Mission, Principles, and Core Values of Red Wing

Our Vision

Red Wing thrives as a vibrant, creative river town that values its natural environment, welcomes all people, and unlocks opportunity for everyone.

Our Mission

We strive to create a sustainable, healthy, accessible, resilient, and equitable community where every person feels at home.

Our SHARE Principles

We are Sustainable.

We are Healthy.

We are Accessible.

We are Resilient.

We are Equitable.

Our Core Values

Excellence

Innovation

Strong community connections

Environmentally Conscious

Respect

Integrity

Open and Engaging

Passion

Purpose of the PAFR

The purpose of this report is to inform the community of the City's financial activity in a simple, easy-to-read format for the fiscal year ending December 31, 2023. These highlights are based upon the City's Annual Comprehensive Financial Report (ACFR), which is a more inclusive, audited document.

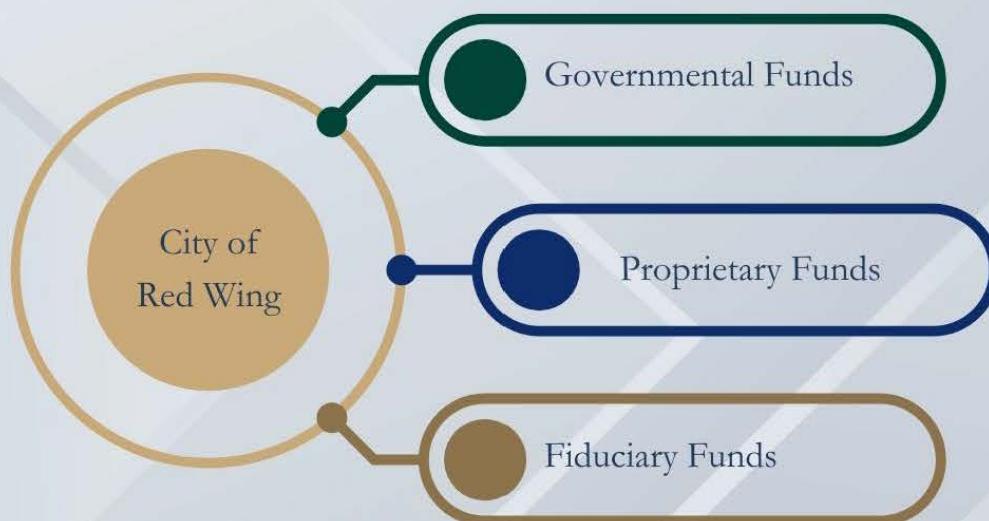
Budget Factors

The City's officials considered many factors when setting the 2023 fiscal year budget, rates, and fees that will be charged. These factors include:

- Maintaining the current level of basic government services.
- Continuing long-term infrastructure investments.
- Allocating resources based on prioritization of City Council strategic goals.
- A history of strong property tax collections.
- Changes to user charges for proprietary funds to reflect current and anticipated conditions and asset renewal and replacement needs.
- Goodhue County's unemployment rate of 2.7%, which increased 0.01% from 2022. The Goodhue County increase is in line with Minnesota's increase from 2.6% to 2.7%

Fund Types

In order for the City to manage the community's finances smoothly, it divides activities into several different funds. There are three main categories: governmental funds, proprietary funds, and fiduciary funds.



Governmental Funds

Governmental funds are supported by taxes and intergovernmental aid. The types of governmental funds include the general fund, special revenue funds, debt service funds, capital funds and permanent funds.

General Fund

The General Fund accounts for revenues and expenditures that provide for *basic operations of the City*, e.g. police and fire protections and street maintenance. Because of this, the General Fund is the largest and one of the most vital to the City's operations. Like most other funds, money coming in is shown as revenues and money going out, is shown as expenditures. The primary revenue for the General Fund is property taxes.

Revenues

For 2023, the City's General Fund revenue total was \$24,287,312, which was a \$2,927,760 (13.7%) increase from the previous year. This increase is due to a increase in interest earnings and changes in the value of City investments.

