

State of Minnesota Credit Enhancement Program  
S & P Global Ratings Rating: Requested

New Issue

*In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain covenants, if the Bonds are issued as tax-exempt bonds, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. See "Taxability of Interest" herein.*

**\$8,000,000**

**City of Redwood Falls, Minnesota  
General Obligation Utility Revenue Bonds, Series 2022B**

**PURPOSE/AUTHORITY:** The \$8,000,000 General Obligation Utility Revenue Bonds, Series 2022B (the "Bonds") are issued pursuant to Minnesota Statutes, Chapters 444 and 475 to finance the 2022 Phase I Residential and Industrial Utility and Lift Station/Water Looping Project (the "Project"). The Bonds will be general obligations of the City of Redwood Falls (the "City") for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City pledges tax levies and revenues from the City's water, sewer, and storm sewer utilities.

**BID OPEN & AWARD:** Tuesday, May 3, 2022; Open 11:30 A.M. CST; Award 5:00 P.M. CST.

**DATED DATE:** June 1, 2022

**MATURITY:** The Bonds will mature February 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$ 225,000	2033	\$ 280,000	2042	\$ 375,000
2025	230,000	2034	290,000	2043	385,000
2026	235,000	2035	300,000	2044	400,000
2027	240,000	2036	310,000	2045	415,000
2028	245,000	2037	315,000	2046	425,000
2029	250,000	2038	325,000	2047	445,000
2030	260,000	2039	340,000	2048	460,000
2031	265,000	2040	350,000		
2032	275,000	2041	360,000		

**INTEREST:** February 1, 2023, and each August 1 and February 1 thereafter.

**MATURITY ADJUSTMENTS:** The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each.

**CALL DATE:** February 1, 2029

**MINIMUM BID:** \$7,936,000.00 (99.2%)

**TAX STATUS:** Tax-exempt; NOT bank-qualified

**GOOD FAITH DEPOSIT:** \$160,000 payable to the City on May 3, 2022

**CLOSING/ DELIVERY DATE:** On or about June 1, 2022

*The Bonds are offered, subject to prior sale, withdrawal or modification, when, as and if issued and subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota. This Preliminary Official Statement will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and underwriter, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the Issuer with respect to the Bonds, as defined in S.E.C. Rule 15c2-12.*



**DDA**

David Drown Associates, Inc.  
Public Finance Advisors

Minneapolis Office:  
5029 Upton Avenue South  
Minneapolis, MN 55419-1126  
612-920-3320 (phone); 612-605-2375 (fax)  
www.daviddrown.com

## **COMPLIANCE WITH S.E.C. RULE 15C2-12**

Municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to General Rules and Regulations, Securities Exchange Act of 1934, Rule 15c2-12 Municipal Securities Disclosure.

## **PRELIMINARY OFFICIAL STATEMENT**

This Preliminary Official Statement was prepared for the Issuer for dissemination to potential customers. The primary purpose of the Preliminary Official Statement is to disclose information regarding the Obligations to prospective underwriters in the interest of receiving competitive bids in accordance with the sale notice contained herein. Unless an addendum is received prior to the sale, this document shall be deemed the "Near Final Official Statement."

## **REVIEW PERIOD**

This Preliminary Official Statement has been distributed to members of the legislative body and other public officials of the Issuer as well as to prospective bidders for an objective review of its disclosure. Comments or omissions or inaccuracies must be submitted to David Drown Associates, Inc. (the "Municipal Advisor") at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a bid received from an underwriter. If there are changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum at least one business day prior to the sale.

## **FINAL OFFICIAL STATEMENT**

Upon award of sale of the Obligations, the legislative body will authorize the preparation of an addendum to the Preliminary Official Statement that includes the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date and other information required by law and the identity of the Syndicate Manager and Syndicate Members. This addendum, together with any previous addendum of corrections or additions to the Preliminary Official Statement shall be deemed the complete Final Official Statement. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the bid acceptance.

## **REPRESENTATIONS**

No dealer, broker, salesperson or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in the Preliminary Official Statement. This Preliminary Official Statement does not constitute any offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Preliminary Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Preliminary Official Statement and any addenda thereto was prepared relying on information of the Issuer and other sources and, while believed to be reliable, is not guaranteed as to completeness or accuracy.

Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein.

Compensation of the Municipal Advisor, payable entirely by the Issuer, is contingent upon the sale of the issue.

## Table of Contents

<b>INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT .....</b>	<b>5</b>
<b>TERMS OF OFFERING .....</b>	<b>7</b>
<b>OFFICIAL STATEMENT.....</b>	<b>12</b>
Full Continuing Disclosure.....	12
Authority and Purpose.....	12
Sources and Uses.....	12
Payment and Security .....	13
Optional Redemption.....	13
Rating .....	13
State of Minnesota Credit Enhancement Program .....	13
Taxability of Interest .....	13
Other Federal Tax Considerations .....	14
Risk Factors.....	15
COVID-19 .....	16
Details of Certain Terms.....	16
Original Issue Discount.....	16
Original Issue Premium .....	17
Term Bond Option .....	17
Maturity Adjustments.....	17
Tax-Exempt – NOT bank qualified .....	17
Book Entry System.....	17
Litigation .....	19
Future Financing.....	19
Legality .....	19
Municipal Advisor .....	19
Certification.....	19
<b>VALUATIONS – COUNTY AUDITOR .....</b>	<b>20</b>
<b>TRENDS IN VALUATIONS .....</b>	<b>20</b>
<b>CASH AND INVESTMENTS.....</b>	<b>20</b>
<b>CITY INDEBTEDNESS.....</b>	<b>21</b>
Legal Debt Limit and Margin.....	21
General Obligation Debt Supported by Tax Levies .....	21
General Obligation Debt Supported by Special Assessments .....	21
General Obligation Debt Supported by Revenues .....	21
Revenue Debt.....	22
Summary of Direct Debt Including This Issue .....	22
Overlapping Debt.....	22
Debt Ratios.....	22
Annual Debt Service Payments.....	23
<b>GENERAL INFORMATION .....</b>	<b>25</b>
Organization .....	25
City Services.....	25
Employee Pensions.....	26
Census Data.....	26
Employment Data .....	26
Financial Services .....	26
Major Employers.....	27
Building Permits.....	27
Commercial/Industrial Development .....	27
Healthcare .....	28
Transportation .....	28
Education.....	29
Utilities.....	29
Communications.....	29

Appendix A:	Redwood County Auditor's Certificate
Appendix B:	Proposed Form of Legal Opinion
Appendix C:	Proposed Form of (Full) Continuing Disclosure
Appendix D:	Summary of Tax Levies, Payment Provisions & Valuations
Appendix E:	2020 Financial Statement
Appendix F:	Continuing Disclosure Filings via EMMA

## CITY OF REDWOOD FALLS, MINNESOTA

### City of Redwood Falls City Council

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tom Quackenbush	Mayor	2022
Larry Arentson	Council Member	2022
John Buckley	Council Member	2024
Denise Kerkhoff	Council Member	2024
Jim Sandgren	Council Member	2022
Matt Smith	Council Member	2024

### Administration

Keith Muetzel	City Administrator	Appointed
Kari Klages	Director of Finance	Appointed

### Bond Counsel

Taft Stettinius & Hollister LLP  
Minneapolis, MN

### Municipal Advisor

David Drown Associates, Inc.  
Minneapolis, MN

## INTRODUCTORY SUMMARY OF THE PRELIMINARY OFFICIAL STATEMENT

*The following information is furnished solely to provide limited introductory information regarding the \$8,000,000 General Obligation Utility Revenue Bonds, Series 2022B, of City of Redwood Falls, Minnesota and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the detailed descriptions appearing in this Preliminary Official Statement, including the appendices hereto.*

Issuer:	City of Redwood Falls, Minnesota																																																												
Sale Date & Time:	Tuesday, May 3, 2022, 11:30 A.M. Central																																																												
Award Date & Time:	Tuesday, May 3, 2022; 5:00 P.M. Central																																																												
Dated Date:	June 1, 2022																																																												
Interest Payments:	February 1, 2023, and each August 1 and February 1 thereafter to registered owners of the Bonds appearing of record in the bond register on the fifteenth day (whether or not a business day) of the month prior (the “Record Date”).																																																												
Principal Payments:	February 1 in the years and amounts as follows:																																																												
	<table><tr><td><u>Year</u></td><td><u>Amount</u></td><td><u>Year</u></td><td><u>Amount</u></td><td><u>Year</u></td><td><u>Amount</u></td></tr><tr><td>2024</td><td>\$ 225,000</td><td>2033</td><td>\$ 280,000</td><td>2042</td><td>\$ 375,000</td></tr><tr><td>2025</td><td>230,000</td><td>2034</td><td>290,000</td><td>2043</td><td>385,000</td></tr><tr><td>2026</td><td>235,000</td><td>2035</td><td>300,000</td><td>2044</td><td>400,000</td></tr><tr><td>2027</td><td>240,000</td><td>2036</td><td>310,000</td><td>2045</td><td>415,000</td></tr><tr><td>2028</td><td>245,000</td><td>2037</td><td>315,000</td><td>2046</td><td>425,000</td></tr><tr><td>2029</td><td>250,000</td><td>2038</td><td>325,000</td><td>2047</td><td>445,000</td></tr><tr><td>2030</td><td>260,000</td><td>2039</td><td>340,000</td><td>2048</td><td>460,000</td></tr><tr><td>2031</td><td>265,000</td><td>2040</td><td>350,000</td><td></td><td></td></tr><tr><td>2032</td><td>275,000</td><td>2041</td><td>360,000</td><td></td><td></td></tr></table>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	2024	\$ 225,000	2033	\$ 280,000	2042	\$ 375,000	2025	230,000	2034	290,000	2043	385,000	2026	235,000	2035	300,000	2044	400,000	2027	240,000	2036	310,000	2045	415,000	2028	245,000	2037	315,000	2046	425,000	2029	250,000	2038	325,000	2047	445,000	2030	260,000	2039	340,000	2048	460,000	2031	265,000	2040	350,000			2032	275,000	2041	360,000		
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>																																																								
2024	\$ 225,000	2033	\$ 280,000	2042	\$ 375,000																																																								
2025	230,000	2034	290,000	2043	385,000																																																								
2026	235,000	2035	300,000	2044	400,000																																																								
2027	240,000	2036	310,000	2045	415,000																																																								
2028	245,000	2037	315,000	2046	425,000																																																								
2029	250,000	2038	325,000	2047	445,000																																																								
2030	260,000	2039	340,000	2048	460,000																																																								
2031	265,000	2040	350,000																																																										
2032	275,000	2041	360,000																																																										
Rating:	The City <i>has</i> requested an S & P Global Ratings rating on This Issue. In addition, the City has requested the State of Minnesota credit enhanced rating.																																																												
Continuing Disclosure:	Full continuing disclosure																																																												
Security:	G.O. pledge of the full faith and credit of the City and pledge of tax levies, water, sewer, and storm sewer utility revenues as well as the State of Minnesota credit enhancement.																																																												
Purpose:	Proceeds will provide financing for the 2022 Phase I Residential and Industrial Utility and Lift Station/Water Looping Projects.																																																												
Authority:	Minnesota Statutes, Chapters 444 and 475																																																												
Optional Redemption:	Bonds are callable on February 1, 2029.																																																												
Tax Status:	Tax-exempt, NOT bank-qualified																																																												
Legal Opinion:	Taft Stettinius & Hollister LLP, Minneapolis, Minnesota																																																												
Municipal Advisor:	David Drown Associates, Inc., Minneapolis, Minnesota																																																												
Closing/Delivery:	On or about June 1, 2022.																																																												

*Questions regarding the Bonds or the Preliminary Official Statement can be directed to and additional copies of the Preliminary Official Statement and the City's audited financial reports can be obtained from the City's Municipal Advisor David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 (612-920-3320).*

*THIS PAGE LEFT BLANK INTENTIONALLY*

## TERMS OF OFFERING

City of Redwood Falls, Minnesota

\$8,000,000

General Obligation Utility Revenue Bonds, Series 2022B

(BOOK ENTRY ONLY)

### TERMS OF PROPOSAL

Proposals for the Bonds will be received on Tuesday, May 3, 2022 at 11:30 A.M. Central Time, at the offices of David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at 5:00 P.M., Central Time, on that same date.

### SUBMISSION OF PROPOSALS

Proposals may be submitted in a sealed envelope or by fax (612) 605-2375 to David Drown Associates, Inc. Signed Proposals, without final price or coupons, may be submitted to David Drown Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to David Drown Associates, Inc. the final Proposal price and coupons, by telephone (612) 920-3320 or fax (612) 605-2375 for inclusion in the submitted Proposal. David Drown Associates, Inc. will assume no liability for the inability of the bidder to reach David Drown Associates, Inc. prior to the time of sale specified above.

Notice is hereby given that electronic proposals will be received via PARITY®, in the manner described below, until 11:30 A.M., CST on May 3, 2022. Bids may be submitted electronically via PARITY® pursuant to this Notice until 11:30 A.M., CST, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact David Drown Associates, Inc. or PARITY® at (212) 806-8304.

Neither the City of Redwood Falls nor David Drown Associates, Inc. assumes any liability if there is a malfunction of PARITY. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner of the Proposal submitted.

### DETAILS OF THE BONDS

The Bonds will be dated June 1, 2022, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 2023. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds will mature February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2024	\$ 225,000	2033	\$ 280,000	2042	\$ 375,000
2025	230,000	2034	290,000	2043	385,000
2026	235,000	2035	300,000	2044	400,000
2027	240,000	2036	310,000	2045	415,000
2028	245,000	2037	315,000	2046	425,000
2029	250,000	2038	325,000	2047	445,000
2030	260,000	2039	340,000	2048	460,000
2031	265,000	2040	350,000		
2032	275,000	2041	360,000		

## **TERM BOND OPTION**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

## **BOOK ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## **REGISTRAR**

The City will name U.S. Bank Trust Company, National Association, as registrar for the Bonds. U.S. Bank Trust Company, National Association shall be subject to applicable SEC regulations. The City will pay for the services of the registrar.

## **OPTIONAL REDEMPTION**

The City may elect on February 1, 2029 and on any day thereafter, to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

## **SECURITY AND PURPOSE**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition to tax levies, the City pledges revenues from the water, sewer and storm sewer utilities. Proceeds of this Bond will provide financing for the 2022 Phase I Residential and Industrial Utility and Lift Station/Water Looping Project (the "Project") located within the City; and

## **TYPE OF PROPOSALS**

Proposals shall be for not less than \$7,936,000.00 (99.2%) and accrued interest on the total principal amount of the Bonds. The apparent low-bidder as notified by David Drown Associates, Inc. shall wire, to a designated account, a good faith amount of \$160,000 by 3:00 p.m. on the date of sale. If the good faith wire transfer is not in process prior to the award, the City shall retain the right to reject the bid. In the event the purchaser fails to comply with the accepted proposal, said amount will be retained by the City. No proposal can be withdrawn or amended after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.



## AWARD

The proposals will be evaluated on the basis of the lowest interest rate to be determined on a net interest cost (NIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. The City will reserve the right to waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, reject all proposals without cause, and reject any proposal, which the City determines to have failed to comply with the terms herein.

## MATURITY ADJUSTMENTS

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

## ISSUE PRICE DETERMINATION

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. However, such Issue Price Certificate may indicate that the Purchaser has purchased the Bonds for its own account in a capacity other than as an underwriter or wholesaler, and currently has no intent to reoffer the Bonds for sale to the public. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by David Drown Associates, Inc.

The City intends that the sale of the Bonds pursuant to this Terms of Offering shall constitute a "competitive sale" as defined in the Regulation based on the following:

- i. the City shall cause this Terms of Offering to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- ii. all bidders shall have an equal opportunity to submit a bid;
- iii. the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- iv. the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest net interest cost, as set forth in this Terms of Offering (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Offering shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and David Drown Associates, Inc. if a "substantial amount" (as defined in the Regulation) of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-

by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining

maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and David Drown Associates, Inc. the prices at which a substantial amount of such maturities are sold to the public; provided such determination shall be made and the City and David Drown Associates, Inc. notified of such prices not later than three (3) business days prior to the closing date.

#### **BOND INSURANCE AT PURCHASER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the underwriter, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser. Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery on the Bonds.

#### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The purchaser shall pay the CUSIP Service Bureau charge for the assignment of CUSIP identification numbers.

#### **SETTLEMENT**

Within 40 days following the date of their award, the Bonds will be delivered without cost to the purchaser at a place mutually satisfactory to the City and the purchaser. Delivery will be subject to receipt by the purchaser of an approving legal opinion of bond counsel, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

#### **FULL CONTINUING DISCLOSURE**

On the date of the actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Undertaking where under the City will covenant to provide, or cause to be provided annual financial information, including audited financial statements of the City, and notices of certain material events, as specified in and required by SEC Rule 15c2-12(b)(5). A description of the City's undertaking is set forth in the Official Statement.

#### **OFFICIAL STATEMENT**

The City has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, Minnesota 55419, and telephone (612) 920-3320.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in Rule 15c2-12. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without

cost to the senior managing underwriter of the syndicate to which the Bonds are awarded 40 copies of the Official Statement and the addendum or addenda described above. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

Dated April 5, 2022

BY ORDER OF THE CITY COUNCIL

/s/ Keith Muetzel  
City Administrator

***The Balance of This Page Left Blank Intentionally***

## OFFICIAL STATEMENT

### CITY OF REDWOOD FALLS, MINNESOTA

### \$8,000,000 GENERAL OBLIGATION UTILITY REVENUE BONDS SERIES 2022B

#### INTRODUCTION

This Preliminary Official Statement provides information relating to the issuance of \$5,875,000 General Obligation Utility Revenue Bonds, Series 2022B (the "Bonds") by the City of Redwood Falls, Minnesota (the "City"). This Preliminary Official Statement has been executed on behalf of the City and may be distributed in connection with the sale of Bonds authorized therein.

Inquiries may be made to David Drown Associates, Inc., 5029 Upton Avenue South, Minneapolis, MN 55410 or by telephoning (612) 920-3320. Information can also be obtained from Mr. Keith Muetzel, City Administrator, or Ms. Kari Klages, Finance and Administrative Services Director, City of Redwood Falls; PO Box 526, City of Redwood Falls, MN 56283-0526 or by telephoning (507) 616-7400.

#### Full Continuing Disclosure

In order to comply with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") the City will enter into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds. Through the Undertaking, the City covenants and agrees to provide certain annual financial and operating information about the City and to provide notice of the occurrence of certain material events. This information shall be provided according to the time parameters described in the Undertaking and to the information repositories and the Municipal Securities Rulemaking Board as required by the Rule. The specific provisions of the Undertaking are set forth in the Continuing Disclosure Certificate (the "Certificate") in substantially the form attached hereto as Appendix C. The Certificate will be executed and delivered by the City at the time the Bonds are delivered. The City is the only "obligated person" with respect to the Bonds within the meaning of the Rule.

The City has complied for the past five (5) years in all material respects in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule. However, in the interest of full disclosure, the City notes the following: Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although the City did not always comply with this requirement, the audited financial statements were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Further information on Continuing Disclosure filings can be found in Appendix F of this document.

#### Authority and Purpose

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 444 and 475 to provide financing for the 2022 Phase I Residential and Industrial Utility and Lift Station/Water Looping Projects (the "Project").

#### Sources and Uses

##### Sources

Par Amount of the Bonds	\$ 8,000,000
Cash Contribution ( <i>DEED Grant &amp; City Cash</i> )	7,913,951
Construction Fund Earnings	<u>26,264</u>
Totals	\$ 15,940,215

##### Uses

Project Costs	\$ 15,812,465
Underwriter's Discount (1.0%)	64,000
Issuance & Legal	<u>63,750</u>

\$ 15,940,215

## Payment and Security

The Bonds are a general obligation of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. In addition, the City pledges tax levies, water, sewer, and storm sewer revenues from the City utilities.

## Optional Redemption

The City may elect on February 1, 2029, and on any day thereafter, to prepay Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. Redemption will be made by giving 30 days' notice by registered mail, to the registered owner of the Bond. All prepayments shall be at a price of par plus accrued interest to the date of call.

## Rating

The City has requested a rating on this Issue from S & P Global Ratings. The rating only reflects the view of the rating agency and any explanation of the significance of such rating may only be obtained from S & P Global Ratings. There is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

## State of Minnesota Credit Enhancement Program

By Resolution adopted for this issue on April 5, 2022 (the "Resolution"), the City has covenanted and obligated itself to be bound by the provisions of Minnesota Statutes, Section 446A.086 (the "Act"), which provides for payment by the State of Minnesota in the event of a potential default on certain city obligations. The City has entered into a "Credit Enhancement Program Agreement (the "Agreement") with the Minnesota Public Facilities Authority (the "Authority"), which is acting on behalf of the State of Minnesota.