Category	2022	2023
Property Taxes	\$ 18,908,952	\$ 19,065,591
Licenses & Permits	73,498	67,468
Intergovernmental	2,309,377	2,162,614
Charges for Service	1,248,010	1,303,176
Fines & Fofeits	71,730	80,514
Investment Income (loss)	(1,350,624)	1,556,039
Miscellaneous	98,609	51,910
Total Revenues	\$ 21,359,552	\$ 24,287,312

Expenditures

Category	2022	2023
General Government	\$ 2,289,242	\$ 2,383,634
Public Safety	8,358,428	8,473,636
Public Works	2,962,998	3,196,901
Culture and Recreation	2,555,208	2,611,497
Economic Development	1,123,611	1,017,404
Capital Outlay	814,143	1,327,784
Other	725,750	832,397
Total Expenditures	\$ 18,829,380	\$ 19,843,253

The City's total General Fund expenditures increased \$1,013,873 (5.4%) from 2022. This was caused by higher expenditures across all departments aside from Economic Development.

Special Revenue Funds

The City has 11 Special Revenue Funds. These Funds are used to account for specific revenues that are legally restricted to only allow expenditures for particular purposes. The numbers listed are the balances left in each fund at the end of the year.

Fund Name	Fund Balance
Health Initiatives	\$ 11,098
South Park Skating Rink	53,275
Lodging Tax	4,028
Airport	112,185
Library	1,183,112
Arts & Placemaking	75,000
DEED Loan	252,659
Sister Cities	28,900
Tax Increment	(460)
Inspection	(100,380)
Library Memorial	16,053
Total	\$ 1,635,470

Debt Service Funds

Red Wing maintains an “Aa2” rating from Moody’s Investor Service, which is the third highest rating a municipality can receive. A high rating allows the City to borrow funds at low interest rates and reflects sound financial position and adequate General Fund reserves. The City currently has \$24,877,637 of outstanding debt, which is a 17.1% decrease from 2022. The City issues bonds to finance street reconstruction and improvement projects, City facility improvements, and other capital improvements.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 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 current outstanding general obligation debt.

Capital Funds

The City had 32 reported Capital Project Funds in 2023, many of which are for road improvements and additions. Other funds are for City facilities, parks, trails, and other miscellaneous purposes. A significant revenue source for these projects are special assessments to benefitting properties and interest earnings. State grants and generous local philanthropic donations contribute to some projects as well. The City updates its capital improvement plan annually and also follows its “Red Wing 2040” Comprehensive Plan to schedule projects that will enhance quality of life, livability, and beauty of the City. The Capital Project Funds had total revenues of \$4,015,024 and total expenditures of \$5,819,089 in 2023.