The City covenants in the Agreement to deposit with the Paying Agent for this issue an amount sufficient to make that payment. The deposit shall be made three business days prior to the date on which a payment is due. Under the Agreement, if the City believes it may be unable to make all or a portion of the principal or interest payment for the Series 2022B Bond on the due date, it must notify the Authority not less than 15 business days prior to the day a payment is due. The City's agreement with the Paying Agent for the Series 2022B Bond requires the Paying Agent to immediately inform the Minnesota Commissioner of Finance (with a copy to the Authority) if the Paying Agent becomes aware of a default or potential default in the payment of principal or interest on the 2022B Bond. The Paying Agent is also required to notify the Minnesota Commissioner of Finance if on the day two business days before the date a payment is due on the Series 2022B Bond there are insufficient funds on deposit with the Paying Agent to make the payment.

If the City is unable to make any portion of the payment on the Series 2022B Bond on or before the due date, the State of Minnesota, acting through the Authority, shall make such payment in its place pursuant to the Act, providing that funds are available in the State General Fund. The obligation to make a payment under the Act is not a general obligation of the State of Minnesota. The Act does not obligate the legislature to provide for the availability of funds in the General Fund for this purpose.

## Taxability of Interest

At closing, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion based upon present federal and State of Minnesota laws (which excludes any pending legislation that may have a retroactive effect), regulations, rulings and decisions, to the following effect:

1. Gross Income: the Bonds, as of their date of issuance, bear interest which is not includable in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, trust and estates for Minnesota income tax purposes, but such interest is includable in taxable income of corporations and financial institutions for purposes of Minnesota franchise tax;
2. Alternative Minimum Tax: interest on the Bonds is not an item of tax preference which is included in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals or the Minnesota alternative minimum tax imposed on individuals, trusts and estates; and
3. Compliance: the above opinions are subject to the condition that the Issuer complies with all applicable federal tax requirements that must be satisfied subsequent to the issuance of the Bonds. FAILURE TO COMPLY WITH CERTAIN OF SUCH REQUIREMENTS MAY CAUSE THE INCLUSION OF INTEREST ON THE BONDS IN FEDERAL GROSS INCOME AND IN MINNESOTA TAXABLE NET INCOME RETROACTIVE TO THE DATE OF ISSUANCE OF THE BONDS

No opinion will be expressed by Bond Counsel regarding other federal or state tax consequences arising with respect to the Bonds. See the form of opinion in Appendix B.

### Other Federal Tax Considerations

Property and Casualty Insurance Companies Property and casualty insurance companies are required by federal tax law for taxable years beginning after January 31, 1986, to reduce the amount of their loss reserve deduction by 15% of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations acquired after August 7, 1986, including interest on the Bonds.

Foreign Insurance Companies Foreign companies carrying on an insurance business in the United States are subject to a federal tax on income which is effectively connected with their conduct of any trade or business in the United States. Such income includes tax-exempt interest.

Branch Profits Tax Foreign corporations are subject to a federal "branch profits tax" equal to 30% of the "dividend equivalent amount" for the taxable year. The "dividend equivalent amount" is the foreign corporation's "effectively connected earnings and profits", including tax-exempt municipal bond interest.

Passive Investment Income of S Corporations Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Internal Revenue Code of 1986, as amended, for S corporations that have Subchapter C earnings and profits at the close of the taxable year if more than 25% of the gross receipts of such S corporations is passive investment income.

Financial Institutions For federal income tax purposes, financial institutions are unable to deduct any portion of the interest expense allocable to the ownership of certain tax-exempt obligations acquired after August 7, 1986, including the Bonds but for their designation as qualified tax-exempt obligations. See "Qualified Tax-Exempt Obligations" below.

Social Security and Railroad Retirement Benefits Certain recipients of social security benefits and railroad retirement benefits are required to include a portion of such benefits within gross income by reason of receipt of interest on tax-exempt obligations, including the Bonds.

Exclusion Not Constitutionally Required The United States Supreme Court ruled in 1988 that the exclusion from gross income of interest on state and local bonds is not required by the United States constitution. The Constitution of the State of Minnesota likewise does not require the exclusion from gross income or taxable net income of interest on bonds of Minnesota issuers. Hence, future federal and/or state laws could cause the inclusion of interest on bonds, including the Bonds, in gross income or taxable net income, or could otherwise cause such interest to be taxed or to be included in the calculation of other income which is taxed.



General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **Risk Factors**

Following is a description of possible risks to holders of these Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes The Bonds of this offering are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue (special assessments, water or sewer revenues) be insufficient.

State Actions Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Past and future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy property taxes.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure A failure by the City to comply with the Undertaking for continuing disclosure (see "Continuing Disclosure") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy A combination of economic, climatic, political or civil disruptions or terrorist actions could affect the local economy and result in reduced tax collections and/or increased demands upon local government.

General The above is not a comprehensive list of all federal or state tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal or state income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## COVID-19

In late 2019 a novel strain of coronavirus emerged. COVID-19, as it is known, was declared a worldwide pandemic on March 11, 2020 by the World Health Organization. The response of the United States government, state governments and local governments has been to implement social distancing orders in order to limit the spread of COVID-19.

On March 13, 2020, the Governor of the State of Minnesota (the “Governor”) signed Emergency Executive Order 20-01, declaring a peacetime emergency due to the pandemic. This Executive Order was extended on April 13, 2020 and again on May 13, 2020. The Executive Order put in place and extended the stay at home order to continue the closing of bars, restaurants and other public gathering places and businesses. This is the “Stay Safe Order”.

On April 23, 2020, the Governor signed Executive Order 20-41 directing the Distance Learning Period for Minnesota school students to be extended through the end of the 2019/20 school year. On April 30, the Governor signed Executive Order 20-48 which extended and modified the Stay Safe Order through May 17, 2020.

Effective May 18, Executive Order 20-55 encourages Minnesotans to stay close to home but allows gatherings of friends and family of 10 people or less, if proper social distancing measures—like staying six feet apart and wearing a mask—are taken. The order also further opens retail stores and other Main Street businesses if they have a preparedness plan and operate at 50 percent occupancy.

Executive Order 20-74 was signed on June 5, 2020 and outlines the guidelines for continuing to safely reopen Minnesota’s economy and ensuring safe non-work activities during the COVID-19 emergency. Effective as of June 10, 2020 the guidelines continue to lift restrictions that were identified in prior Executive Orders.

Executive Order 20-81 was signed on July 22, 2020. This Order requires people to wear a face covering in certain settings across Minnesota to prevent the spread of COVID-19. This EO is effective July 25, 2020 and rescinds paragraph 3 of Emergency EO 20-74 which recommended the wearing of face coverings and masks.

On November 10, 2020, Executive Order 20-96 was signed by the Minnesota governor. This EO outlines statewide regulations for social gatherings, celebrations and receptions, as well as entertainment/food/beverage venues. On January 13, 2021, the Minnesota governor signed EO 21-04. This EO extends the Peacetime Emergency within the State of Minnesota through February 12, 2021.

The full impact of COVID-19 cannot be predicted by the City/County and they make no representations as to the impact on future financial positions and operations.

## Details of Certain Terms

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Record Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the month prior to the interest payment date (the “Record Date”).

## Original Issue Discount

Original Issue Discount Bonds (“OID Bonds”) may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds are sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and



excluded from gross income for federal income tax purposes and will increase a holders' tax basis in such Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such Bonds are held.

### **Original Issue Premium**

Original Issue Premium Bonds ("Premium Bonds") may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Premium Bonds should consult their tax advisors concerning the calculation of bond premium and the timing and rate of premium amortization, as well as the federal, state and local tax consequences of owning and selling Bonds acquired at a premium.

### **Term Bond Option**

Bids for the bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest to the date of redemption. In order to designate term bonds, the bid must specify as provided on the Proposal Form.

### **Maturity Adjustments**

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

### **Tax-Exempt - NOT Bank-qualified**

The Bonds are NOT bank-qualified.

### **Book Entry System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York State Banking Law, a "banking organization" within the meaning of the New York State Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York State Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-sale settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporations, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporations (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchanges, Inc., the American Stock Exchanges LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Obligations, except in the event that use of the book entry system for the Obligations is discontinued or as an option upon the transfer of an entire maturity.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices for the Obligations shall be sent to Cede & Co. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issue or Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC (nor its nominee), the Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, Issuer, or Agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered. The information in this section concerning DTC and DTC's book entry-system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

### **Litigation**

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

### **Future Financing**

The City is concurrently issuing its \$3,495,000 General Obligation Street Reconstruction and Utility Revenue Bonds, Series 2022A. The 2022A Bonds are financing a portion of the 2022 Street and Utility Reconstruction Project. The 2022A Bonds are closing on June 1, 2022.

The City has no plans to issue further general obligation debt during the next six (6) months.

### **Legality**

The Bonds are subject to approval as to certain matters by Taft Stettinius & Hollister LLP of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Preliminary Official Statement and will express no opinion with respect thereto. Legal opinions in substantially the form set out in Appendix B herein will be delivered at closing.

### **Municipal Advisor**

The City has retained David Drown Associates, Inc., Minneapolis, Minnesota, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Preliminary Official Statement, the Municipal Advisor has relied upon governmental officials and other sources that have access to relevant information contained in the Preliminary Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken to independently verify, the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Preliminary Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **Certification**

The City has authorized the distribution of this Preliminary Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the Purchaser(s) will be furnished with a certificate signed by the appropriate officers of the City. The certificate will state that as of the date of the Preliminary Official Statement, it did not and does not as of the date of the certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

## VALUATIONS – COUNTY AUDITOR

For full valuation, top ten taxpayers, tax rate, tax levy/collections information, please see the full County Auditor's Certificate from Redwood County in Minnesota for taxes payable in 2021 found under Appendix A.

## TRENDS IN VALUATIONS

### Trends in Valuations

<u>Year</u>	<u>Economic Market Value</u>	<u>Estimated Market Value</u>	<u>Taxable Market Value</u>	<u>Adjusted Net Tax Capacity</u>
2020/21	\$ 347,362,123	\$ 317,062,800	\$ 279,399,845	\$ 3,409,351
2019/20	320,151,825	301,341,900	263,846,272	3,168,691
2018/19	314,887,131	290,328,700	253,065,736	3,045,421
2017/18	289,767,782	276,842,300	239,229,916	2,893,971
2016/17	281,073,284	263,479,800	225,960,832	2,723,294
2015/16	268,504,922	254,705,600	217,388,837	2,563,996
2014/15	275,693,260	244,033,500	206,682,600	2,475,716
2013/14	248,510,147	240,361,800	202,560,800	2,413,706
2012/13	232,860,860	232,335,800	194,194,100	2,258,322
2011/12	234,829,776	230,649,400	191,864,700	2,219,460

## CASH AND INVESTMENTS

(as of February 28, 2022)

<u>Fund</u>	<u>Cash/Investments</u>
General	\$ 5,099,001
Special	1,605,504
Debt Service	(82,864)
Capital	5,791,173
Enterprise	7,885,791
Trust/Reserved	<u>329,313</u>
Total	\$ 20,627,919

## CITY INDEBTEDNESS

(as of 3/1/2022)

### Legal Debt Limit and Margin

Legal Debt Limit (3% of Estimated Market Value) *	\$ 9,511,884
Less: Outstanding Debt Subject to Limit	<u>3,907,000</u>
Legal Debt Margin as of 3/1/2022	\$ 5,604,884

\* The Estimated Market Value for taxes payable in 2021 is \$317,062,800.

### General Obligation Debt Supported by Tax Levies

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
06/01/2022	\$ 1,845,000	Street Reconstruction Ptn 2022A*	02/01/2043	\$ 1,845,000
05/06/2021	1,190,000	Equipment Certificate Portion 2021A	02/01/2042	1,190,000
05/11/2020	780,000	Capital Improvement Plan Refunding	02/01/2034	677,000
02/01/2014	555,000	Community Center Rfnd Ptn- 2014A	02/01/2024	<u>195,000</u>
Total				\$ 3,907,000

\* The 2022A bonds are being sold concurrently with this Issue.

### General Obligation Debt Supported by Special Assessments

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
10/01/2020	\$ 270,000	Improvements Refund Portion of 2020B	02/01/2025	\$ <u>166,000</u>
Total				\$ 166,000

### General Obligation Debt Supported by Revenues

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
06/01/2022	\$ 8,000,000	Utility Revenue 2022B, This Issue	02/01/2043	\$ 8,000,000
06/01/2022	1,650,000	Utility Rev Portion 2022A, In Process*	02/01/2043	1,650,000
05/06/2021	1,670,000	Utility Revenue Portion 2021A	02/01/2042	1,670,000
10/01/2020	584,000	Water/Sewer Revenue Ptn 2020B	02/01/2029	450,000
10/01/2018	720,000	Water Revenue	02/01/2031	605,000
02/01/2014	1,035,000	Utility Revenue Rfnd Ptn 2014A	02/01/2024	120,000
11/17/2009	6,526,070	Water Improvement	08/20/2039	<u>4,568,000</u>
Total				\$ 17,063,000

\* The 2022A bonds are being sold concurrently with this Issue.

**Revenue Debt**

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>
10/05/2021	\$ 1,205,000	Electric Revenue	12/01/2036	\$ 1,205,000
12/05/2019	2,415,000	Electric Revenue Refunding	12/01/2031	2,057,000
03/01/2013	2,065,000	Electric System Improvements	12/01/2027	895,000
11/01/2011	490,000	Liquor Refunding	12/01/2022	<u>50,000</u>
Total				\$ 4,207,000

**Summary of Direct Debt Including This Issue**

	<u>Gross Debt</u>	<u>Less: Debt Funds</u>	<u>Net Direct Debt</u>
GO Debt Supported by Tax Levies	\$ 3,907,000	\$ -	\$ 3,907,000
GO Debt Supported by Special Assessments	166,000	-	166,000
GO Debt Supported by Revenues	17,063,000	-	17,063,000
Revenue Debt	<u>4,207,000</u>	<u>-</u>	<u>4,207,000</u>
Total	\$ 25,343,000	\$ -	\$ 25,343,000

**Overlapping Debt**

<u>Taxing Unit *</u>	<u>2020/21 Tax Capacity</u>	<u>% in City</u>	<u>Total G.O. Debt</u>	<u>City Share</u>
Redwood County	\$ 36,279,678	9.40%	\$ 20,815,000	\$ 1,956,071
ISD # 2897	10,322,819	33.03%	1,980,000	<u>653,941</u>
Total				\$ 2,610,012

\* Includes only those jurisdictions with General Obligation debt outstanding and debt amounts as of 12/31/20.

**Debt Ratios**

	<u>Net G.O. Debt</u>	<u>Debt/Economic Market Value</u>	<u>Debt per Capita</u>
		<u>\$ 347,362,123</u>	<u>5,102</u>
Net Direct G.O. Debt*	\$ 4,073,000	1.17%	\$ 798
Net Direct and Overlapping GO Debt	6,683,012	1.92%	1,310

\* Excludes G.O. Debt supported by revenues, Revenue Debt

### Annual Debt Service Payments

GO Debt Supported by Tax Levies				GO Debt Supported by Assessments		
Year	Principal	Payment	% Retired	Principal	Payment	% Retired
2022	\$ -	\$ 14,909	0%	\$ -	\$ 541	0%
2023	226,000	309,267	6%	52,000	52,926	31%
2024	367,000	434,545	15%	57,000	57,584	66%
2025	263,000	325,565	22%	57,000	57,200	100%
2026	264,000	323,029	29%	-	-	-
2027	265,000	320,373	35%	-	-	-
2028	270,000	321,603	42%	-	-	-
2029	277,000	324,662	49%	-	-	-
2030	278,000	321,528	57%	-	-	-
2031	279,000	318,189	64%	-	-	-
2032	150,000	185,400	68%	-	-	-
2033	151,000	183,225	71%	-	-	-
2034	157,000	185,882	75%	-	-	-
2035	95,000	120,965	78%	-	-	-
2036	100,000	123,478	80%	-	-	-
2037	100,000	120,828	83%	-	-	-
2038	105,000	123,008	86%	-	-	-
2039	105,000	120,041	88%	-	-	-
2040	110,000	121,950	91%	-	-	-
2041	110,000	118,733	94%	-	-	-
2042	115,000	120,385	97%	-	-	-
2043	120,000	121,830	100%	-	-	-
Totals	\$ 3,907,000	\$ 4,659,391		\$ 166,000	\$ 168,250	

*The Balance of This Page Left Blank Intentionally*

GO Debt Supported by Revenues				Revenue Debt		
Year	Principal	Payment	% Retired	Principal	Payment	% Retired
2022	\$ 190,000	\$ 276,741	1%	\$ 445,000	\$ 541,758	11%
2023	505,000	1,019,268	4%	404,000	486,970	20%
2024	687,000	1,137,397	8%	409,000	483,298	30%
2025	395,000	1,131,027	12%	423,000	488,147	40%
2026	709,000	1,129,764	16%	433,000	488,694	50%
2027	720,000	1,124,680	21%	443,000	488,623	61%
2028	744,000	1,131,784	25%	292,000	327,310	68%
2029	759,000	1,129,053	29%	297,000	325,808	75%
2030	717,000	1,068,830	34%	308,000	330,189	82%
2031	730,000	1,063,038	38%	313,000	328,333	90%
2032	753,000	1,066,170	42%	85,000	93,360	92%
2033	775,000	1,067,302	47%	85,000	91,745	94%
2034	793,000	1,063,642	51%	90,000	95,130	96%
2035	756,000	1,005,024	56%	90,000	93,420	98%
2036	774,000	1,001,449	60%	90,000	91,710	100%
2037	798,000	1,002,953	65%	-	-	
2038	817,000	998,508	70%	-	-	
2039	841,000	998,072	75%	-	-	
2040	540,000	676,378	78%	-	-	
2041	550,000	669,716	81%	-	-	
2042	575,000	677,276	85%	-	-	
2043	490,000	574,969	87%	-	-	
2044	400,000	469,630	90%	-	-	
2045	415,000	470,264	92%	-	-	
2046	425,000	465,354	95%	-	-	
2047	445,000	469,800	97%	-	-	
2048	<u>460,000</u>	<u>468,395</u>	100%	-	-	
Totals	\$ 17,063,000	\$ 23,356,483		\$ 4,207,000	\$ 4,754,493	

***The Balance of This Page Left Blank Intentionally***



## GENERAL INFORMATION

The City of Redwood Falls is the county seat of Redwood County and is located approximately 100 miles west of the City of Minneapolis and 100 miles southwest of the City of St. Cloud.

Redwood Falls has completed many major projects over the past decade which included the sale of its community owned hospital operations to CentraCare, a private non-profit healthcare provider, which has resulted in the construction of a new private community hospital. Other projects have included improvements to the airport, continued operation of a regional community center in cooperation with the school district, a new water treatment facility, and a six-megawatt electric power generation expansion.

### Organization

The City was organized in 1864 as a Home Rule Charter City and currently operates under the Mayor-Council form of government. The City Council is composed of a mayor and four Council members. The Mayor is elected at large and serves a two-year term. The Council members are elected at-large to serve overlapping four-year terms. The current City Council is comprised of the following members:

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tom Quackenbush	Mayor	2022
Larry Arentson	Council Member	2022
John Buckley	Council Member	2024
Denise Kerkhoff	Council Member	2024
Jim Sandgren	Council Member	2022
Matt Smith	Council Member	2024

The City Administrator, Keith Muetzel, is appointed by the City Council. Mr. Muetzel is responsible for administering the various City departments, implementing Council policies and coordinating the preparation of the annual City budget. Ms. Kari Klages, the Director of Finance and Administrative Services, is also appointed by the Council.

The City currently employs approximately 63 full-time and 57 part-time persons. City employees work in departments including administration, utilities and maintenance. There are 11 full-time police officers within the City.

The fire department has a part-time force of 30. The fire department has access to a pumper, two (2) fire trucks, one (1) aerial fire truck, one (1) rescue/equipment vehicle, and miscellaneous fire-fighting equipment.

### City Services

The municipal water utility is comprised of five (5) wells with 2,264 user connections. The wells have a pumping capacity of 1,500 gallons per minute. The average demand is 575,000 gallons per day with a peak demand of 1,200,000 gallons per day. The City's elevated storage capacity is 500,000 gallons. In addition, the City also has a 1,070,000-gallon underground water storage facility.

The municipal sewer utility, which consists of two (2) stabilization pond systems and has 2,186 user connections. Treatment capacity is 2,500,000 gallons per day with an average demand of 800,000 gallons per day. The peak demand is 1,300,000 gallons per day. The City of Redwood Falls provides electrical services through the Redwood Falls Public Utilities.

The 110,000 square foot community center houses a four-court multi-purpose gymnasium, four-lane running/walking track, ice arena, 3,700 sq. foot fitness center and a conference center with three meeting rooms totaling 6,000 square feet. Ramsey Park is a 217-acre regional municipal park comprising hiking and picnic areas, playground equipment and a zoo. Eight additional neighborhood parks encompass more than 58 acres throughout

the City. Facilities include hockey/skating rinks; football fields; baseball/softball fields; basketball and tennis courts; an outdoor swimming pool; 12 tennis courts, four sand volleyball courts; picnic facilities; general playground equipment; and various community education programs. The combination of these services provide a complete park and recreation system throughout the City

## Employee Pensions

All full-time and certain part-time employees of the City of Redwood Falls are covered by defined benefit plans administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Plan (GERP) and the Public Employees' Police and Fire Plan (PEPFP) which are cost-sharing, multiple-employer retirement plans. These plans are administered in accordance with Minnesota Statutes Chapters 353 and 356. Total GERP & PEPFP contributions made during fiscal year 2020 amounted to \$417,696. Detailed information on the pension funds can be found in Note 6 on page 53 of the 2020 Audit.

## Census Data

### Population Trends

	<u>Population</u>
2000 U.S. Census	5,435
2010 U.S. Census	5,257
2015 U.S. Census	5,128
2020 U.S. Census	5,102

Source: U.S. Census Bureau

### Income and Housing Statistics

	<u>City of Redwood Falls</u>	<u>Redwood County</u>	<u>State of Minnesota</u>
2019 per Capita Income	\$ 26,659	\$ 28,611	\$ 39,025
2019 Median Household Income	51,232	55,404	74,593
Percent Living in Poverty	12.0%	10.1%	9.0%
Median Value of Owner-Occupied Housing	\$ 104,100	\$ 106,300	\$ 246,700

Source: U.S. Census Bureau

## Employment Data

	<u>Labor Force Redwood County</u>	<u>Unemployment Rate Redwood Cnty</u>	<u>Statewide</u>
December, 2021	7,595	2.7%	2.7%
December, 2020	7,680	4.0%	4.9%

Source: MN Dept. of Employment & Economic Development

## Financial Services

The Bremer Bank, NA (a branch of St. Paul, MN) reports deposits of \$151,068,000. The HomeTown Bank reports deposits of \$45,496,000. The Minnwest Bank reports deposits of \$265,208,000. All deposits are reported as of June 30, 2021.

Source: FDIC Summary of Deposits

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u># of Employees</u>
Jackpot Junction (Morton)	Hotel/casino	750
Redwood Area Hospital	Medical Hospital	281
CMH Homes. Inc.	Mobile home manufacturer	200
ISD # 2897	Public Education	178
Daktroniks	Electronic signs	172
Wal-Mart Stores	Retail Sales	152
Redwood County	County government	121
Central Bi-Products & Redwood Metal	Prepared Feeds	120
City of Redwood Falls	City Government	120
Tersteeg's	Grocery store	71

Source: City Records - # of Employees are approximate

## Building Permits

<u>Year</u>	<u># of Commercial Industrial Permits</u>	<u># of Residential Permits</u>	<u># of Other Permits</u>	<u>Total Value of Permits</u>
2021	41	275	35	\$ 20,747,455
2020	36	147	30	7,399,343
2019	34	140	40	41,451,660
2018	47	289	70	6,012,343
2017	49	782	94	5,176,480
2016	32	126	88	6,352,133
2015	35	123	85	11,896,179
2014	23	131	84	17,450,743

Source: City Records as of December 31, 2021

## Commercial/Industrial Development

The following includes new construction as well as expansions/renovations in excess of \$50,000 over the past three (3) years:

<u>Name of Business</u>	<u>Product/Service</u>	<u>Type of Building</u>	(estimated) <u>Cost of Project</u>
<b>2021</b>			
NTS Land Holdings/Campus	Retail	Metal Frame	\$ 150,000
City of Redwood Falls	Administrative Services	Roof	64,840
City of Redwood Falls – Airport	Airport	Metal Frame	73,291
Bayer Northern	Ag-Seed Processing	Metal Frame	2,259,307
Redwood County	Government Services	Metal Frame	6,506,564
Clayton Homes (Schult – CMH)	Manufacturing Plant	Metal Frame	565,784
Wittwer, Trevor	Dance Studio	Wood Frame	60,000
Tersteeg's	Grocery	Metal Frame	78,281
Second & Washington RWF LLC	Retail	Wood Frame	135,462
GL of Spicer LLC	Accounting Services	Wood Frame	70,000
MN Dept of Veteran Affairs	Cemetery	Metal/Wood Frame	5,668,416
Northstar SystemBuilt	Manufacturing Plant	Metal Frame	900,000

## 2020

CmH Hodgeville (Schult)	Manufacturing plan	Metal frame	\$ 65,888
Northstar System Built	Manufacturing plan	Metal frame	69,000
Northwest Drywall	Hemp growing facility	Metal frame	250,000
City of Redwood Falls	Airport	Metal frame	94,475
City of Redwood Falls	Street shop	Metal frame	80,000
Daktronic	Manufacturing plan	Metal frame	118,200
Redwood County Sheriff	Communications tower	Metal frame	236,500
Vestwood Education	School	Metal frame	1,280,000
Minnwest Bank	Bank	Roof	50,550
Redwood County	Government services	Metal frame	1,339,973
Redwood County	Highway department	Metal frame	136,000
Carris Health	Hospital/storage	Metal frame	56,000
Bayer Crop Science	Ag-seed processing	Metal frame	389,770
Steel Properties	Manufacturing plan	Metal frame	79,250
West Central Sanitation	Garbage disposal services	Metal frame	57,300
Redwood Industries	Storage	Metal frame	110,000

## 2019

LLK Properties	Retail Sales	Roofing	\$ 150,000
Westfalls	Multi-Family Housing	Wood Frame	50,000
ACMC	Medical	Metal Frame	50,000
CMH Hodgeville	Manufacturing Plant	Metal Frame	52,100
Pizza Ranch	Restaurant	Wood Frame	90,000
River Ridge Apartments	Multi-Family Housing	Metal Frame	168,000
Carris Health LLC	Hospital	Metal Frame	37,699,253
Assemblies of God	Church	Metal Frame	75,000
Meadowland Coop	AG Sales	Metal Frame	207,000

The City has a 78-acre industrial park that is served by City water and sewer. The industrial park is 85% developed.

## Healthcare

The City of Redwood Falls has two (2) clinics, one (1) new hospital and two (2) nursing homes (which have a combined bed total of 152) located within the City limits. In addition, there are six (6) assisted living facilities and three (3) chiropractic offices. The Redwood Area Hospital is located on-line at [www.redwoodareahospital.org](http://www.redwoodareahospital.org).

Source: City-Data.com

## Transportation

The City is located on U.S. Highway 71 and within 75 miles of Interstate 90 and Minnesota State Highway 67 runs within one (1) mile of the City.

The Redwood Falls Municipal Airport provides a 4,000-foot paved and lit runway and provides charter, commercial and freight services. The Marshall Municipal Airport lies 37 miles from the City and provides a 5,000-foot paved/lit runway.

There is inter-community bus service and disabled transportation available.

Source: mapquest.com and city-data.com

## Education

Redwood Falls Independent School District Number 2897 operates one (1) elementary, one (1) junior high and one (1) senior high.

The MN West Community and Technical College, located in Granite Falls which is 37 miles from the City, is the nearest technical college. Southwest State University, located 36 miles from the City in Marshall, MN, is the nearest public university. Located in St. Peter, MN, 75 miles from the City, Gustavus Adolphus College is the nearest private university.

*Source: city-data.com*

## Utilities

The City of Redwood Falls operates its own municipal electric utility. Natural gas is supplied by Great Plains Natural Gas.

*Source: City Records.*

## Communications

The City of Redwood Falls is provided local telephone service by Nu Telecom and Mediacom. The City has cable television, local teleconferencing and local internet access available. The City's official newspaper is the Redwood Gazette, based in Redwood Falls. The paper is published every Thursday. In addition, the City has an on-line presence at: [www.ci.redwood-falls.mn.us](http://www.ci.redwood-falls.mn.us)

*Source: City Records*

## **APPENDIX A**

### **COUNTY AUDITOR'S CERTIFICATE**

The following pages contain a copy of the Redwood County Auditor's Certificate for taxes payable in 2021.

TWP/CITY T.D. 88 CITY OF REDWOOD FALLS

## Current Valuation 2020/2021

	Estimated Market Value	Taxable Market Value	Tax Capacity
Real Estate:			
Residential Homestead (Non-Agricultural) (Class 1a & 1b)		155,050,511	1,550,901
Agricultural (Class 2 & 4b(3))		1,690,534	16,088
Commercial & Industrial (Class 3, 5(1), & 5(3)) (zoned Comm/Industrial/Public Utility)			
Commercial/Industrial		71,524,500	1,311,167
Public Utility		0	0
Railroad Operating Property		0	0
Residential Non-Homestead (Class 4a, 4b (1-2), 4c (1-4) (7-8), 4d & 4c)		47,709,800	519,338
Seasonal/Recreational Comm & Residential (Class 1c & 4c (5-6))		415,800	5,198
Other		0	0
Total Real Estate	314,054,100	276,391,145	3,402,692
Total Personal Property	3,008,700	3,008,700	59,429
Total Real Estate & Personal Property	317,062,800	279,399,845	3,462,121
Total Residential Homestead Market Exclusion Value		33,719,555	
If Applicable To The Taxing District			
Subtract: Captured Tax Capacity Of Tax Incement District			( 52,770 )
Job Zone Tax Capacity			( 0 )
10% of 200 kV Transmission Lines			( 0 )
Total Adjusted Taxable Net Tax Capacity			3,409,351



TWP/CITY T.D.

88 CITY OF REDWOOD FALLS

## Valuation History (Real &amp; Personal Property)

Assessment/ Payable Year	Estimated Market Value	Taxable Market Value	Mkt Value Homestead Exclusion Values	Less Tax Increment/ Fiscal Disparities/ Transmission Lines	Net Tax Capacity
2020/2021	317,062,800	279,399,845	33,719,555	( 52,770 )	3,409,351
2019/2020	301,341,900	263,846,272	33,885,428	( 76,828 )	3,168,691
2018/2019	290,328,700	253,065,736	34,426,064	( 77,426 )	3,045,421
2017/2018	276,842,300	239,229,916	34,556,684	( 75,926 )	2,893,971
2016/2017	263,479,800	225,960,832	34,711,968	( 78,052 )	2,723,294
2015/2016	254,705,600	217,388,837	34,783,863	( 121,965 )	2,563,996
2014/2015	244,033,500	206,682,600	34,763,000	( 43,033 )	2,475,716

MH Valuation - Most Recent Date And Data Available

2/25/2022	482,200	374,320	107,880		3,745
-----------	---------	---------	---------	--	-------

## Twenty-five Largest Taxpayers

Taxpayer	ASMT Code Description	Taxable Market Value	Tax Capacity
WAL-MART PROPERTY TAX DEPT	COMM LAND/BLD	4,779,700	94,844
CARRIS HEALTH-REDWOOD LLC	COMM LAND/BLD	4,211,600	83,482
MEADOWLAND FARMERS COOP	INDUST LAND/BUILDING	3,052,700	60,304
JR & R II, LLC	COMM LAND/BLD	3,011,200	59,474
REDWOOD FALLS/CITY OF	AGRICULTURE	4,312,500	53,290
DAKTRONICS INC	INDUST LAND/BUILDING	2,629,300	51,836
FARMERS UNION INDUSTRIES LLC	COMM LAND/BLD	2,318,900	45,628
MINNWEST BANK MV	COMM LAND/BLD	2,178,300	42,066
CMH HOMES INC	INDUST LAND/BUILDING	2,140,000	42,050
GREAT PLAINS NATURAL GAS	SYST OF GAS UTILITIES	1,939,900	38,798
PROUTY PROPERTIES LLC	1 TO 3 UNIT DWELLING	2,728,500	33,793
BAYER NORTHERN	INDUST LAND/BUILDING	1,668,800	32,626
KOHL'S-WEELBORG ENTERPRISES LLP	COMM LAND/BLD	1,601,600	31,282
AFFILIATED COMMUNITY MEDICAL	COMM LAND/BLD	1,583,000	30,910
200 S DEKALB ST LLC	4 OR MORE UNITS	2,335,000	29,188
DAVIS/MICHAEL & EMILY	COMM LAND/BLD	1,526,700	29,034
RIO LAND & CATTLE LLC	COMM LAND/BLD	1,392,200	27,094
U'REN BROTHERS LLC	COMM LAND/BLD	1,301,800	25,286
TERSTEEG FAMILY PROPERTIES LLC	COMM LAND/BLD	1,258,900	24,428
SOUTHASPEN LLC	4 OR MORE NC > 06/30/01	1,895,800	23,697
CARRIS HEALTH-REDWOOD LLC	COMM LAND/BLD	1,176,700	22,784
PONDEROSA PROPERTIES LLC	INDUST LAND/BUILDING	1,120,500	21,660
REDWOOD PROPERTIES INC	COMM LAND/BLD	1,057,700	20,404
WOODJOHN PROPERTIES LLC ETAL	COMM LAND/BLD	1,373,700	18,282
SOUTHERN MN MUNICIPAL POWER	TRANSMN LINES	863,300	17,266

County Employees	Full Time	Part Time	Seasonal	Total
------------------	-----------	-----------	----------	-------

116

3

7

126



If the County has plans for additional financing within the next three months, please complete:

Amount:

Purpose:

Have the bonds authorized?

When:

**Taxing Authority and Local Tax Rate History**

Local Tax Rate History  
(Levy Year/Collection Year)

Governmental Unit	2016/17	2017/18	2018/19	2019/20	2020/21
COUNTY	32.64600	34.03500	35.19100	36.20300	37.40500
ADJ-CITY OF REDWOOD FAL	.31400-	.32100-	.34500-	.34600-	.34400-
COUNTY WIDE D FAL	.15200	.14300	.14900	.15200	.15300
CITY OF REDWOOD FALLS	92.32600	89.91100	88.82000	89.61000	86.07100
REDWOOD AREA SCHOOLS	5.95100	8.23400	9.10400	8.60200	8.51100
SCHOOL DEBT #637	18.15500	19.29700	18.69900	18.66700	6.09500
REDWOOD AREA SCHOOLS	.16503	.15851	.17425	.19225	.18702

County of REDWOOD COUNTY

TWP/CITY T.D.

88 CITY OF REDWOOD FALLS

**Bonded Indebtedness 2020/2021**

\*\*\*\* T A X C A P A C I T Y O F \*\*\*\* Bonded Debt

Gov. Unit Name	Entire Gov.Unit	REDWOOD COUNTY	CITY OF REDWOO	as of 12/31/20
COUNTY	36,279,678	36,279,678	3,409,351	0
CITY OF REDWOOD FALL	3,409,351	3,409,351	3,409,351	0
REDWOOD AREA SCHOOLS	10,322,819	10,322,819	3,409,351	0
CITY BOND	3,340,411	3,340,411	3,340,411	0
SCHOOL DEBT #637	7,650,877	7,650,877	3,409,351	0
Debt Serv \$ For Cnty		.00		
Sinking \$ For Spc. Dist		.00		

TWP/CITY T.D.

88 CITY OF REDWOOD FALLS

## Tax Levies and Collections

Levy Year/ Collection Year	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021
Original Gross Tax	2,505,465.04	2,591,097.36	2,694,822.18	2,829,429.72	2,927,211.57
Prop Tax Credits	301.81	256.16	250.23	280.90	298.94
Levy Adjustmnts	613.96-	.00	3,144.86	3,838.92	.00
Net Tax Levy	2,504,549.27	2,590,841.20	2,697,716.81	2,832,987.74	2,926,912.63
Amount Collected in Collection Year	2,478,741.57	2,557,527.26	2,668,453.90	2,804,451.69	N/A
Amt Dlq at End of Collection Year	25,807.70	33,313.94	29,262.91	28,536.05	N/A
Dlq Collected as of 12/31/20	15,651.84	22,490.52	12,735.12	.00	N/A
Dlq Abt/cancelled as of 12/31/20	.00	.00	.00	.00	N/A
Tot Dlq Outstanding as of 12/31/20	10,155.86	10,823.42	16,527.79	28,536.05	N/A

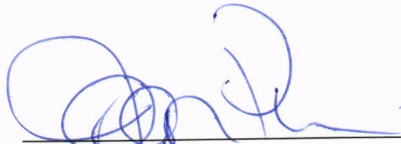
TWP/CITY T.D.

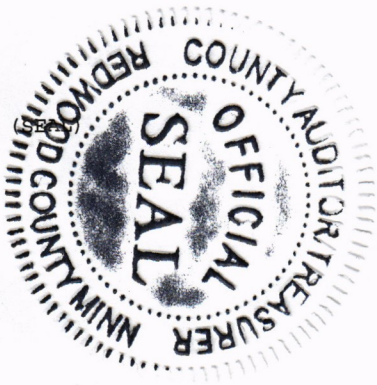
88 CITY OF REDWOOD FALLS

Please list the name, title, and telephone number of a person(s) to contact regarding the completed certificate in case there are any questions

Contact Person	JEAN PRICE, AUDITOR-TREASURER
Telephone	507-637-4013
E-mail address	jean-p@co.redwood.mn.us
Preferred method to receive certificate (i.e.: mail or email) or, please indicate if your county prefers to use a separate form.	E-MAIL

Witness My hand and official seal this 28 day of FEBRUARY, 2022

  
County Auditor-Treasurer



**County's Auditor's Report of Outstanding Indebtedness**

**of the**

**Governmental Units**

**in**

**Redwood County, Minnesota**

**For the Year Ended December 31, 2021**

**I do hereby certify that the following is a true and correct abstract of the reports of  
outstanding indebtedness of the governmental units for the year ended  
December 31, 2021.**

  
\_\_\_\_\_  
**Signature**

Jean Price  
**Print Name**

Auditor-Treasurer  
**Title**

( 507 ) 637-4013  
**Telephone**

jean\_p@co.redwood.mn.us  
**Email Address**

**Office of the State Auditor  
525 Park Street  
St. Paul, MN 55103  
Telephone: (651) 297-3682  
Fax: (651) 282-2391  
Email: county@auditor.state.mn.us**



# County Auditors Report of Outstanding Indebtedness

Name of Governmental Unit	Bonds										Other Long-term Indebtedness (Identify-See Below*)	State Aid and Tax Anticipation Certificates	Refunding ( Included in Bonds Outstanding)
	Outstanding Jan. 1, 2021	Issued During 2021	Paid During 2021	Bonds Outstanding    December 31, 2021									
				Total	General Obligation	G. O. Tax Increment	G. O. Special Assessment	G. O. Revenue	Revenue	Other** (Identify)			
County of Redwood	4,060,000	17,335,000	580,000	20,815,000	12,920,000		1,800,000					6,095,000	2,775,000
Cities													
BELVIEW	606,687		92,457	514,230				375,000	139,230				75,000
CLEMENTS	50,000		4,000	46,000				46,000			11,370		
DELHI ***	60,500		1,400	59,100			59,100				4,523		
LAMBERTON ^^	7,751,000	1,720,000	2,156,000	7,315,000			7,156,000	159,000					2,291,000
LUCAN	1,221,001		31,276	1,189,725				1,189,725			157,024		
MILROY	185,000		29,000	156,000					156,000				
MORGAN	13,132,000		439,224	12,692,776				12,692,776					185,000
REDWOOD FALLS	10,798,000	4,065,000	956,000	13,907,000	2,273,732		84,588	7,341,680	4,207,000				4,058,000
REVERE	232,100		3,725	228,375				228,375					
SANBORN	764,000		39,000	725,000			45,000	680,000					680,000
SEAFORTH	305,000		12,000	293,000				293,000					
VESTA	681,632		32,910	648,722				648,722					
WABASSO	3,041,450		261,000	2,780,450	79,000	220,000	1,773,450	329,000		379,000	114,000		514,000
WALNUT GROVE	4,060,000		305,000	3,755,000			810,000	2,945,000					2,520,000
WANDA	0			0									
Subtotal:	42,888,370	5,785,000	4,362,992	44,310,378	2,352,732	220,000	9,928,138	26,928,278	4,502,230	379,000	286,917		10,323,000
School Districts													
635 - Milroy	0	200,000		200,000	200,000								
640 - Wabasso	8,545,000		375,000	8,170,000	8,170,000						413,037		870,000
2754 - Cedar Mountain	8,995,000		505,000	8,490,000	8,490,000						442,042		
2897 - Redwood Falls	3,620,000		1,640,000	1,980,000	1,980,000						1,947,663		
Subtotal:	21,160,000	200,000	2,520,000	18,840,000	18,840,000						2,802,742		870,000
Grand Total:	68,108,370	23,320,000	7,462,992	83,965,378	34,112,732	220,000	11,728,138	26,928,278	4,502,230	379,000	3,089,659	6,095,000	13,968,000

\*Other Long-term indebtedness

City of Clements	Minnwest Bank Skid & Tractor Loan & ATV	11,370
City of Delhi	Building Loan	4,523
City of Lucan	Building Tax -exempt Bond	157,024
City of Wabasso	GO Note Sewer dechlorination	114,000
ISD 640	Lease Purchase Agreement	413,037
ISD 2754	Lease Purchase Financing	442,042
ISD 2897	Lease Purchase Financing (Help build the Estebo Career and Development Cen	1,947,663

\*\*Other

City of Wabasso	2017 GO Tax Abatement Note	379,000
-----------------	----------------------------	---------

\*\*\* City of Delhi - Correction of starting balance due to error made on 2020 report - Per Tracy Mann

^^ City of Lambertton - Correction of starting balance due to error made in payments in previous reports - Per Valerie Halter per the City Auditor's

**APPENDIX B**  
**PROPOSED FORM OF LEGAL OPINION**

\$8,000,000  
GENERAL OBLIGATION UTILITY REVENUE BONDS, SERIES 2022B  
CITY OF REDWOOD FALLS  
REDWOOD COUNTY  
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Redwood Falls, Redwood County, Minnesota (the "Issuer"), of its \$8,000,000 General Obligation Utility Revenue Bonds, Series 2022B, bearing a date of original issue of June 1, 2022 (the "Bonds"). We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon such examinations, and assuming the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such documents, and the accuracy of the statements of fact contained in such documents, and based upon present Minnesota and federal laws (which excludes any pending legislation which may have a retroactive effect on or before the date hereof), regulations, rulings and decisions, it is our opinion that:

(1) The proceedings show lawful authority for the issuance of the Bonds according to their terms under the Constitution and laws of the State of Minnesota now in force.

(2) The Bonds are valid and binding general obligations of the Issuer and all of the taxable property within the Issuer's jurisdiction is subject to the levy of an ad valorem tax to pay the same without limitation as to rate or amount; provided that the enforceability (but not the validity) of the Bonds and the pledge of taxes for the payment of the principal and interest thereon is subject to the exercise of judicial discretion in accordance with general principles of equity, to the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

(3) At the time of the issuance and delivery of the Bonds to the original purchaser, the interest on the Bonds is excluded from gross income for United States income tax purposes and is excluded, to the same extent, from both gross income and taxable net income for State of Minnesota income tax purposes (other than Minnesota franchise taxes measured by income and imposed on corporations and financial institutions), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or the Minnesota alternative minimum tax applicable to individuals, estates or trusts. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes and from both gross income and taxable net income for State of Minnesota income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income and taxable net income retroactive to the date of issuance of the Bonds.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

TAFT STETTINIUS & HOLLISTER LLP



## **Appendix C to Official Statement**

### **PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING**

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Redwood Falls, Minnesota (the "Issuer"), in connection with the issuance of its \$8,000,000 General Obligation Utility Revenue Bonds, Series 2022B (the "Bonds"). The Bonds are being issued pursuant to a Resolution adopted on May 3, 2022 (the "Resolution"). Pursuant to the Resolution and this Disclosure Undertaking, the Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Undertaking.** This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Owners and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual financial information provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

"Audited Financial Statements" shall mean the financial statements of the Issuer audited annually by an independent certified public accounting firm, prepared pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, modified by governmental accounting standards promulgated by the Government Accounting Standards Board.

"Dissemination Agent" shall mean such party from time to time designated in writing by the Issuer to act as information dissemination agent and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). This term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall be the fiscal year of the Issuer.

"Governing Body" shall, with respect to the Bonds, have the meaning given that term in Minnesota Statutes, Section 475.51, Subdivision 9.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Occurrence(s)" shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated \_\_\_\_\_, 2022, prepared in connection with the Bonds.

"Owners" shall mean the registered holders and, if not the same, the beneficial owners of any Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Resolution" shall mean the resolution or resolutions adopted by the Governing Body of the Issuer providing for, and authorizing the issuance of, the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time or interpreted by the Securities and Exchange Commission.

### SECTION 3. Provision of Annual Reports.

A. Beginning in connection with the Fiscal Year ending on December 31, 2021, the Issuer shall, or shall cause the Dissemination Agent to provide to the MSRB by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Undertaking by not later than December 31, 2022, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection A, the Issuer shall send a notice of such delay and estimated date of delivery to the MSRB.

SECTION 4. Content and Format of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the financial information and operating data pertaining to the Issuer listed below as of the end of the preceding Fiscal Year. The Annual Report may be submitted to the MSRB as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Disclosure Undertaking.

The following financial information and operating data shall be supplied:

A. An update of the operating and financial data of the type of information contained in the Official Statement under the captions: Valuations – County Auditor; Trends in Valuations; and City Indebtedness.

B. Audited Financial Statements of the Issuer. The Audited Financial Statements of the Issuer may be submitted to the MSRB separately from the balance of the Annual Report. In the event Audited Financial Statements of the Issuer are not available on or before the date for filing the Annual Report with the MSRB as set forth in Section 3.A. above, unaudited financial statements shall be provided as part of the Annual Report. The accounting principles pursuant to which the financial statements will be prepared will be pursuant to generally accepted accounting principles promulgated by the Financial Accounting Standards Board, as such principles are modified by the governmental accounting standards promulgated by the Government Accounting

Standards Board, as in effect from time to time. If Audited Financial Statements are not provided because they are not available on or before the date for filing the Annual Report, the Issuer shall promptly provide them to the MSRB when available.

SECTION 5. Reporting of Significant Events. This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and,
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Whenever an event listed above has occurred, the Issuer shall promptly, which may not be in excess of the ten (10) business days after the Occurrence, file a notice of such Occurrence with the MSRB, by filing at [www.emma.msrb.org](http://www.emma.msrb.org), together with such identifying information as prescribed by the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the Annual Reports described in Section 4.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if (a) a change in law or change in the ordinary business or operation of the Issuer has occurred, (b) such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, and (c) such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not materially impair the interests of Owners.

SECTION 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of an Occurrence, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of an Occurrence in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of an Occurrence.

SECTION 10. Default. In the event of a failure of the Issuer to provide information required by this Disclosure Undertaking, any Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations to provide information under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer to comply with this Disclosure Undertaking shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 12. Reserved Rights. The Issuer reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 8 hereof, to modify the undertaking under this Disclosure Undertaking if the Issuer determines that such modification is required by the Rule or by a court of competent jurisdiction.

Dated: \_\_\_\_\_, 2022.

CITY OF REDWOOD FALLS, MINNESOTA

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Administrator

## **Appendix D**

### **Summary of Tax Levies, Payment Provisions & Valuations**

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

#### **Property Valuations (Chapter 273, Minnesota Statutes)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. 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 vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate and multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a and causes a decrease in the Issuer's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

#### **Property Tax Payments and Delinquencies**

(Chapters 275, 276, 277, 279 – 282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on non-homestead property is assessed at a rate of 4% until May 31 and increased

to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on non-homestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for non-homestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits** **(Chapter 273, Minnesota Statutes)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements that are payable wholly or partially from the proceeds of special assessments levied upon benefited property.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition and betterment of public waterworks systems, and public lighting, heating or power systems, and any combination thereof, or for any other public convenience from which revenue is or may be derived.

6. Certain debt service loans and capital loans made to school districts.
7. Certain obligations to repay loans.
8. Obligations specifically excluded under the provisions of law authorizing their issuance.
9. Certain obligations to pay pension fund liabilities.
10. Debt service funds for the payment of principal and interest on obligations other than those described above.
11. Obligations issued to pay judgments against the municipality.
12. All other obligations which Minnesota Statutes specifically indicate are not to be included in the computation of the net debt of the municipality.

### **Levies for General Obligation Debt**

**(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

### **Metropolitan Revenue Distribution**

**(Chapter 473F, Minnesota Statutes)** (*"Fiscal Disparities Law"*)

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/St. Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.



## Minnesota Property Class Rate Schedule

(current through taxes payable 2021)

<b>Property Type</b>	<b>Taxes Payable Year</b>				
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
<b>Residential Homestead (1a)</b>					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Residential Non-homestead</b>					
Single Unit (4bb1)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
1-3 unit and undeveloped land (4b1)	1.25%	1.25%	1.25%	1.25%	1.25%
<b>Market Rate Apartments</b>					
Regular (4a)	1.25%	1.25%	1.25%	1.25%	1.25%
Low-Income (4d)					
Up to \$115, 000 <sup>4</sup>	0.75%	0.75%	0.75%	0.75%	0.75%
Over \$115, 000 <sup>4</sup>	0.25%	0.25%	0.25%	0.25%	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>					
Up to \$150,000	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>	1.50% <sup>1</sup>
Over \$150,000	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>	2.00% <sup>1</sup>
Electric Generation Machinery	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Commercial Seasonal Residential</b>					
Homestead Resorts (1c)					
Up to \$600,000	0.50%	0.50%	0.50%	0.50%	0.50%
\$600,000 - \$2,300,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$2,300,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
Seasonal Resorts (4c)					
Up to \$500,000	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>	1.00% <sup>1</sup>
Over \$500,000	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>	1.25% <sup>1</sup>
<b>Non-Commercial (4c12)</b>					
Up to \$500,000	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>	1.00% <sup>1 2</sup>
Over \$500,000	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>	1.25% <sup>1 2</sup>
<b>Disabled Homestead (1b)</b>					
Up to \$50,000	0.45%	0.45%	0.45%	0.45%	0.45%
<b>Agricultural Land &amp; Buildings</b>					
Homestead (2a)					
Up to \$500,000	1.00%	1.00%	1.00%	1.00%	1.00%
Over \$500,000	1.25%	1.25%	1.25%	1.25%	1.25%
Remainder of Farm					
Up to \$2,050,000 <sup>4</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>	0.50% <sup>2</sup>
Over \$2,050,000 <sup>4</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>
Non-homestead (2b)	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>	1.00% <sup>2</sup>

<sup>1</sup> Subject to the State General Property Tax.

<sup>2</sup> Exempt from referendum market value tax.

*For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in St. Paul are exempt under this provision).*

**APPENDIX E**  
**FINANCIAL STATEMENT**

The City's financial statements are audited annually. The following pages contain a copy of the 2020 Audited Financial Statement. Copies of audits are available upon request from David Drown Associates, Inc.

CliftonLarsonAllen, LLP, the City's independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen, LLP, also has not performed any procedures relating to this offering document.

**CITY OF REDWOOD FALLS, MINNESOTA**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](https://CLAconnect.com)

**CITY OF REDWOOD FALLS, MINNESOTA  
TABLE OF CONTENTS  
YEAR ENDED DECEMBER 31, 2020**

<b>INTRODUCTORY SECTION</b>	
<b>CITY OFFICIALS</b>	<b>1</b>
<b>FINANCIAL SECTION</b>	
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>14</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>BALANCE SHEET — GOVERNMENTAL FUNDS</b>	<b>17</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET     TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION</b>	<b>18</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCES — GOVERNMENTAL FUNDS</b>	<b>19</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF     REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO     THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES —     GOVERNMENTAL FUNDS</b>	<b>20</b>
<b>STATEMENT OF NET POSITION — PROPRIETARY FUNDS</b>	<b>21</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET     POSITION — PROPRIETARY FUNDS</b>	<b>25</b>
<b>STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS</b>	<b>27</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>31</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED     RATIOS, AND NOTES</b>	<b>76</b>
<b>SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET     PENSION LIABILITY</b>	<b>77</b>
<b>SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS</b>	<b>78</b>
<b>REDWOOD FALLS FIRE RELIEF ASSOCIATION – SCHEDULE OF     CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS</b>	<b>79</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCE — BUDGET AND ACTUAL — GENERAL FUND</b>	<b>80</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCE — BUDGET AND ACTUAL — TIF #10-1 RUNNINGS     DEVELOPMENT FUND</b>	<b>85</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>86</b>

**CITY OF REDWOOD FALLS, MINNESOTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

**SUPPLEMENTARY INFORMATION**

**COMBINING FUND FINANCIAL STATEMENTS**

COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS	93
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS	97
COMBINING STATEMENT OF NET POSITION — INTERNAL SERVICE FUNDS	101
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — INTERNAL SERVICE FUNDS	102
COMBINING STATEMENT OF CASH FLOWS — INTERNAL SERVICE FUNDS	103

**STATISTICAL SECTION (UNAUDITED)**

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS — DAKTRONICS INC. #9-1, TAX INCREMENT FINANCIAL DISTRICT (UNAUDITED)	104
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS — MUNICIPAL DEVELOPMENT DISTRICT #10-1, TAX INCREMENT FINANCIAL DISTRICT (UNAUDITED)	105
COMPARATIVE SCHEDULES OF TAX LEVIES — LAST FIVE YEARS (UNAUDITED)	106
COMPARATIVE SCHEDULES OF TAX CAPACITY — LAST FIVE YEARS (UNAUDITED)	107

**REPORTS RELATING TO *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	108
INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	110

## **INTRODUCTORY SECTION**

**CITY OF REDWOOD FALLS, MINNESOTA  
CITY OFFICIALS  
DECEMBER 31, 2020**

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Tom Quackenbush	Mayor	December 31, 2022
Denise Kerkhoff	Council Member	December 31, 2020
Matt Smith	Council Member	December 31, 2020
John T. Buckley	Council Member	December 31, 2020
Larry Arentson	Council Member	December 31, 2022
James Sandgren	Council Member	December 31, 2022
Keith Muetzel	City Administrator	
Melissa Meyer	Director of Finance & Administrative Services	
Trenton Dammann	City Attorney	

## **FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Redwood Falls  
Redwood Falls, Minnesota

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redwood Falls Minnesota, (the City), as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

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, each major fund, and the aggregate remaining fund information of the City of Redwood Falls as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the total OPEB liability, related ratios and notes, schedule of the city's proportionate share of the net pension liability, the schedule of the city's pension contributions, the fire relief association schedule of changes in the net pension asset and related ratios, and budgetary comparison information are 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 and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Redwood Falls' basic financial statements. The combining statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

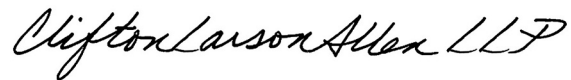
The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and  
Members of the City Council  
City of Redwood Falls

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2021, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
June 16, 2021

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

This section of the annual financial statements of the City of Redwood Falls, Minnesota (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ending December 31, 2020. Please read it in conjunction with the financial statements, which follow this section. The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$72,140,449. Of this amount \$18,100,192 may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- The City's total net position increased by \$1,035,066 or 1.5%, over 2019.
- The City's governmental funds reported combined ending fund balances of \$16,769,254. Of this total amount, \$2,261,344 is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,124,839 or 51% of total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provides information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the statement of activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### **Statement of Net Position and Statement of Activities**

Our analysis of the City of Redwood Falls begins with the statement of net position and the statement of activities. One of the most important questions asked about the City's finances is, "is the City as a whole better or worse off as a result of the years' activities?" The statement of net position and statement of activities both report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

All of the current years' revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Redwood Falls.

The government-wide financial statements can be found on pages 14-16 of this report.

**Fund Financial Statements**

Our analysis of the City of Redwood Falls' major funds begins with the funds' financial statements and provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money. The City of Redwood Falls' two kinds of funds – governmental and proprietary– use different approaches.

*Governmental Funds* – Most of the City of Redwood Falls' basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliation after the financial statements.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

*Proprietary Funds* – When the City of Redwood Falls charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The basic proprietary fund financial statements can be found on pages 21-30 of this report.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Notes to the Basic 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 on pages 31-75 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 76-92 of this report. It consists of budgetary comparison information for certain of the City's governmental funds, the fire relief association schedule of change in the net pension asset and related ratios, schedule of the proportionate share of the net pension liability, the schedule of pension contributions, and the schedule of changes in the total OPEB liability, related ratios and notes.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City of Redwood Falls' net position increased during 2020 by \$1,035,066. Our analysis below focuses on the net position (see Table 1) and changes in net position (see Table 2) of the City's governmental and business-type activities.

**Table 1  
STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 17,808,479	\$ 15,643,036	\$ 11,109,056	\$ 11,894,063	\$ 28,917,535	\$ 27,537,099
Capital Assets	27,465,225	31,201,037	33,527,042	31,884,394	60,992,267	63,085,431
Total Assets	45,273,704	46,844,073	44,636,098	43,778,457	89,909,802	90,622,530
Deferred Outflows of Resources	737,647	1,122,083	146,723	134,899	884,370	1,256,982
Noncurrent Liabilities Outstanding	3,965,798	3,949,716	11,173,788	11,964,376	15,139,586	15,914,092
Other Liabilities	957,338	1,177,434	1,277,031	1,545,777	2,234,369	2,723,211
Total Liabilities	4,923,136	5,127,150	12,450,819	13,510,153	17,373,955	18,637,303
Deferred Inflows of Resources	1,081,057	1,771,270	198,711	365,556	1,279,768	2,136,826
Net Position						
Net Investment in Capital Assets	26,205,738	29,750,628	23,719,645	20,865,084	49,925,383	50,615,712
Restricted	3,640,711	1,506,648	474,163	705,774	4,114,874	2,212,422
Unrestricted	10,160,709	9,810,460	7,939,483	8,466,789	18,100,192	18,277,249
Total Net Position	\$ 40,007,158	\$ 41,067,736	\$ 32,133,291	\$ 30,037,647	\$ 72,140,449	\$ 71,105,383

**Governmental Activities**

Net position of the City's governmental activities decreased by \$1,060,578 or 3%. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirement was \$10,160,709 at December 31, 2020. A thorough analysis of governmental activities is discussed below.

**Business-Type Activities**

The net position of our business-type activities increased by \$2,095,644 or 7%, due to the City's proprietary funds continuing to show strong financial performance. The Proprietary funds made cash transfers to governmental funds totaling approximately \$1,129,000.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

The following table indicates the changes in net position for the City's governmental and business-type activities:

**Table 2  
STATEMENT OF ACTIVITIES**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program Revenues						
Charges for Services	\$ 1,815,328	\$ 2,338,302	\$ 12,080,625	\$ 11,664,071	\$ 13,895,953	\$ 14,002,373
Operating Grants and Contributions	610,552	547,146	8,292	136,815	618,844	683,961
Capital Grants and Contributions	415,995	1,810,606	948,237	105,777	1,364,232	1,916,383
General Revenues						
Property Taxes	3,382,788	3,260,511	-	-	3,382,788	3,260,511
Franchise Fees	164,423	181,734	-	-	164,423	181,734
Hotel Taxes	28,533	34,295	-	-	28,533	34,295
Intergovernmental Revenues	1,646,797	1,542,716	-	-	1,646,797	1,542,716
Unrestricted Investment Earnings	540,012	522,093	321,781	342,981	861,793	865,074
Miscellaneous	351,346	134,939	88,702	194,438	440,048	329,377
Total Revenue	8,955,774	10,372,342	13,447,637	12,444,082	22,403,411	22,816,424
Expenses						
General Government	1,260,455	1,434,182	-	-	1,260,455	1,434,182
Public Safety	2,000,693	1,988,213	-	-	2,000,693	1,988,213
Highways & Streets	1,756,708	1,942,301	-	-	1,756,708	1,942,301
Culture and Recreation	2,493,735	2,841,176	-	-	2,493,735	2,841,176
Economic Development	151,332	179,282	-	-	151,332	179,282
Airport	597,187	536,593	-	-	597,187	536,593
Community Development	2,860,021	2,879,559	-	-	2,860,021	2,879,559
Interest and Fiscal Charges	25,177	24,037	-	-	25,177	24,037
Municipal Liquor Store	-	-	2,501,462	2,147,034	2,501,462	2,147,034
Water Utility	-	-	1,299,465	1,272,997	1,299,465	1,272,997
Sewer Utility	-	-	1,066,378	1,057,570	1,066,378	1,057,570
Storm Sewer Utility	-	-	289,317	314,067	289,317	314,067
Electric Utility	-	-	5,066,415	5,473,412	5,066,415	5,473,412
Total Expenses	11,145,308	11,825,343	10,223,037	10,265,080	21,368,345	22,090,423
Change in Net Position Before Transfers, Special Item, and Contributions	(2,189,534)	(1,453,001)	3,224,600	2,179,002	1,035,066	726,001
Special Item - Transfer of Hospital Fixed Assets	-	6,301,256	-	(6,301,256)	-	-
Special Item - Loss on Disposal of Operations	-	-	-	(15,906,442)	-	(15,906,442)
Transfers and Contributions	1,128,956	595,896	(1,128,956)	(595,896)	-	-
Change in Net Position	(1,060,578)	5,444,151	2,095,644	(20,624,592)	1,035,066	(15,180,441)
Net Position - Beginning of Year	41,067,736	35,448,179	30,037,647	50,662,239	71,105,383	86,110,418
Change in Accounting Principle	-	175,406	-	-	-	175,406
Net Position - Beginning of Year, As Restated	41,067,736	35,623,585	30,037,647	50,662,239	71,105,383	86,285,824
Net Position - End of Year	\$ 40,007,158	\$ 41,067,736	\$ 32,133,291	\$ 30,037,647	\$ 72,140,449	\$ 71,105,383

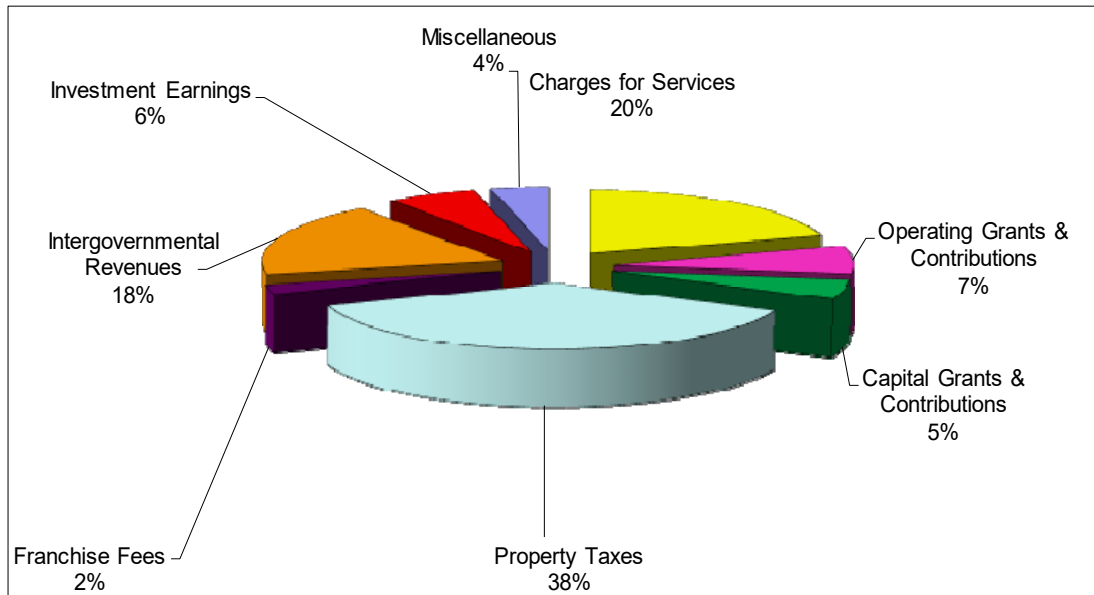


**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Governmental Activities**

*Revenues* – The following chart visually illustrates the City's revenue by sources for its governmental activities:

**2020 REVENUES BY SOURCE  
GOVERNMENTAL ACTIVITIES**



*Revenues* – The City's governmental activities revenues decreased by \$1,416,568 or 13.7%. The major components of this decrease are explained as follows:

- 2020 capital grants and contributions decreased from 2019 by \$1,395,000. 2019 grants and contributions included \$797,000 for the Courthouse Square project, \$516,000 for the Lake Redwood Reclamation, \$332,000 for the Gould Street Reconstruction, \$126,000 for the 7-Bay Hangar and \$40,000 for other small projects. 2020 grants and contributions included \$281,000 in COVID Relief Funding (CARES) that was used for capital projects at the RACC, Library, City Hall and the Fire department, \$70,000 for the Courthouse Square project, and \$24,000 to purchase a Kubota tractor at the Airport, with the remaining \$41,000 representing numerous small projects.
- 2020 operating grants and contributions increased from 2019 by \$63,000, including \$138,000 in CARES funding that was used for non-capital purposes, netted by \$66,000 less FEMA reimbursements received in 2020 than in 2019.
- Charges for Services decreased from 2019 by \$523,000, including \$325,000 less in rentals, memberships and activity fees at the RACC, pool and summer recreation programs due to COVID restrictions, a reduction of \$174,000 in building related permits and plan review fees, and \$37,000 less in fuel sales at the Airport presumably due to COVID restrictions on travel and meeting in person.
- Property Taxes increased from 2019 by \$122,000 and Local Government Aid (LGA) increased over 2019 by \$104,000.
- Miscellaneous revenues increased in 2020 by \$216,000 due to \$100,000 in insurance reimbursement for damage to the Airport terminal and \$92,000 in sales of Prairie Knoll lots.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

*Expenses* – The City's expenses for governmental activities decreased by \$680,035 or 5.8%. The major components of this decrease are explained as follows:

- 2020 was impacted by COVID-related closures, both in reduced revenues as noted above and also reduced expenses, totaling an estimated \$337,000 fewer expenses than the prior year for governmental activities. This is comprised of \$210,000 for various RACC and pool expenses, \$33,000 in Airport fuel purchases and \$12,000 for Library expenses, all compared to 2019. Other items to note include \$194,000 less to seal coat in 2020, \$57,000 related to employee turnover, \$46,000 for a patrol car purchased in 2019, \$71,000 for FEMA related repairs in 2019, \$30,000 less in TIF payments, \$25,000 fewer snow-removal costs in 2020 than in 2019, and \$20,000 to remodel the Council Chambers in 2019, offset by \$100,000 to repair the Airport terminal in 2020.

**Business-Type Activities**

*Revenues* – The City's business-type operating revenues and other income increased 8%, or \$1,003,555 in 2020 when compared to 2019. \$417,000 is attributable to higher charges for services, \$448,000 increased sales at the Liquor Lodge likely related to COVID-related closures of the bars in addition to increases in charges for services for the water utility of \$133,000, sewer utility of \$44,000, storm sewer utility of \$14,000 and offset by a decrease of \$222,000 in the electric utility charges for services due to stable rates and less consumption than in 2019. Capital grants and contributions increased by \$842,000, of which \$820,000 relates to the new hospital, offset by a \$129,000 reduction in operating grants from 2019 to 2020 related to the Courthouse Square project and flooding in 2019, a decrease in investment earnings of \$21,000 and \$106,000 in miscellaneous revenue largely related to SMMPA reimbursed repairs to electrical equipment in 2019.

*Expenses* – There was a decrease in business-type expenses of \$42,043 or .04%, The electric utility's purchased power costs in 2020 are \$396,000 less than in 2019, offset by \$354,000 in higher costs at the Liquor Lodge mostly related to product purchases.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

*General Fund* – The City's General Fund balance decreased by \$107,433 from the 2019 balance. This decrease is attributable in part to the General Fund budgetary highlights discussed below.

*Capital Project Fund* – The Capital Project Fund balance decreased by \$376,953 and ended the year with a \$6,493,497 fund balance. This decrease is comprised of various factors; most notable is a transfer of \$944,000 to the Community Development fund to purchase land for development near the new hospital, \$372,000 to acquire land, along with the RCRCA, for the disposal of the material dredged from Lake Redwood, \$89,000 for projects at the RACC, including developing electric car charging stations and \$77,000 in numerous small projects. The contributions that offset these projects include \$500,000 from the electric fund for the Lake Redwood Reclamation project, favorable investment returns of \$266,000, PILOT payment from Carris Health per agreement of \$181,000, a transfer of \$90,000 for IT equipment that was delayed until 2021, the repayment of MSAS funds of \$44,000 and \$24,000 in interest from the Runnings TIF #10-1.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

*TIF #10-1 Runnings Redevelopment* - The TIF #10-1 Runnings Redevelopment balance represents the amount of the General Fund loan to the District that remains unpaid as of year-end. The loan will be repaid with tax increment received over the 26-year life of the TIF District. \$44,001 was paid on the loan balance in 2020.

*Nonmajor Governmental Funds* – The fund balances for the Nonmajor Governmental Funds increased by \$2,561,039 in total and ended the year with a balance of \$4,579,881. The increase is due primarily to a transfer of \$1,851,000 from the Community Development fund to the Port Authority for the land purchased for development, \$600,000 received from Carris Health to rent the hospital building and favorable investment returns of \$48,000.

**General Fund Budgetary Highlights**

Actual revenue was more than budget in 2020 by \$529,627. The City of Redwood Falls received \$394,000 in Coronavirus Aid, Relief and Economic Security Act (CARES) funding, of which \$374,000 was recorded in the General Fund. However, revenues were an estimated \$319,000 under budget in rentals, memberships and activity fees at the RACC, Pool and summer recreation programs due to Covid closures and restrictions. Other revenues that exceeded budget were \$158,000 in FEMA payments received for 2018 and 2019 flooding, \$139,000 in Investment Earnings, \$71,000 in reimbursements from the State and the County on the shared Courthouse Square project, \$58,000 in insurance proceeds received for damage to the light pole at the ball field, \$43,000 in building-related permits and fees, \$42,000 for two Prairie Knoll lots were sold over what was budgeted, \$25,000 due to the first year of the new dog licensing process, and \$20,000 in State contributions to the City's PERA plans recorded in 2020, offset by \$110,000 in funding for a playground project that wasn't obtained.

Expenditures were less than budget by \$214,388. Significant variances are as follows; \$374,000 was spent on unbudgeted CARES-related improvements, \$87,000 in Parks and Recreation projects including \$29,000 to design electric car charging stations and \$58,000 to repair the light pole at the ball field, and \$49,000 to complete the Courthouse Square project. These unfavorable variances were offset by \$358,000 in reduced expenses at the RACC, pool and summer recreation programs, an estimated \$26,000 in reduced expenses at other General Fund locations, \$130,000 budgeted to replace servers that are no longer needed, \$98,000 in savings due to employee turnover and \$110,000 in postponed upgrades to playground equipment.

Transfers in were over budget by \$1,016,920 and include \$944,000 from the Capital Project Fund toward the purchase of land for development, \$42,000 to reclass funds assigned for Fire Relief from the Fire Equipment Fund, \$29,000 from the Electric Fund for the electric car charging stations.

Transfers out were higher than budget by \$2,009,443 and include \$1,851,000 to transfer land purchased for development to the Port Authority Fund, \$90,000 for IT equipment postponed to 2021 and \$68,000 in repayment of the MSAS advance to the TIF 10-1 that was transferred to the Capital Project Fund for future projects.

**CITY OF REDWOOD FALLS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020, the City of Redwood Falls, had \$137,401,873 invested (original cost) in a broad range of capital assets. Refer to Note 3 of the basic financial statements for a schedule showing the City's capital asset activity. This amount represents a net increase (including additions and deductions) in gross capital assets of \$3,411,455 over last year.

**Long-Term Debt**

At year-end, the City of Redwood Falls, has \$10,798,000 in outstanding bonds and notes. During 2020, \$2,708,999, in debt was retired through scheduled principal payments and refundings. During 2020, \$1,634,000 of refunding debt was issued. Refer to Note 4 of the basic financial statements for a schedule showing the City's long-term debt activity.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City of Redwood Falls' appointed officials considered many factors when presenting the fiscal year 2021 budget and rates and fees that will be charged for the business-type activities. The major factor continues to be personnel costs in the General Fund as the services provided are labor intensive. In addition, providing the costly infrastructure maintenance and improvements necessary for the citizenry continues to be a balancing act with a constant tax base and reductions in government aid. The City continues its efforts with cost containment, particularly in the areas of fuel and insurance costs. Appointed and elected officials continue to work together to balance and prioritize to continue providing essential services to the community.

**CONTACT INFORMATION**

This annual report is designed to provide a general overview of the City of Redwood Falls, Minnesota finances for citizens, customers and others. Questions concerning any of the information contained in this report and request for additional information should be addressed to the City of Redwood Falls, P.O. Box 526, 333 S Washington St., Redwood Falls, MN 56283, by email at [info@ci.redwood-falls.mn.us](mailto:info@ci.redwood-falls.mn.us) or by phone at 507-616-7400.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 15,543,688	\$ 7,204,525	\$ 22,748,213
Cash and Investments - Restricted	-	450,056	450,056
Accounts Receivable, Net	240,083	1,316,727	1,556,810
Property Taxes Receivable	119,049	-	119,049
Special Assessments Receivable	47,062	14,392	61,454
Accrued Interest Receivable	54,476	65,213	119,689
Interfund Balances	(1,034,908)	1,034,908	-
Due from Other Governments	498,956	49,635	548,591
Inventories	44,796	821,570	866,366
Land Held for Resale	1,920,892	-	1,920,892
Prepaid Items	159,662	88,447	248,109
Notes Receivable	28,922	-	28,922
Acquisition Costs, Net of Amortization	-	63,583	63,583
Net Pension Asset	185,801	-	185,801
Capital Assets Not Being Depreciated:			
Land	1,690,384	952,306	2,642,690
Land Improvements	100,938	-	100,938
Construction in Progress	455,810	2,869,034	3,324,844
Capital Assets Being Depreciated:			
Other Capital Assets, Net of Depreciation	25,218,093	29,705,702	54,923,795
Total Assets	45,273,704	44,636,098	89,909,802
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding Bonds	1,935	32,979	34,914
Pension Related	719,827	104,289	824,116
Other Postemployment Benefits Related	15,885	9,455	25,340
Total Deferred Outflows of Resources	737,647	146,723	884,370
<b>LIABILITIES</b>			
Accounts Payable	214,090	402,280	616,370
Contracts Payable	6,109	310,777	316,886
Accrued Salaries and Fringes	92,133	55,212	147,345
Accrued Interest Payable	11,525	68,236	79,761
Other Accrued Liabilities	-	20,105	20,105
Due to Other Governments	27,981	53,089	81,070
Deposits Payable	2,332	135,406	137,738
Unearned Revenue	230,064	24,322	254,386
Long-Term Liabilities:			
Net Pension Liability	2,404,648	1,394,867	3,799,515
OPEB Liability Due Within One Year	15,885	9,455	25,340
OPEB Liability Due in More than One Year	357,219	198,149	555,368
Due Within One Year	314,018	887,761	1,201,779
Due in More than One Year	1,247,132	8,891,160	10,138,292
Total Liabilities	4,923,136	12,450,819	17,373,955
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	1,003,330	159,957	1,163,287
Other Postemployment Benefits Related	62,657	38,754	101,411
Property Taxes Collected for Subsequent Period	15,070	-	15,070
Total Deferred Inflows of Resources	1,081,057	198,711	1,279,768
<b>NET POSITION</b>			
Net Investment in Capital Assets	26,205,738	23,719,645	49,925,383
Restricted for:			
Police Seizures	30,098	-	30,098
Library	364,850	-	364,850
Firefighter Pension	185,801	-	185,801
Port Authority	2,247,724	-	2,247,724
Revolving Loans	703,852	24,107	727,959
Transportation	108,386	-	108,386
Debt Service	-	450,056	450,056
Unrestricted	10,160,709	7,939,483	18,100,192
Total Net Position	\$ 40,007,158	\$ 32,133,291	\$ 72,140,449

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,260,455	\$ 330,088	\$ 79,678	\$ 241,233
Public Safety	2,000,693	193,266	183,536	111,493
Highways and Streets	1,756,708	10,344	190,513	33,521
Culture and Recreation	2,493,735	456,154	92,883	2,097
Economic Development	151,332	-	-	-
Airport	597,187	224,228	63,942	27,651
Community Development	2,860,021	601,248	-	-
Interest and Fiscal Charges	25,177	-	-	-
Total Governmental Activities	11,145,308	1,815,328	610,552	415,995
Business-Type Activities				
Municipal Liquor Store	2,501,462	2,656,817	4,972	-
Water Utility	1,299,465	1,474,928	1,890	262,135
Sewer Utility	1,066,378	1,034,360	-	686,102
Storm Sewer Utility	289,317	313,292	-	-
Electric Utility	5,066,415	6,601,228	1,430	-
Total Business-Type Activities	10,223,037	12,080,625	8,292	948,237
Total	<u>\$ 21,368,345</u>	<u>\$ 13,895,953</u>	<u>\$ 618,844</u>	<u>\$ 1,364,232</u>

**GENERAL REVENUES**

Taxes  
     Property Taxes, Levied for General Purpose  
     Franchise Taxes  
     Hotel/Motel Taxes  
 Intergovernmental Revenues, Not Restricted  
     to Specific Programs  
 Unrestricted Investment Earnings  
 Miscellaneous  
 Transfers  
     Total General Revenues and Transfers

**CHANGE IN NET POSITION**

Net Position - Beginning of Year

**NET POSITION - END OF YEAR**

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

<u>Net (Expense) Revenue and Changes in Net Position</u>		
Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ (609,456)	\$ -	\$ (609,456)
(1,512,398)	-	(1,512,398)
(1,522,330)	-	(1,522,330)
(1,942,601)	-	(1,942,601)
(151,332)	-	(151,332)
(281,366)	-	(281,366)
(2,258,773)	-	(2,258,773)
(25,177)	-	(25,177)
<u>(8,303,433)</u>	<u>-</u>	<u>(8,303,433)</u>
-	160,327	160,327
-	439,488	439,488
-	654,084	654,084
-	23,975	23,975
-	1,536,243	1,536,243
<u>-</u>	<u>2,814,117</u>	<u>2,814,117</u>
<u>(8,303,433)</u>	<u>2,814,117</u>	<u>(5,489,316)</u>
3,382,788	-	3,382,788
164,423	-	164,423
28,533	-	28,533
1,646,797	-	1,646,797
540,012	321,781	861,793
351,346	88,702	440,048
1,128,956	(1,128,956)	-
<u>7,242,855</u>	<u>(718,473)</u>	<u>6,524,382</u>
(1,060,578)	2,095,644	1,035,066
<u>41,067,736</u>	<u>30,037,647</u>	<u>71,105,383</u>
<u>\$ 40,007,158</u>	<u>\$ 32,133,291</u>	<u>\$ 72,140,449</u>

See accompanying Notes to Basic Financial Statements.



**CITY OF REDWOOD FALLS, MINNESOTA  
BALANCE SHEET GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

<b>ASSETS</b>	<b>General</b>	<b>Capital Projects Fund</b>	<b>TIF #10-1 Runnings Redevelopment</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and Investments	\$ 5,643,405	\$ 6,386,035	\$ -	\$ 2,724,944	\$ 14,754,384
Accounts Receivable, Net	122,177	45,666	-	5,525	173,368
Property Taxes Receivable	97,718	-	-	21,331	119,049
Special Assessments Receivable	46,464	-	-	-	46,464
Accrued Interest Receivable	29,954	11,469	-	11,116	52,539
Advances to Other Funds	770,368	-	-	-	770,368
Due from Other Funds	2,117	81,003	-	-	83,120
Due from Other Governments	270,564	-	-	226,007	496,571
Prepaid Items	135,268	9,990	-	9,344	154,602
Property Held for Resale	-	-	-	1,920,892	1,920,892
Notes Receivable	-	-	-	28,922	28,922
Inventory	4,627	-	-	40,169	44,796
Total Assets	<u>\$ 7,122,662</u>	<u>\$ 6,534,163</u>	<u>\$ -</u>	<u>\$ 4,988,250</u>	<u>\$ 18,645,075</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 136,619	\$ -	\$ -	\$ 61,167	\$ 197,786
Contracts Payable	4,819	-	-	1,290	6,109
Accrued Salaries and Fringes	81,378	-	-	8,594	89,972
Due to Other Funds	17,031	-	-	85,182	102,213
Due to Other Governments	27,981	-	-	-	27,981
Advances from Other Funds	-	-	770,368	-	770,368
Deposits	2,332	-	-	-	2,332
Unearned Revenue	150,928	-	-	79,136	230,064
Total Liabilities	<u>421,088</u>	<u>-</u>	<u>770,368</u>	<u>235,369</u>	<u>1,426,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes Collected for a Subsequent Period	12,535	-	-	2,535	15,070
Unavailable Revenue - Taxes and Special Assessments	92,255	-	-	15,240	107,495
Unavailable Revenue - Loans	-	-	-	28,922	28,922
Unavailable Revenue - Grants and Other	130,540	-	-	126,303	256,843
Unavailable Revenue - Pledges	-	40,666	-	-	40,666
Total Deferred Inflows of Resources	<u>235,330</u>	<u>40,666</u>	<u>-</u>	<u>173,000</u>	<u>448,996</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid Items	135,268	9,990	-	9,344	154,602
Advance	770,368	-	-	-	770,368
Inventory	4,627	-	-	40,169	44,796
Restricted for:					
Seizures	30,098	-	-	-	30,098
Library	-	-	-	349,989	349,989
Port Authority	-	-	-	2,244,827	2,244,827
Revolving Loans	-	-	-	674,930	674,930
Committed to:					
Fire Equipment	-	-	-	143,240	143,240
Airport Operations	-	-	-	28,202	28,202
Economic Development	-	-	-	856	856
Hospital Building	-	-	-	1,181,451	1,181,451
Tax Levy Stabilization	-	5,000,000	-	-	5,000,000
Capital Expenditures	-	1,483,507	-	-	1,483,507
Assigned to:					
Softball Improvements	67,150	-	-	-	67,150
Working Capital	2,292,170	-	-	-	2,292,170
Fire Relief Contribution	41,724	-	-	-	41,724
Unassigned:	<u>3,124,839</u>	<u>-</u>	<u>(770,368)</u>	<u>(93,127)</u>	<u>2,261,344</u>
Total Fund Balances	<u>6,466,244</u>	<u>6,493,497</u>	<u>(770,368)</u>	<u>4,579,881</u>	<u>16,769,254</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,122,662</u>	<u>\$ 6,534,163</u>	<u>\$ -</u>	<u>\$ 4,988,250</u>	<u>\$ 18,645,075</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

**Total Fund Balance for Governmental Funds** \$ 16,769,254

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 1,638,484	
Land Improvements	100,938	
Construction in Progress	392,553	
Land Improvements, Net of Accumulated Depreciation	1,393,082	
Buildings, Net of Accumulated Depreciation	9,586,139	
Infrastructure, Net of Accumulated Depreciation	9,559,029	
Machinery and Shop Equipment, Net of Accumulated Depreciation	1,624,645	
Library Books, Net of Accumulated Depreciation	<u>1,169</u>	
		24,296,039

Some of the City's property taxes, special assessments, and other revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the governmental funds. 433,926

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position. (2,625)

Internal service funds are used by the City to charge the costs of certain activities to individual funds. The portion of assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds that are used by the governmental funds are included in governmental activities in the statement of net position. 2,131,771

The City's net pension asset and liability and related deferred outflows and inflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Asset		185,801
Net Pension Liability		(2,347,351)
Deferred Outflows of Resources - Pension Related		715,543
Deferred Inflows of Resources - Pension Related		(996,759)

The City's other postemployment liability and related deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Other Postemployment Benefits Liability		(366,472)
Deferred Outflows of Resources - OPEB Related		15,491
Deferred Inflows of Resources - OPEB Related		(61,042)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Bonds Payable, excluding Internal Service Funds	(477,053)	
Unamortized Cost of Refunding	1,935	
Compensated Absences Payable	<u>(291,300)</u>	
		<u>(766,418)</u>

**Total Net Position of Governmental Activities** \$ 40,007,158

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES — GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	General	Capital Projects Fund	TIF #10-1 Runnings Redevelopment	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local Tax Levies	\$ 2,801,331	\$ 181,100	\$ 68,464	\$ 511,338	\$ 3,562,233
Intergovernmental	2,458,414	-	-	242,991	2,701,405
Charges for Services	532,997	-	-	227,046	760,043
Fees, Licenses and Permits	146,246	-	-	-	146,246
Fines and Forfeits	43,517	-	-	1,827	45,344
Investment Earnings	222,576	265,755	-	48,458	536,789
Contributions	9,091	5,098	-	6,144	20,333
Miscellaneous	305,445	20,000	-	637,100	962,545
Total Revenues	6,519,617	471,953	68,464	1,674,904	8,734,938
<b>EXPENDITURES</b>					
Current:					
General Government	1,069,874	-	-	5,651	1,075,525
Public Safety	2,001,920	-	-	9,950	2,011,870
Highways and Streets	1,081,687	31,523	-	-	1,113,210
Culture and Recreation	1,534,584	-	-	393,112	1,927,696
Economic Development	48,141	-	362	79,656	128,159
Airport	-	-	-	384,154	384,154
Capital Outlay	431,914	482,133	-	42,337	956,384
Debt Service;					
Principal	-	-	-	382,553	382,553
Interest	-	-	24,101	22,453	46,554
Fiscal Agent Fees	-	-	-	8,610	8,610
Total Expenditures	6,168,120	513,656	24,463	1,328,476	8,034,715
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	351,497	(41,703)	44,001	346,428	700,223
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	1,585,513	666,102	-	1,991,898	4,243,513
Transfers Out	(2,044,443)	(1,001,352)	-	(146,525)	(3,192,320)
Insurance Proceeds	-	-	-	100,057	100,057
Issuance of Debt	-	-	-	269,181	269,181
Total Other Financing Sources (Uses)	(458,930)	(335,250)	-	2,214,611	1,420,431
<b>NET CHANGE IN FUND BALANCES</b>	(107,433)	(376,953)	44,001	2,561,039	2,120,654
Fund Balances - Beginning of Year	6,573,677	6,870,450	(814,369)	2,018,842	14,648,600
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,466,244</u>	<u>\$ 6,493,497</u>	<u>\$ (770,368)</u>	<u>\$ 4,579,881</u>	<u>\$ 16,769,254</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES — GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

**Net Change in Fund Balance - Total Governmental Funds** \$ 2,120,654

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlays	\$	955,971	
Net Book Value of Disposed Assets		(14,624)	
Depreciation Expense		<u>(4,415,223)</u>	(3,473,876)

Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.

6,370

The governmental funds report repayment of bond principal as an expenditure, whereas in the statement of activities repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt Issued		(269,181)	
Repayment of Bond Principal		382,553	
Amortization of Bond Discount		<u>(484)</u>	112,888

Delinquent property taxes, special assessments, and other receivables will be collected subsequent to year-end, but are not available soon enough to pay for the current-period's expenditures and, therefore, are unavailable in the governmental funds. In addition, other receivables not currently collectible are also unavailable in the governmental funds.

Deferred Inflows - December 31, 2019		(605,621)	
Deferred Inflows - December 31, 2020		<u>433,926</u>	(171,695)

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During the current year, compensated absence payable increased.

(12,882)

Some expenses, such as other postemployment benefits, 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.

(8,868)

Pension expenditures on the governmental funds are measured by current year employer contributions. Pension expenses on the statement of activities are measured by the change in net pension liability (asset) and related inflows and outflows of resources.

303,610

Internal service funds are used by the City to charge costs of certain activities to individual funds. The portion of net revenues of the internal service funds that are received for governmental funds is reported with governmental activities.

63,221

**Change in Net Position of Governmental Activities**

\$ (1,060,578)

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	Sewer Utility	Water Utility	Electric Utility	Municipal Liquor Store
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,649,365	\$ 721,978	\$ 3,087,735	\$ 333,056
Cash and Cash Equivalents - Restricted	-	-	396,606	53,450
Accounts Receivable, Net	142,148	190,435	940,428	-
Special Assessments Receivable	2,548	3,623	6,857	-
Accrued Interest Receivable	12,800	9,390	38,560	3,120
Due from Other Funds	300	544	36,621	-
Due from Other Governmental Units	293	95	47,586	1,661
Inventories	2,830	55,643	531,062	232,035
Prepaid Items	4,460	3,261	74,487	5,279
Total Current Assets	2,814,744	984,969	5,159,942	628,601
<b>NONCURRENT ASSETS</b>				
Acquisition Costs, Net of Amortization	-	-	63,583	-
Capital Assets				
Land	35,524	54,538	271,256	42,900
Construction in Progress	956,042	469,932	1,443,060	-
Buildings and Improvements	11,142,730	15,182,977	20,722,595	601,262
Machinery and Equipment	2,353,473	1,725,884	3,206,560	196,334
Total Capital Assets	14,487,769	17,433,331	25,643,471	840,496
Less: Accumulated Depreciation	(8,740,022)	(5,008,867)	(12,798,501)	(386,732)
Net Capital Assets	5,747,747	12,424,464	12,844,970	453,764
Total Noncurrent Assets	5,747,747	12,424,464	12,908,553	453,764
Total Assets	8,562,491	13,409,433	18,068,495	1,082,365
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on Refunding Bonds	6,888	6,104	18,130	1,369
Pension Related	14,400	16,384	52,563	15,019
Other Postemployment Benefits Related	1,576	1,576	4,333	1,576
Deferred Outflows of Resources	22,864	24,064	75,026	17,964

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

Non-Major Storm Sewer Utility	Totals	Governmental Activities Internal Service Funds
\$ 412,391	\$ 7,204,525	\$ 789,304
-	450,056	-
43,716	1,316,727	66,715
1,364	14,392	598
1,343	65,213	1,937
341	37,806	-
-	49,635	2,385
-	821,570	-
960	88,447	5,060
460,115	10,048,371	865,999
-	63,583	-
548,088	952,306	51,900
-	2,869,034	63,257
1,946,754	49,596,318	1,401,265
69,278	7,551,529	3,987,256
2,564,120	60,969,187	5,503,678
(508,023)	(27,442,145)	(2,334,492)
2,056,097	33,527,042	3,169,186
2,056,097	33,590,625	3,169,186
2,516,212	43,638,996	4,035,185
488	32,979	-
5,923	104,289	4,284
394	9,455	394
6,805	146,723	4,678

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

	Sewer Utility	Water Utility	Electric Utility	Municipal Liquor Store
<b>LIABILITIES</b>				
Accounts Payable	\$ 36,873	\$ 13,823	\$ 268,750	\$ 80,553
Contracts Payable	195,633	70,758	43,338	1,048
Accrued Salaries and Fringes	7,733	8,768	25,554	10,360
Accrued Interest Payable	2,329	59,066	6,439	294
Other Accrued Liabilities	-	1,472	18,633	-
Due to Other Funds	10,991	4,696	205	1,563
Due to Other Governmental Units	-	3,997	21,088	28,004
Customer Deposits	-	-	135,406	-
Current Portion of Compensated Absences	16,909	19,033	45,215	14,845
Current Portion of Other Postemployment Benefits Liability	1,576	1,576	4,333	1,576
Current Portion of Bonds Payable	87,469	322,639	321,000	50,000
Total Current Liabilities	<u>359,513</u>	<u>505,828</u>	<u>889,961</u>	<u>188,243</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated Absences	23,314	26,772	72,701	23,008
Other Postemployment Benefits Liability	31,662	32,677	98,691	31,075
Net Pension Liability	192,601	219,131	703,027	200,883
Bonds Payable - Long-Term	398,566	5,309,058	2,943,312	48,390
Unearned Revenue	-	-	24,322	-
Total Noncurrent Liabilities	<u>646,143</u>	<u>5,587,638</u>	<u>3,842,053</u>	<u>303,356</u>
Total Liabilities	<u>1,005,656</u>	<u>6,093,466</u>	<u>4,732,014</u>	<u>491,599</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension Related	22,086	25,129	80,620	23,037
Other Postemployment Benefits Related	6,459	6,459	17,762	6,459
Deferred Inflows of Resources	<u>28,545</u>	<u>31,588</u>	<u>98,382</u>	<u>29,496</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	5,072,968	6,728,113	9,555,450	356,744
Restricted for Capital Improvements	24,107	-	-	-
Restricted for Bond Reserve Funds	-	-	396,606	53,450
Unrestricted	2,454,079	580,330	3,361,069	169,040
Total Net Position	<u>\$ 7,551,154</u>	<u>\$ 7,308,443</u>	<u>\$ 13,313,125</u>	<u>\$ 579,234</u>
Adjustment to Reflect the Consolidated Internal Service Funds Related to the Enterprise Fund Total Net Position of the Business-Type Activities				

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF NET POSITION — PROPRIETARY FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

Storm Sewer Utility	Totals	Governmental Activities Internal Service Funds
\$ 2,281	\$ 402,280	\$ 16,304
-	310,777	-
2,797	55,212	2,161
108	68,236	8,900
-	20,105	-
-	17,455	1,258
-	53,089	-
-	135,406	-
3,889	99,891	5,830
394	9,455	394
6,762	787,870	53,000
<u>16,231</u>	<u>1,959,776</u>	<u>87,847</u>
2,586	148,381	6,967
4,044	198,149	6,238
79,225	1,394,867	57,297
43,453	8,742,779	727,000
-	24,322	-
<u>129,308</u>	<u>10,508,498</u>	<u>797,502</u>
145,539	12,468,274	885,349
9,085	159,957	6,571
1,615	38,754	1,615
<u>10,700</u>	<u>198,711</u>	<u>8,186</u>
2,006,370	23,719,645	2,389,186
-	24,107	-
-	450,056	-
360,408	6,924,926	757,142
<u>\$ 2,366,778</u>	<u>31,118,734</u>	<u>\$ 3,146,328</u>
	<u>1,014,557</u>	
	<u>\$ 32,133,291</u>	

See accompanying Notes to Basic Financial Statements.



**CITY OF REDWOOD FALLS, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION — PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Sewer Utility	Water Utility	Electric Utility	Municipal Liquor Store
<b>OPERATING REVENUE</b>				
Sales	\$ -	\$ -	\$ -	\$ 2,656,817
Cost of Sales	-	-	-	(1,985,058)
Charges for Services	1,025,497	1,462,961	6,297,703	-
Miscellaneous	8,863	11,967	303,525	-
Total Operating Revenue	1,034,360	1,474,928	6,601,228	671,759
<b>OPERATING EXPENSES</b>				
Personal Services	326,388	364,226	1,015,109	371,712
Administration and General	197,724	126,956	228,041	37,042
Supplies, Repairs, Services and Rents	166,833	248,606	2,971,975	25,995
Depreciation and Amortization	307,198	388,979	764,169	20,683
Benefits or Claims Paid	-	-	-	-
Miscellaneous	51,082	5,690	-	53,587
Total Operating Expenses	1,049,225	1,134,457	4,979,294	509,019
<b>OPERATING INCOME (LOSS)</b>	(14,865)	340,471	1,621,934	162,740
<b>OTHER INCOME (EXPENSE)</b>				
Intergovernmental Revenues	-	1,890	1,430	4,972
Investment Earnings	98,367	26,789	164,634	13,547
Miscellaneous Revenues	3,616	14,017	69,885	1,162
Interest Expense	(22,780)	(176,067)	(98,747)	(7,385)
Gain/(Loss) on Sale of Capital Assets	-	-	-	-
Total Other Income (Expense)	79,203	(133,371)	137,202	12,296
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	64,338	207,100	1,759,136	175,036
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Transfers In	-	-	-	-
Transfers Out	(14,000)	(92,043)	(894,150)	(120,000)
Capital Contributions	686,102	262,135	-	-
Total Transfers and Capital Contributions	672,102	170,092	(894,150)	(120,000)
<b>CHANGE IN NET POSITION</b>	736,440	377,192	864,986	55,036
Net Position - Beginning of Year	6,814,714	6,931,251	12,448,139	524,198
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,551,154</u>	<u>\$ 7,308,443</u>	<u>\$ 13,313,125</u>	<u>\$ 579,234</u>

Adjustment to Reflect the Consolidation of Internal Service  
Fund Activities Related to the Enterprise Funds  
Change in Net Position of Business-Type Activities

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION — PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2020**

Non-Major Storm Sewer Utility	Totals	Governmental Activities Internal Service Funds
\$ -	\$ 2,656,817	\$ -
-	(1,985,058)	-
312,476	9,098,637	1,681,830
816	325,171	13,348
<u>313,292</u>	<u>10,095,567</u>	<u>1,695,178</u>
132,129	2,209,564	90,091
19,493	609,256	70,764
38,066	3,451,475	152,387
58,791	1,539,820	383,561
-	-	1,002,698
43,876	154,235	3,871
<u>292,355</u>	<u>7,964,350</u>	<u>1,703,372</u>
<u>20,937</u>	<u>2,131,217</u>	<u>(8,194)</u>
-	8,292	-
18,444	321,781	19,909
22	88,702	-
(1,346)	(306,325)	(19,487)
-	-	25,926
<u>17,120</u>	<u>112,450</u>	<u>26,348</u>
38,057	2,243,667	18,154
-	-	77,763
(8,763)	(1,128,956)	-
-	948,237	-
<u>(8,763)</u>	<u>(180,719)</u>	<u>77,763</u>
29,294	2,062,948	95,917
<u>2,337,484</u>		<u>3,050,411</u>
<u>\$ 2,366,778</u>		<u>\$ 3,146,328</u>
	<u>32,696</u>	
	<u>\$ 2,095,644</u>	

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Sewer Utility	Water Utility	Electric Utility	Municipal Liquor Store
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Receipts from Customers	\$ 1,087,638	\$ 1,540,443	\$ 6,598,817	\$ 2,655,485
Cash Paid to Suppliers	(400,371)	(415,265)	(3,104,317)	(2,071,518)
Cash Paid to Employees	(330,180)	(373,177)	(1,061,121)	(371,172)
Net Cash Flows Provided by Operating Activities	357,087	752,001	2,433,379	212,795
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers to Other Funds	(14,000)	(92,043)	(894,150)	(120,000)
Transfers from Other Funds	-	-	-	-
Other Nonoperating Revenues	3,616	14,017	69,885	6,134
Unrestricted Donations and Grant Revenues	-	1,890	1,430	-
Net Cash Flows Provided (Used) by Noncapital Financing Activities	(10,384)	(76,136)	(822,835)	(113,866)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of Capital Assets	(158,202)	(373,648)	(1,728,492)	(62,984)
Proceeds from Issuance of Refunding Bonds	301,291	233,313	-	-
Principal Paid on Bonds	(364,905)	(526,350)	(537,000)	(50,000)
Interest, Paying Agent Fees	(24,558)	(179,699)	(94,397)	(5,966)
Net Cash Flows Used by Capital and Related Financing Activities	(246,374)	(846,384)	(2,359,889)	(118,950)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	100,989	27,430	166,738	13,803
Net Cash Flows Provided by Investing Activities	100,989	27,430	166,738	13,803
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	201,318	(143,089)	(582,607)	(6,218)
Cash and Cash Equivalents - Beginning of Year	2,448,047	865,067	4,066,948	392,724
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,649,365</u>	<u>\$ 721,978</u>	<u>\$ 3,484,341</u>	<u>\$ 386,506</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Non-Major Storm Sewer Utility	Totals	Governmental Activities Internal Service Funds
\$ 312,655	\$ 12,195,038	\$ 1,628,031
(98,124)	(6,089,595)	(1,298,068)
<u>(127,194)</u>	<u>(2,262,844)</u>	<u>(90,760)</u>
87,337	3,842,599	239,203
(8,763)	(1,128,956)	-
-	-	77,342
44,683	138,335	-
<u>-</u>	<u>3,320</u>	<u>-</u>
35,920	(987,301)	77,342
(170,880)	(2,494,206)	(95,699)
50,215	584,819	780,000
(53,191)	(1,531,446)	(795,000)
<u>(1,820)</u>	<u>(306,440)</u>	<u>(23,002)</u>
(175,676)	(3,747,273)	(133,701)
<u>18,717</u>	<u>327,677</u>	<u>20,868</u>
18,717	327,677	20,868
(33,702)	(564,298)	203,712
<u>446,093</u>	<u>8,218,879</u>	<u>585,592</u>
<u><u>\$ 412,391</u></u>	<u><u>\$ 7,654,581</u></u>	<u><u>\$ 789,304</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Sewer Utility	Water Utility	Electric Utility	Municipal Liquor Store
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (14,865)	\$ 340,471	\$ 1,621,934	\$ 162,740
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation and Amortization	307,198	388,979	764,169	20,683
(Increase) Decrease in Assets and Deferred Outflows:				
Receivables	14,309	(2,154)	30,677	-
Due from Other Funds	200	312	1,314	-
Due from Other Governments	38,769	67,357	(38,017)	(1,661)
Inventories	(31)	(4,161)	91,947	(31,348)
Prepaid Items	224	(141)	15,568	147
Deferred Outflows of Resources - Pension	(1,894)	(1,846)	(3,982)	(1,843)
Deferred Outflows of Resources - OPEB	(103)	(103)	(282)	(103)
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	12,547	(28,512)	(12,494)	55,131
Contracts Payable	-	-	-	8
Accrued Salaries and Fringes	(4,856)	(5,450)	(19,878)	247
Due to Other Funds	2,528	298	5	329
Due to Other Governments	-	(1,497)	673	6,226
Unearned Revenue	-	-	(3,961)	-
OPEB Liability	2,280	2,280	6,270	2,279
Other Accrued Liabilities	(1,279)	(1,120)	12,769	-
Customer Deposits	-	-	7,576	-
Net Pension Liability	23,851	22,960	47,484	23,085
Deferred Inflows of Resources - Pension	(20,524)	(24,405)	(84,907)	(21,858)
Deferred Inflows of Resources - OPEB	(1,267)	(1,267)	(3,486)	(1,267)
Net Cash Flows Provided by Operating Activities	<u>\$ 357,087</u>	<u>\$ 752,001</u>	<u>\$ 2,433,379</u>	<u>\$ 212,795</u>
Noncash Investing, Capital, and Financing Activities:				
Capital Assets on Account	\$ 195,633	\$ 70,758	\$ 43,338	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Non-Major Storm Sewer Utility	Totals	Governmental Activities Internal Service Funds
\$ 20,937	\$ 2,131,217	\$ (8,194)
58,791	1,539,820	383,561
(626)	42,206	(66,336)
(11)	1,815	-
-	66,448	(811)
-	56,407	-
1,106	16,904	(155)
(1,042)	(10,607)	(397)
(26)	(617)	(26)
2,205	28,877	(65,631)
-	8	-
(58)	(29,995)	(1,239)
-	3,160	-
-	5,402	-
-	(3,961)	-
570	13,679	570
-	10,370	-
-	7,576	-
13,355	130,735	4,850
(7,547)	(159,241)	(6,672)
(317)	(7,604)	(317)
<u>\$ 87,337</u>	<u>\$ 3,842,599</u>	<u>\$ 239,203</u>
\$ -	\$ 309,729	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Redwood Falls (the City) is a public corporation formed under Minnesota Statutes §410. As such, the City is under home rule charter regulations and applicable statutory guidelines. The governing body consists of a six-member City Council, one of which is the Mayor. The governing body is elected by voters of the City to serve four-year staggered terms.

The basic financial statements of the City of Redwood Falls have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies:

**A. Financial Reporting Entity**

As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Redwood Falls and its component unit. A component unit is a legally separate entity for which the Primary Government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the Primary Government misleading. The criteria used to determine if the Primary Government is financially accountable for a component include whether or not the Primary Government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

**Component Units**

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

**Blended Component Unit**

The Port Authority was established to facilitate and assist economic development and increase the efficiency of business recruitment. The representatives of the Port Authority comprise of representatives of both city government and private enterprises. The Port Authority has the control, authority and operation of all existing and future tax increment development plans located within the City. The powers of the Port Authority are granted by state statute.

For financial reporting purposes, the Port Authority is reported as a blended component unit because it provides services entirely, or almost entirely to the City.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial Reporting Entity (Continued)**

**Other Organizations**

The Redwood Falls Fire Relief Association (the Association) is organized as a nonprofit organization, legally separate from the City, to provide pension and other benefits to its members in accordance with Minnesota Statutes. Its board of directors is appointed by the membership of the Association and not by the City Council and the Association issues its own set of financial statements. Because the Association is fiscally independent of the City, the financial statements of the Association have not been included within the City's reporting entity. The City's portion of the costs of the Association's pension benefits is included in the General Fund under public safety.

**B. Basic Financial Statements**

**1. Government-Wide Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the Primary Government and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. 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 to external parties for support.

In the government-wide statement of net position, the governmental activities and business type activities columns: (a) are presented on a consolidated basis by column; and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The statement of activities demonstrates the degree to which the direct expenses of each function of the City's governmental activities and business-type activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements**

The fund financial statements provide information about the City's funds. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental and enterprise funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or incidental activities.

The City reports the following major governmental funds:

**General Fund**

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.

**Capital Projects Fund**

The Capital Projects Fund is used to account for activity associated with significant capital projects that are not accounted for in the proprietary funds.

**TIF #10-1 Runnings Redevelopment Fund**

The TIF #10-1 Runnings Redevelopment Fund is a special revenue fund used to account for activity associated with redevelopment in TIF district 10-1.

The City reports the following proprietary funds:

**Sanitary Sewer Utility Fund**

The Sanitary Sewer Utility Fund is used to account for customer sewer service charges that are used to finance sewer operating expenses.

**Water Utility Fund**

The Water Utility Fund is used to account for customer water service charges that are used to finance water operating expenses.

**Electric Utility Fund**

The Electric Utility Fund is used to account for customer electrical service charges that are used to finance the electric utility operating expenses.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basic Financial Statements (Continued)**

**2. Fund Financial Statements (Continued)**

**Liquor Fund**

The Liquor Fund is used to account for the operations of the City's liquor store.

**Storm Sewer Utility Fund**

The Storm Sewer Utility Fund is used to account for the operations of the storm sewer charges that are used to finance storm sewer utility expenses.

Additionally, the City reports the following funds as well as other governmental nonmajor funds aggregated in the fund financial statements:

***Internal Service Funds***

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City or to other entities, on a cost-reimbursement basis. The City maintains two internal service funds. The Central Garage Fund is used to account for the maintenance and purchase of public works equipment used in the maintenance of City infrastructure and facilities. The Insurance Fund accounts for activities of the City's group health plan.

**C. Measurement Focus and Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 when 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 when they are both measurable and available.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

“Measurable” means the amount of the transaction can be determined. The City considers revenues to be “available” if they are collected within 60 days after the end of the current period. Property and other taxes, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports unearned revenue on its governmental fund balance sheets. Unearned revenue arises when resources are received prior to the incurrence of the qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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 connections with a proprietary fund’s principal ongoing operations. The principal operating revenue of the City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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. Budgets**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. Budgeted expenditure appropriations lapse at year-end.

**E. Legal Compliance - Budgets**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Director of Finance and Administrative Services submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to December 31, the budget is legally enacted through passage of a resolution.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Legal Compliance – Budgets (Continued)**

3. The Director of Finance and Administrative Services is authorized to transfer budgeted amounts within any department budget; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.

**F. Cash and Investments**

Cash and investment balances from all funds are pooled and invested to the extent available in investments authorized by Minnesota Statutes. Earnings from investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Interest earnings are accrued at the balance sheet date.

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund in the governmental fund financial statements, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund payables are eliminated for statement of net position presentation.

For purposes of the statement of cash flows the Proprietary Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary fund types have original maturities of 90 days or less. Therefore, the entire balance in such fund types is considered cash equivalents.

**G. Cash and Investments - Restricted**

At December 31, 2020, restricted cash and investments are assets set aside for a debt service reserve fund required under a bond agreement.

**H. Accounts Receivable and Allowance for Uncollectible Accounts**

The City has an allowance for uncollectible accounts which was \$22,000 for the General Fund, for the Sewer Fund, \$46,000 for the Electric Fund, and \$3,000 for the aggregate remaining funds at December 31, 2020.

**I. Property Tax Revenue Recognition**

The City Council annually adopts a tax levy and certifies it to Redwood County, Minnesota (the County) in December of each year for billing and collection in the following year. Such taxes become a lien against the property on the first Monday of January of the next year and are recorded as receivables by the City at that date.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Property Tax Revenue Recognition (Continued)**

The County is responsible for billing and collecting all property taxes for itself, the cities, the local school districts and other taxing authorities. These taxes are payable by property owners by May 15 and October 15 of each calendar year. These taxes are collected by the County and remitted to the City with each settlement.

Within the governmental fund financial statements, the City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and state credits received by the City in July, December and the following January are recognized as revenue for the current year. Taxes and credits not received at the year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by unavailable revenue because it is not available to finance current expenditures. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

**J. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out method. Land held for resale is valued at cost.

**K. Special Assessment Revenue Recognition**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

Within the fund financial statements, the revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments are collected by the County and remitted by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent special assessments receivable in governmental funding are completely offset by unavailable revenues. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Once a special assessment roll is adopted, 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.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Special Assessment Revenue Recognition (Continued)**

If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale and the first proceeds of that 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 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 homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

**L. Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables are classified as interfund receivables and payables on the governmental fund balance sheet.

**M. Land Held for Resale**

Land held for resale is for redevelopment purposes and for subsequent resale. Land held for resale is reported as an asset at the lower of cost or estimated fair value. Fair value estimates have been based on estimated realizable sales proceeds net of selling expenses.

**N. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of infrastructure acquired prior to implementation of GASB 34 is included at estimated historical costs based on the current replacement cost of a similar asset and deflated through the use of price-level indexes at the time of implementation. Donated capital assets are recorded at acquisition value (entry price) on the date of donation. The City uses a capitalization threshold of \$25,000 for buildings, building improvements, and infrastructure, and \$5,000 for all other capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for City purposes, no salvage value is taken into consideration for depreciation purposes. Estimated useful lives are as follows:

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Capital Assets (Continued)**

Buildings	10 to 50 Years
Infrastructure	10 to 50 Years
Machinery and Shop Equipment	5 to 10 Years
Office Equipment and Furniture	3 to 20 Years

**O. Deferred Outflows of Resources**

The statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period. The City will not recognize the related outflow until a future event occurs.

**P. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued as incurred in the government-wide and proprietary fund financial statements. The current portion is calculated based on historical trends.

**Q. 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.

**R. Long-Term Obligations**

In the entity-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in the year that the related debt was issued.

In the governmental fund financial statements, bond premiums and discounts are recognized during the current period. The face amount of the debt issue is reported as another financing source. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issue costs are reported as debt service expenditures.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Deferred Inflow of Resources**

In addition to liabilities, the City's governmental fund financial statements and government-wide financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an acquisition of net position that applies to a future period. The City will not recognize the related revenue until a future event occurs.

**T. Fund Balance**

In the fund financial statements, governmental fund types report components of fund balance to provide information about fund balance availability for appropriation.

- **Nonspendable Fund Balance.** Represents amounts that are not in a spendable form or are required to be maintained intact.
- **Restricted Fund Balance.** Represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties.
- **Committed Fund Balance.** Represents constraints on spending that the government imposes upon itself by high-level formal action (resolution) prior to the close of the period. The committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.
- **Assigned Fund Balance.** Represents resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board. The City Council authorizes the Director of Finance & Administrative Services to assign fund balance that reflects the City's intended use of those funds.
- **Unassigned Fund Balance.** The residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications. It is the City's policy that at the end of each fiscal year, the City will maintain an assigned and unassigned portion of the fund balance for cash flow not less than 50% of next year's General Fund budgeted operating expenditures.

In accordance with the City's fund balance policy, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available; it is the City's policy to use restricted first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned fund balance is available, it is the City's policy to use committed first, then assigned and finally unassigned fund balance.



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Net Position**

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows in the government-wide and proprietary financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the assets. Net position is reported as restricted in the government-wide financial statement when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**V. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All interfund transactions are eliminated except for activity between governmental activities and business-type activities for presentation in the entity-wide statements of net position and statements of activities.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Deposits**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with Minnesota Statutes the City maintains deposits at financial institutions which are authorized by the City Council.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City, including its blended component unit, does not have a specific deposit policy for custodial credit risk but rather follows Minnesota Statutes for deposits. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds. Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust departments of a commercial bank or other financial institution not owned or controlled by the depository.

The City's deposits in banks at December 31, 2020 were entirely covered by federal depository insurance and collateral in accordance with Minnesota Statutes.

**B. Investments**

The City may also invest idle funds as authorized by Minnesota Statutes and the City's investment policy as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating; is rated in one of the two highest rating categories by a statistical rating agency; and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rate "A" or better.
- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

In addition to the above, Minnesota Statutes authorize cities to invest, under certain conditions, in commercial paper, guaranteed investment contracts, repurchase agreements, and securities lending agreements, however, the City investment policy does not allow these types of investments.

**Fair Value Measurements**

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures.

The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Fair Value Measurements (Continued)**

Financial assets and liabilities recorded on the statement of net position are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

*Level 2* – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

*Level 3* – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The following information provides disclosures related to the City's December 31, 2020, investment balances:

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy does not specifically restrict investments as to maturities.

**Investments Held with Broker**

Information about the sensitivity of the City's broker-held investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

<u>Type</u>	<u>Total</u>	<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
U.S. Government Agencies	\$ 4,308,990	\$ -	\$ 520	\$ 1,697,518	\$ 2,610,952
Federated Gov Obligation Fund	919,703	919,703	-	-	-
Municipal Securities	14,623,666	1,036,310	867,008	7,216,741	5,503,607
Total	<u>\$ 19,852,359</u>	<u>\$ 1,956,013</u>	<u>\$ 867,528</u>	<u>\$ 8,914,259</u>	<u>\$ 8,114,559</u>

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not further limit its investing options beyond state statute.

The following chart summarizes year-end ratings for the City's investments as rated by Moody's Investors Service:

Type	Credit Quality Rating	Amount
U.S. Government Agencies	Aaa	\$ 4,308,990
Federated Gov Obligation Fund	NR	919,703
Municipal Securities	NR	3,102,015
Municipal Securities	A3	482,656
Municipal Securities	Aaa	2,787,150
Municipal Securities	Aaaa	152,180
Municipal Securities	Aa1	3,769,190
Municipal Securities	Aa2	3,939,573
Municipal Securities	Aa3	390,902
Total		<u>\$ 19,852,359</u>

\*NR = Not Rated

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City will minimize custodial credit risk by limiting investments to the types of securities listed in the investment policy and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with this investment policy.

**Concentration of Credit Risk**

The City places no limit on the amount that it may invest in any one issuer. The following securities exceed 5% of the City's investment portfolio:

Type	Amount	Percentage
Federal Home Loan Bank	\$ 1,759,575	8.9 %
Federal Farm Credit Bank Bond	1,901,604	9.6

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

**Fair Value Measurement**

City Investments are measured as follows:

	December 31, 2020	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Agencies	\$ 4,159,278	\$ -	\$ 4,159,278	\$ -
U.S. Government Agencies - Mortgage Backed	149,712	-	149,712	-
Municipal Bonds	14,623,666	-	14,623,666	-
Total Investments by Fair Value Level	18,932,656	\$ -	\$ 18,932,656	\$ -
Investments Measured at Amortized Cost:				
Federated Gov Obligation Fund	919,703			
Total Investments	<u>\$ 19,852,359</u>			

The Federated Government Obligation Fund is a brokered money market account that is valued at amortized cost with maturities of investments of one year or less.

**C. Financial Statement Presentation**

Deposits and investments are presented in the financial statements as follows:

	Cash and Investments	Cash and Investments - Restricted	Total
Enterprise Funds	\$ 7,204,525	\$ 450,056	\$ 7,654,581
Governmental Funds	14,754,384	-	14,754,384
Internal Service Funds	789,304	-	789,304
Total Primary Government	<u>\$ 22,748,213</u>	<u>\$ 450,056</u>	<u>\$ 23,198,269</u>
Petty Cash and Change Fund	\$ 2,470		
Investments	19,852,359		
Deposits	3,340,440		
Total Deposits and Investments	<u>\$ 23,195,269</u>		

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities, Including Internal Service Funds					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,690,384	\$ -	\$ -	\$ -	\$ 1,690,384
Land Improvements	100,938	-	-	-	100,938
Construction in Progress	20,510	435,300	-	-	455,810
Total Capital Assets, Not Being Depreciated	1,811,832	435,300	-	-	2,247,132
Capital Assets, Being Depreciated:					
Land Improvements	1,816,303	78,433	(9,871)	160,174	2,045,039
Buildings	41,968,352	194,543	(54,729)	(122,403)	41,985,763
Infrastructure	21,283,031	48,873	(37,605)	(3,921)	21,290,378
Machinery and Shop Equipment	7,913,783	324,447	(207,349)	(33,850)	7,997,031
Office Equipment and Furniture	193,371	-	(3,390)	-	189,981
Library Books	677,362	-	-	-	677,362
Total Capital Assets, Being Depreciated	73,852,202	646,296	(312,944)	-	74,185,554
Accumulated Depreciation for					
Land Improvements:	(433,676)	(103,010)	9,871	(125,142)	(651,957)
Buildings	(27,834,360)	(3,336,184)	53,221	118,964	(30,998,359)
Infrastructure	(10,963,507)	(807,864)	36,101	3,921	(11,731,349)
Machinery and Shop Equipment	(4,363,241)	(550,374)	191,736	2,257	(4,719,622)
Office Equipment and Furniture	(193,191)	(181)	3,391	-	(189,981)
Library Books	(675,022)	(1,171)	-	-	(676,193)
Total Accumulated Depreciation	(44,462,997)	(4,798,784)	294,320	-	(48,967,461)
Total Capital Assets, Being Depreciated, Net	29,389,205	(4,152,488)	(18,624)	-	25,218,093
Governmental Activities Capital Assets, Net	<u>\$ 31,201,037</u>	<u>\$ (3,717,188)</u>	<u>\$ (18,624)</u>	<u>\$ -</u>	<u>\$ 27,465,225</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Activities</u>	
General Government	\$ 32,041
Public Safety	70,683
Highways and Streets	1,045,963
Culture and Recreation	583,661
Airport	212,066
Community Development	2,854,370
Total Depreciation Expense, Governmental Activities	<u>\$ 4,798,784</u>

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Business-type capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Business-Type Activities</u>					
Capital Assets, Not Being Depreciated:					
Land	\$ 952,306	\$ -	\$ -	\$ -	\$ 952,306
Construction in Progress	370,663	2,572,488	(74,117)	-	2,869,034
Total Capital Assets, Not Being Depreciated	1,322,969	2,572,488	(74,117)	-	3,821,340
Capital Assets, Being Depreciated:					
Buildings and Improvements	49,173,353	236,543	(329,636)	516,058	49,596,318
Machinery and Shop Equipment	7,830,062	431,648	(194,123)	(516,058)	7,551,529
Total Capital Assets, Being Depreciated	57,003,415	668,191	(523,759)	-	57,147,847
Accumulated Depreciation for:					
Buildings and Improvements	(20,492,788)	(1,296,113)	329,636	(440,599)	(21,899,864)
Machinery and Shop Equipment	(5,949,202)	(227,798)	194,120	440,599	(5,542,281)
Total Accumulated Depreciation	(26,441,990)	(1,523,911)	523,756	-	(27,442,145)
Total Capital Assets, Being Depreciated, Net	30,561,425	(855,720)	(3)	-	29,705,702
Business-Type Activities Capital Assets, Net	<u>\$ 31,884,394</u>	<u>\$ 1,716,768</u>	<u>\$ (74,120)</u>	<u>\$ -</u>	<u>\$ 33,527,042</u>

Depreciation expense was charged to business-type functions as follows:

<u>Business-Type Activities</u>	
Municipal Liquor Store	\$ 20,683
Water Utility	388,979
Sewer Utility	307,197
Storm Sewer Utility	58,791
Electric Utility	748,261
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,523,911</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CITY INDEBTEDNESS**

City indebtedness at December 31, 2020 is comprised of the following:

	Issue Date	Final Maturity Date	Interest Rate	Original Issue	Payable December 31, 2020
Governmental Activities, Including Internal Service Funds					
General Obligation Equipment Certificates	9/1/2010	2/1/2021	3.25%	\$ 320,000	\$ 35,000
General Obligation Bonds:					
Refunding Bonds - Series 2014A	2/27/14	2/1/2024	.35 - 2.50%	484,042	172,872
General Obligation Bonds -Series 2020B Refunding	10/1/2020	2/1/2029	.55 - 1.3%	269,181	269,181
General Obligation Notes:					
Capital Impr Plan Note - Series 2020A Refunding	5/11/2020	2/1/2034	1.90%	780,000	780,000
Total Bonds and Notes				<u>1,853,223</u>	<u>1,257,053</u>
Unamortized Bond (Discount)/Premium				(7,860)	-
Compensated Absences Payable				N/A	304,097
Total Governmental Activities				<u>\$ 1,845,363</u>	<u>\$ 1,561,150</u>
Business-Type Activities					
General Obligation Bonds:					
Refunding Bonds, Series 2014A					
- Water Portion	2/27/2014	2/1/2024	.35 - 2.50%	\$ 818,675	\$ 292,384
Refunding Bonds, Series 2014A					
- Sewer Portion	2/27/2014	2/1/2024	.35 - 2.50%	517,283	184,744
General Obligation Bonds -Series 2020B Refunding					
- Water Portion	10/1/2020	2/1/2029	.55 - 1.3%	233,313	233,313
General Obligation Bonds -Series 2020B Refunding					
- Sewer Portion	10/1/2020	2/1/2029	.55 - 1.3%	301,291	301,291
General Obligation Bonds -Series 2020B Refunding					
- Storm Sewer Portion	10/1/2020	2/1/2029	.55 - 1.3%	50,215	50,215
General Obligation Revenue Bonds:					
Liquor Store Revenue					
Bonds, Series 2011A	11/10/2011	12/01/2022	1-3.5%	490,000	100,000
Electric Revenue Refunding					
Bonds, Series 2013A	3/5/2013	12/1/2027	1 - 2.5%	2,065,000	1,035,000
Water Revenue Bonds					
Bonds, Series 2018A	10/1/2018	2/1/2034	3 - 3.25%	720,000	685,000
Electric Revenue Bonds					
Bonds, Series 2019A	11/19/2019	12/1/2031	2.35%	2,415,000	2,238,000
Notes from Direct Borrowings:					
General Obligation Water Revenue					
Bond of 2009	11/17/2009	8/20/2039	2.936%	6,526,070	4,421,000
Total Bonds				<u>14,136,847</u>	<u>9,540,947</u>
Unamortized Bond Discount				(107,447)	(10,298)
Compensated Absences Payable				N/A	248,272
Total Business-Type Activities				<u>\$ 14,029,400</u>	<u>\$ 9,778,921</u>



**CITY OF REDWOOD FALLS, MINNESOTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 CITY INDEBTEDNESS (CONTINUED)**

The following is a schedule of changes in City indebtedness for the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental Activities:					
Bonds/Notes Payable:					
General Obligation Bonds	\$ 1,315,425	\$ 269,181	\$ 1,142,553	\$ 442,053	\$ 80,131
General Obligation Equipment Certificates	70,000	-	35,000	35,000	35,000
General Obligation Notes	-	780,000	-	780,000	53,000
Compensated Absences Payable	290,942	284,788	271,633	304,097	145,887
Unamortized Bond (Discount)/Premium	(2,419)	-	(2,419)	-	-
Total	<u>1,673,948</u>	<u>1,333,969</u>	<u>1,446,767</u>	<u>1,561,150</u>	<u>314,018</u>
Business-Type Activities:					
Bonds/Notes Payable:					
General Obligation Bonds	594,574	584,819	117,446	1,061,947	199,870
General Obligation Revenue Bonds	5,300,000	-	1,242,000	4,058,000	411,000
G.O. Notes from Direct Borrowings	4,593,000	-	172,000	4,421,000	177,000
Compensated Absences Payable	234,167	186,619	172,514	248,272	99,891
Unamortized Bond Discount	(21,497)	-	(11,199)	(10,298)	-
Total	<u>10,700,244</u>	<u>771,438</u>	<u>1,692,761</u>	<u>9,778,921</u>	<u>887,761</u>
Total Primary Government Indebtedness	<u>\$ 12,374,192</u>	<u>\$ 2,105,407</u>	<u>\$ 3,139,528</u>	<u>\$ 11,340,071</u>	<u>\$ 1,201,779</u>

The City's outstanding notes from direct borrowings related to the Water fund debt of \$4,421,000 contain (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by the City for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy availability under law and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

All long-term bonded indebtedness outstanding at December 31, 2020 is backed by the full-faith and credit of the City, including special assessment bond issues.

For the governmental activities, compensated absences payable are generally liquidated by the General Fund.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CITY INDEBTEDNESS (CONTINUED)**

**Description and Restrictions of Long-Term Debt**

*General Obligation Equipment Certificates* – These obligations were issued for the purpose of purchasing specific equipment items. The certificates are payable from the general resources of the City.

*General Obligation Revenue Bonds* – These bonds were issued for improvements or projects which benefited either a specific governmental activity or enterprise funds. The bonds are payable solely from revenues generated by the related governmental activity or enterprise fund.

*2009 General Obligation Revenue Note* – On November 17, 2009, the City issued a note to the Minnesota Public Facilities Authority for \$6,526,070. The total amount drawn on this note was \$6,083,071. The note has a final maturity of August 20, 2039. The outstanding balance of the note bears interest at 2.936% annually. The note was issued in connection with the financing of a drinking water project.

*Liquor Store Revenue Refunding Bonds* – On November 10, 2011, the City issued \$490,000 of Liquor Store Revenue Refunding Bonds, Series 2011A, which were used to prepay the November 10, 2011 through December 1, 2022 maturities of the City's Liquor Store Revenue Bonds of 2002. The reacquisition price exceeded the net carrying amount of the old debt by \$20,627.

*Electric Utility Revenue Bonds* – On March 5, 2013, the City Council issued \$2,065,000 of Revenue Bonds, Series 2013A. The bond has a final maturity of December 1, 2027. The outstanding balance of the bond bears interest at 1.00% to 2.50% annually. The bond was issued in connection with funding capital improvements to the hydroelectric power generation and distribution system.

*General Obligation Water Revenue Bonds* – On October 1, 2018, the City Council issued \$720,000 of Revenue Bonds, Series 2018A. The bond has a final maturity of February 1, 2034. The outstanding balance of the bond bears interest ranging from 3.00% to 3.25% annually.

*General Obligation Refunding Bonds* – On February 27, 2014, the City issued \$1,820,000 of General Obligation Refunding Bonds, Series 2014A, which were used to prepay the February 1, 2014 through February 1, 2024 maturities of the City's General Obligation Refunding Bonds, Series 2005A.

*Electric Utility Revenue Refunding Bonds* – On November 19, 2019, the City Council issued \$2,415,000 of Revenue Refunding Bonds, Series 2019A. The bond has a final maturity of December 1, 2031. The outstanding balance of the bond bears interest at 2.35% annually. The bond refunded the series 2011B Electric Utility Revenue Bonds. The difference in cash flows between the old and new debt will be a savings of \$139,956 over the life of the bond. The economic gain on refunding calculated on a present value basis totaled \$115,408.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 CITY INDEBTEDNESS (CONTINUED)**

**Description and Restrictions of Long-Term Debt (Continued)**

General Obligation Capital Improvement Plan Refunding Note, Series 2020A – On May 11, 2020, the City Council issued \$780,000 of General Obligation Refunding Note, Series 2020A. The bond has a final maturity of February 1, 2034. The outstanding balance of the bond bears interest at 1.90% annually. The bond refunded the series 2013B General Obligation Improvement Plan Bonds. The difference in cash flows between the old and new debt will be a savings of \$117,533 over the life of the bond. The economic gain on refunding calculated on a present value basis totaled \$111,817.

General Obligation Refunding Bond, Series 2020B – On October 1, 2020, the City Council issued \$854,000 of General Obligation Refunding Bond, Series 2020B. The bond has a final maturity of February 1, 2029. The outstanding balance of the bond bears interest ranging from .55% to 1.30% annually. The bond refunded the series 2013C General Obligation Water and Sewer Revenue Bonds and the 2008A PIR bonds. The difference in cash flows between the old and new debt will be a savings of \$57,995 over the life of the bond. The economic gain on refunding calculated on a present value basis totaled \$56,487.

Minimum annual principal and interest payments required to retire long-term debt, not including compensated absences payable are as follows:

Year Ending December 31,	Governmental Activities					
	General Obligation Bonds		Equipment Certificates		General Obligation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 80,131	\$ 5,007	\$ 35,000	\$ 569	\$ 53,000	\$ 17,610
2022	83,982	4,255	-	-	50,000	13,338
2023	81,707	3,056	-	-	51,000	12,379
2024	78,033	1,815	-	-	52,000	11,400
2025	37,194	1,063	-	-	53,000	10,403
2026-2030	81,006	1,971	-	-	279,000	36,433
2031-2034	-	-	-	-	242,000	9,291
Total	<u>\$ 442,053</u>	<u>\$ 17,167</u>	<u>\$ 35,000</u>	<u>\$ 569</u>	<u>\$ 780,000</u>	<u>\$ 110,854</u>

Year Ending December 31,	Business-Type Activities			
	General Obligation Bonds		G.O. Notes From Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 610,870	\$ 112,089	\$ 177,000	\$ 129,801
2022	624,017	99,980	182,000	124,604
2023	577,293	86,701	188,000	119,260
2024	576,967	74,799	193,000	113,741
2025	473,806	63,700	199,000	108,074
2026-2030	1,798,994	173,789	1,086,000	449,209
2031-2035	458,000	20,172	1,254,000	280,300
2036-2039	-	-	1,142,000	85,054
Total	<u>\$ 5,119,947</u>	<u>\$ 631,230</u>	<u>\$ 4,421,000</u>	<u>\$ 1,410,043</u>

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 5 OPERATING LEASES**

Effective September 2, 2014, the City entered into a 15-year operating lease with the County of Redwood to provide a location for the Law Enforcement Center. The lease has two additional 15-year options to extend. The total cost of the operating lease for the year ended December 31, 2020 was \$51,200. In addition to the lease payments, the City is required to pay \$33,725 annually over the initial term of the lease for construction contributions. The future minimum lease payments for the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 51,200
2022	51,200
2023	51,200
2024	51,200
2025	51,200
2026-2029	204,800
Total	<u>\$ 460,800</u>

**NOTE 6 DEFINED BENEFIT PENSION PLANS**

**A. Plan Description**

The City participates in the following cost sharing multiemployer defined benefit pension plans administered by the Public Employees Retirement Association (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.

**1. General Employees Retirement Plan**

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

**2. 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 local relief associations that elected to merge with and transfer assets and administration to PERA.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**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.

**1. General Employees 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% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of 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% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. 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% after five years up to 100% 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% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B.    Benefits Provided (Continued)**

**2.    Police and Fire Plan Benefits (Continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase will be 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.

**1.    General Employee Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020 were \$265,431. The contributions were equal to the required contributions as set by state statute.

**2.    Police and Fire Fund Contributions**

Police and Fire member's contribution rates increased from 11.3% of their annual covered salary to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$152,265. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs**

**1. General Employee Fund Pension Costs**

At December 31, 2020, the City reported a liability of \$2,847,842 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 nonemployer 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 \$87,701. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .0475% at the end of the measurement period and .0492% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 2,847,842
State of Minnesota's Proportionate Share of the	
Net Pension Liability with the City	87,701
Total	<u>\$ 2,935,543</u>

For the year ended December 31, 2020, the City recognized pension expense of \$17,397 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$7,633 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the annual \$16 million contribution.

At December 31, 2020, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 25,965	\$ 10,775
Changes in Actuarial Assumptions	-	105,581
Net Difference Between Projected and Actual on Pension Plan Investments	49,199	-
Changes in Proportion	-	210,222
City Contributions Subsequent to the Measurement	137,759	-
Total	<u>\$ 212,923</u>	<u>\$ 326,578</u>

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**1. General Employee Fund Pension Costs (Continued)**

\$137,759 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>City Pension Expense Amount</u>
2021	\$ (256,880)
2022	(90,409)
2023	27,070
2024	68,805

**2. Police and Fire Fund Pension Costs**

At December 31, 2020, the City reported a liability of \$951,673 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0722% at the end of the measurement period and 0.0770% percent for the beginning of the period.

The State of Minnesota contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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 is included as a nonemployer 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 \$4.5 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.



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs (Continued)**

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$6,498 for the year ended December 31, 2020 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.

City's Proportionate Share of the Net Pension Liability	\$ 951,673
State of Minnesota's Proportionate Share of the	
Net Pension Liability with the City	22,419
Total	<u>\$ 974,092</u>

For the year ended December 31, 2020, the City recognized pension expense of \$97,370 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$6,898 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$4.5 million to the Police and Fire Fund.

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 42,050	\$ 45,194
Changes in Actuarial Assumptions	318,925	593,525
Net Difference Between Projected and Actual on Pension Plan Investments	28,907	-
Changes in Proportion	98,796	138,633
City Contributions Subsequent to the Measurement Date	83,389	-
Total	<u>\$ 572,067</u>	<u>\$ 777,352</u>

\$83,389 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>City Pension Expense Amount</u>
2021	\$ (82,415)
2022	(280,688)
2023	35,739
2024	51,741
Thereafter	(13,051)

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Costs (Continued)**

**3. Summary**

The aggregate amount of net pension liability, net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense for the City's defined benefit pension plans are summarized below. These liabilities are typically liquidated by the individual activity in which the employees costs are associated.

	General Employees Fund	Police and Fire Fund	Fire Relief	Total
Net Pension Liability	\$ 2,847,842	\$ 951,673	\$ -	\$ 3,799,515
Net Pension Asset	-	-	185,801	185,801
Deferred Outflows of Resources	212,923	572,067	39,126	824,116
Deferred Inflows of Resources	326,578	777,352	59,357	1,163,287
Pension Expense	25,030	104,268	4,651	133,949

**E. Total Pension Expense**

The total pension expense for all plans recognized by the City for the year ended December 31, 2020, was \$133,949, which includes \$4,651 for the volunteer firefighters relief association (additional information in Note 13).

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	<b>General Employees Fund</b>	<b>Police &amp; Fire Fund</b>
Inflation	2.25% per Year	2.5% per Year
Salary Increases	3.25% per Year	3.25% per Year
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on Pub-2010 General Employee Mortality table for the General Employees Plan and RP 2014 tables for the Police and Fire for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.0 percent per year as set by state statute.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6    DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The four-year experience study used for the Police and Fire Plan was completed in 2016. Inflation and investment return assumptions for the Police and Fire Plan are based on the General Employees Retirement Plan experience study completed in 2019.

The most recent four-year experience studies for the Police and Fire Plan was completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

**General Employee Fund**

Changes in actuarial assumption:

- 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.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. Actuarial Assumptions (Continued)**

**General Employee Fund (Continued)**

Changes in Plan Provisions:

- 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.

**Police and Fire Plan**

Changes in actuarial assumption:

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.1 %
International Equity	25.0	5.3
Bonds	20.0	0.75
Alternative Assets	17.5	5.9
Cash	2.0	-
Total	<u>100.0 %</u>	

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2020 was 7.50%. 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 positions of the General Employees Fund and the Police and Fire Fund 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 REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 6 DEFINED BENEFIT PENSION PLANS (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 1% point lower or 1% point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's Proportionate Share of the General Employee Net Pension Liability	\$ 4,564,103	\$ 2,847,842	\$ 1,432,065
City's Proportionate Share of the Police and Fire Net Pension Liability	1,896,822	951,673	169,728

**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](http://www.mnpera.org).

**NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN**

**A. Plan Description**

The City operates a single-employer retiree defined benefit plan (the Plan) that provides health insurance to eligible employees and their spouses through the City's health insurance plan. There are 64 active participants and 2 retired participants as of January 1, 2020. There are no inactive plan members entitled to but not receiving benefits.

Benefit and eligibility provisions are established through negotiations between the City and various unions representing City employees and are generally renegotiated in two-year bargaining periods. The Plan does not issue a publicly available financial report.

**B. Funding Policy**

The City has no assets accumulated in a trust that meets the criteria in GASB 75. Contribution requirements are negotiated between the City and union representatives. Qualified employees may choose to participate in the City's insurance plan after retirement, with no contribution from the City. The City provides these benefits to retirees as required by Minnesota Statutes §471.61 subdivision 2b. The City is funding this liability on a pay-as-you-go basis. For the year ended 2020, the City contributed \$25,340 to the plan.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**C. Actuarial Methods and Assumptions**

The City's OPEB liability was measured as of January 1, 2020, and the total OPEB liability was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary	3.8%
Health Care Trend Rates	6.25% Decreasing to 5.00% Over 5 Years

Mortality rates were based on the RP-2014 white collar mortality tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2019 valuation were based on the Public Employees Retirement Association of Minnesota actuarial experience studies. The most recent six-year experience study for the General Employees plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. The discount rate used to measure the total OPEB liability was 3.8%. The discount rate is equal to the 20-Year AA rated Municipal Bond Yield.

Since the most recent OPEB valuation, the following changes in assumptions have been made:

- 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%.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Changes in Total OPEB Liability**

Balance as of January 1, 2020	\$ 544,231
Changes for the Year:	
Service Cost	38,477
Interest	21,697
Benefit Payments	(23,697)
Net Change in Total OPEB Liability	<u>36,477</u>
Balance as of December 31, 2020	<u><u>\$ 580,708</u></u>

The following presents the total OPEB liability, as well as what the total OPEB 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:

	1% Decrease (2.80%)	Discount Rate (3.80%)	1% Increase (4.80%)
Total OPEB Liability	\$ 625,797	\$ 580,708	\$ 538,482

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower (5.25% decreasing to 4.00% over six years) or 1% higher (7.25% decreasing to 6.00% over six years) than the current health care cost trend rates:

	1% Decrease (5.25% Decrease to 4.00%)	Current Trend Rates (6.25% Decreasing to 5.00%)	1% Increase (7.25% Decreasing to 6.00%)
Medical Trend Rate			
Total OPEB Liability	\$ 515,488	\$ 580,708	\$ 657,612

For the year ended December 31, 2020, the City recognized OPEB expense of \$39,891.

At December 31, 2020, the City reported deferred outflows and deferred inflows of resources, from the following sources:

<u>Description</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Liability	\$ -	\$ 86,843
Changes in Actuarial Assumptions	-	14,568
City Contributions Subsequent to the Measurement Date	<u>25,340</u>	<u>-</u>
Total	<u><u>\$ 25,340</u></u>	<u><u>\$ 101,411</u></u>

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**D. Changes in Total OPEB Liability (Continued)**

\$25,340 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Amount</u>
2021	\$ (20,283)
2022	(20,283)
2023	(20,283)
2024	(20,283)
2025	(20,279)

**NOTE 8 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Balances**

The City has deficit fund balances at December 31, 2020 in the following funds:

	<u>Fund Balance (Deficit)</u>
Airport Capital Project Fund	\$ (91,259)
TIF #10-1 Runnings Redevelopment	(770,368)
Community Center Bonds	(1,486)
Ponderosa Business Park Bonds	(371)

The City intends to fund these deficits through transfers/advances from other funds, additional property tax levies and various other sources.

**Excess of Expenditures over Appropriations**

Expenditures exceeded budget in the following fund:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
TIF #10-1 Runnings Redevelopment	\$ 2,080	\$ 24,463	\$ 22,383

The over expenditures were funded by tax increment revenues collected in the current year.



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 INTERFUND**

**Due To/Due From**

Individual fund receivable and payable balances at December 31, 2020 are as follows:

	Receivable	Payable
General Fund	\$ 2,117	\$ 17,031
Capital Projects Fund	81,003	-
Nonmajor Governmental Funds		
Special Revenue Funds:		
Library	-	1,022
Airport	-	1,040
Capital Project Fund:		
Airport	-	81,003
Debt Service Fund:		
Community Center Bonds	-	2,117
Enterprise Funds:		
Sewer Utility	300	10,991
Water Utility	544	4,696
Electric Utility	36,621	205
Municipal Liquor Store	-	1,563
Storm Sewer Utility	341	-
Internal Service Fund		
Central Garage	-	1,258
Total	<u>\$ 120,926</u>	<u>\$ 120,926</u>

Interfund receivables represent the elimination of negative cash between funds, as well as interfund borrowing to finance improvement projects and interfund utility bills.

**Advances**

Advances at December 31, 2020 are as follows:

	Receivable	Payable
General Fund	\$ 770,368	\$ -
TIF #10-1 Runnings Redevelopment Fund	-	770,368
Total	<u>\$ 770,368</u>	<u>\$ 770,368</u>

Interfund advances represent the money borrowed from the General Fund to help fund the Eastwood/Union Drive – Runnings project. The interfund advance will be paid back through revenue collected by the TIF District over the projected 26 years.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 9 INTERFUND (CONTINUED)**

**Transfers**

Individual fund transfers for fiscal year 2020 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,585,513	\$ (2,044,443)
Capital Projects Fund	666,102	(1,001,352)
Nonmajor Governmental Funds		
Special Revenue Funds:		
Airport	44,900	(32,900)
Fire Equipment Replacement	-	(53,124)
Port Authority	1,851,341	(60,501)
Debt Service Funds:		
Ponderosa Business Park Bonds	60,501	-
Capital Projects Funds:		
Airport Projects Fund	35,156	-
Enterprise Funds:		
Sewer Utility	-	(14,000)
Water Utility	-	(92,043)
Electric Utility	-	(894,150)
Municipal Liquor Store	-	(120,000)
Storm Sewer Utility	-	(8,763)
Internal Service Funds		
Central Garage	77,763	-
Total	<u>\$ 4,321,276</u>	<u>\$ (4,321,276)</u>

Interfund transfers are other financing sources and uses within the fund financial statements. The purpose of the transfers are to provide funding for capital improvement projects, capital outlay, and debt service.

**NOTE 10 RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2020, the City made purchases of services and supplies from one related party business owned by a Council member totaling \$98.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

Construction Commitments – As of December 31, 2020, the City had active construction projects related to a variety of projects including various reconstructions of streets and power plant relay replacement. Total remaining commitments under these contracts were \$1,522,037 at December 31, 2020.

Federal and State Funds – The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2020.

**NOTE 12 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.

Workers' compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City self-insures for a portion of the deductible related to its employee group health plan. This activity is accounted for in the Internal Service Insurance Fund. The City does not retain any risk of loss beyond the self-insured portion of the deductible. The amounts charged to expenses include administrative fees, claims paid, and accruals for claims incurred but not paid. The City recorded total expenses of \$1,002,698 for the year ended December 31, 2020.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 12 RISK MANAGEMENT (CONTINUED)**

Liability for unpaid claims is included in the self-insurance fund as claims payable.

Beginning of the Year Liability, January 1, 2020	\$ 4,170	Beginning of the Year Liability, January 1, 2019	\$ 6,359
Incurred Claims	997,722	Incurred Claims	945,212
Claims Paid	<u>(994,969)</u>	Claims Paid	<u>(947,401)</u>
End of the Year Liability, December 31, 2020	<u>\$ 6,923</u>	End of the Year Liability, December 31, 2019	<u>\$ 4,170</u>

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**NOTE 13 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION**

**A. Plan Description**

Firefighters of the City of Redwood Falls are members of the Redwood Falls Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2020, membership includes 29 active participants and 2 terminated employees entitled to benefits but not yet receiving them. The plan issues a stand-alone financial statement.

**B. Benefits Provided**

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 10 years of active service with such department before retirement shall be entitled to a lump-sum service pension in the amount of \$3,100 for each year of active Fire Department service (including each year over 20) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 13 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**B. Benefits Provided (Continued)**

If a member of the Volunteer Firefighters Relief Association (Association) shall become permanently or totally disabled, the Association shall pay the sum \$3,100 for each year the member was an active member of the City of Redwood Falls Fire Department. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension. A death benefit is also available, which is payable to a survivor.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump-sum distributions from state income tax. The Association qualifies for these benefits.

**C. Contributions**

Minnesota Statutes Chapter 69.772 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Redwood Falls and state aid is determined as follows:

	Normal Cost
+	Amortization Payment on Unfunded Accrued Liability Prior to Any Change
+	Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change
+	Administrative Expenses
-	Anticipated State Aid
-	Projected Investment Earnings
=	Total Contribution Required

The Plan is funded in part by fire state aid and, if necessary, City contributions. The state of Minnesota distributed to the City \$47,968 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2020 was \$25,222.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 13 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**D. Pension Costs**

At December 31, 2020, the City reported an asset of \$185,801 for the Association's net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City recognized expense of \$4,651 for the year ended December 31, 2020. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 13,666
Changes in Actuarial Assumptions	6,126	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	45,691
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	-
City Contributions Subsequent to the Measurement Date	33,000	-
Total	<u>\$ 39,126</u>	<u>\$ 59,357</u>

\$33,000 reported as deferred outflows of resources relating to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (9,961)
2022	(8,368)
2023	(5,044)
2024	(25,189)
Thereafter	(4,669)

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 13 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**E. Actuarial Assumption**

The actuarial total pension liability was determined as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	1/1/19
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Actuarial Assumptions:	
Discount Rate	5.75%
Investment Rate of Return	5.75%
20-Year Municipal Bond Yield	3.50%
Age of Service Retirement	50

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rates of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of January 1, 2020 are summarized in the following table:

<u>Asset Class</u>	Allocation at January 1, 2020	Long-Term Expected Real Rate of Return
Cash	12.0 %	2.25 %
Fixed Income	28.0	3.80
Equities	59.0	7.30
Real Estate	1.0	6.00
Total Portfolio	100.0 %	5.75 %

**F. Discount Rate**

The discount rate used to measure the total pension liability was 5.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets 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 municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 13 VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION (CONTINUED)**

**G. Pension Asset Sensitivity**

The following presents the City of Redwood Fall's proportionate share of the net pension asset of the Association, calculated using the discount rate of 5.75%, as well as what the Association's net pension asset would be if it were calculated using a discount rate that is one percentage point lower (4.75%) or one percentage point higher (6.75%) than the current rate:

	1 Percent Decrease	Discount Rate	1 Percent Increase
Net Pension Liability (Asset)	\$ (166,082)	\$ (185,801)	\$ (205,016)
Discount Rate	4.75 %	5.75 %	6.75 %

**H. Plan's Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in a separately-issued financial report that includes financial statements and required supplementary information. That report may be obtained on-line at <https://ci.redwood-falls.mn.us/city-departments/fire-department/>, by writing to Redwood Falls City Hall at 333 S. Washington St. Redwood Falls, MN 56283 or by email at [info@ci.redwood-falls.mn.us](mailto:info@ci.redwood-falls.mn.us).

Information about the change in the Plan's net pension asset is as follows:

	<u>December 31, 2019 Measurement Date</u>
<b>Total Pension Liability</b>	
Service Cost	\$ 42,132
Interest	51,920
Benefit Payments	<u>(64,291)</u>
<b>Net Change in Total Pension Liability</b>	29,761
<b>Total