Permanent Funds

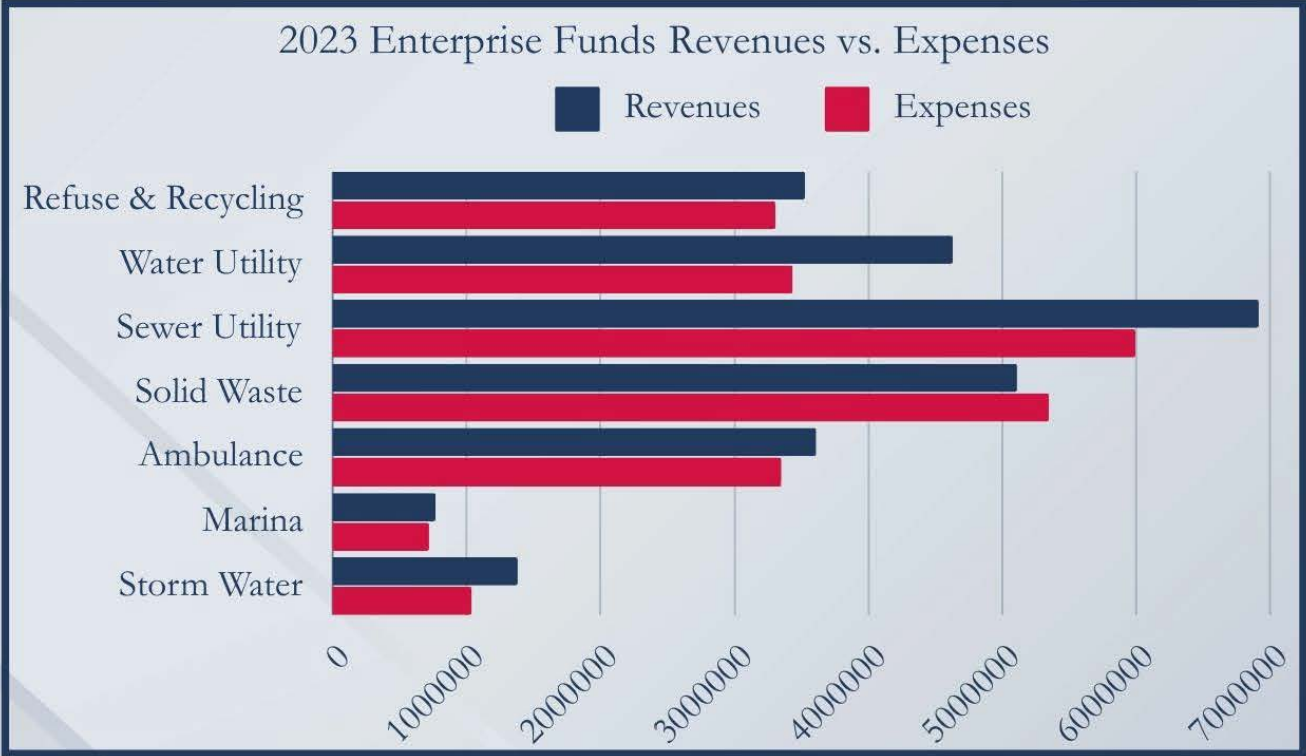
Permanent funds account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs. The City has four permanent funds: Oakwood Care, Oakwood Flower, Burnside Care, and Burnside Flower. These funds account for monies received and expenditures associated with cemetery lots, maintenance, and flowers at the Oakwood and Burnside cemeteries. The current balance of these funds is \$3,192,010, which is an increase of \$189,442 from 2022.

Proprietary Funds

The City maintains two different types of Proprietary Funds called Enterprise Funds and Internal Service Funds. These types of funds can often times be referred to as "Business-Type Funds" as they are often run like a private business would be. Meaning that the majority of the revenues for these funds comes from fees for services provided rather than from tax dollars. Another difference to note with Proprietary Funds is that their outgoing money is shown as expenses, instead of expenditures, like in the Governmental Funds.

Enterprise Funds

The City maintains seven Enterprise Funds, of which two are considered to be “nonmajor.” Those two are the Marina and Storm Water. The overall net position of these funds at the end of 2023 was \$60,421,018. Net position is calculated by subtracting the total liabilities and deferred inflows from the total assets and deferred outflows.



Internal Service Funds

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions on a cost reimbursement basis. The City maintained six internal service funds: Administrative Services, Central Services, Risk Management, Information Services, Postemployment Benefits, and Engineering. The total net position increased from \$2,870,676 in 2022 to \$3,423,754 in 2023.

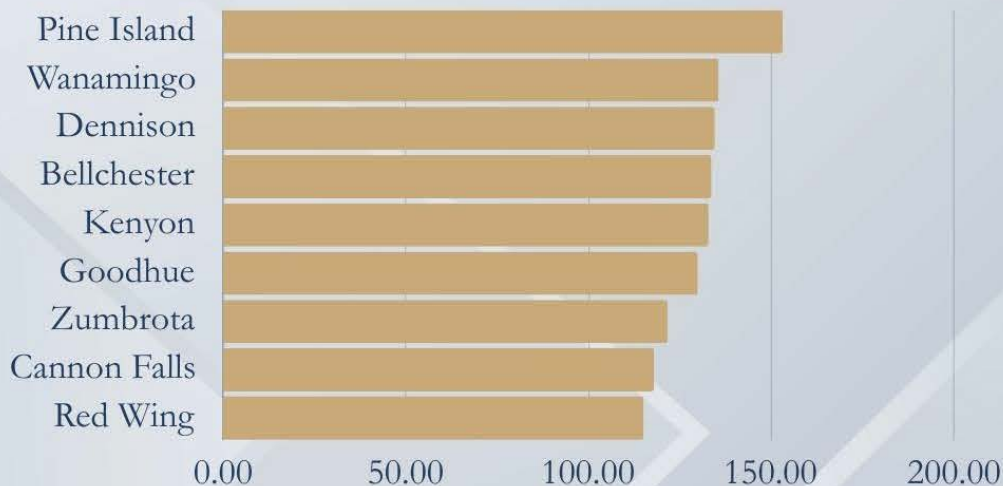
Fiduciary Funds

Fiduciary funds are used to account for resources held by the City for the benefit of parties outside the City. The resources of these funds are not available to support the City's own programs. The City has five of these funds: Cannon Valley Trail, Sheldon Auditorium, Red Wing 2020, Coalition of Utility Cities, and Local Government Utility. The total net position of these funds decreased from \$5,199,696 in 2022 to \$5,133,925 in 2023.

Area Tax Rates

In a 2023 comparison of nine communities in Goodhue County, the total property taxes on a median value home (\$248,541) shows Red Wing ranks as the lowest.

A \$248,541 valued home in the Red Wing paid \$118.71 per month in property taxes to the City.



Monthly Bill

Residents receive a variety of City services at an affordable price through property taxes paid. The cost of City services in 2023 for the owner of an average-valued home in Red Wing was \$118.71 per month. The value received from City services compared favorably to charges of other monthly bills.

Date <u>Jan 1, 2023</u>		000
Pay To The Order Of	<u>City of Red Wing</u>	\$ <u>118.71</u>
	<u>one-hundred eighteen & 71/100</u>	Dollars
: 0000000000 : 0000000000000000 · 0000		

Where does your payment go?

General Government 9.71
Public Safety 35.00
Public Services 13.42
Parks & Recreation 10.75
Other Activities 6.83
Transfers 16.50
Debt Service 21.00
Capital Improvements 5.50
Total 118.71

Monthly Cost of Utilities

Based on an average usage of 600 cubic feet of water per month, the monthly cost of utilities for a home in Red Wing was \$130.53 in 2023.

This bill includes water, sewer, storm water, refuse, and recycling (\$47.06, \$43.29, \$12.00, \$21.48, and \$6.70 respectively).

Dividing Your Dollar



Your property tax dollar is divided between several governmental entities. On the average value residential property, the City collects 58 cents of every tax dollar for City services. The remaining portions are divided among Goodhue County, the school district, and other agencies.

Overall Condition

Overall, Red Wing's financial condition remained stable in 2023 as demonstrated by the City's total net position of \$219,507,988; an increase of \$10,292,874 compared to 2022. At year end, the General Fund unassigned balance was 105% of 2024's total budgeted General Fund expenditures, well above the 60% minimum. Total outstanding bonded debt decreased by \$6,335,296 (17.1%) while cash and investments increased by \$1,149,102, going from \$61,170,911 to \$62,320,013.

Red Wing reports financial year end results in the Annual Comprehensive Financial Report (ACFR). The Popular Annual Financial Report (PAFR) is an unaudited report that summarizes the most significant data from the 2023 ACFR and is consistent with Generally Accepted Accounting Principles. For a complete review of the City's financial position, consult the 2023 ACFR available on the City's website or from the Finance Department at 651.385.3613.

Find our ACFR
and PAFR here



City of
RED WING®

Find us on:

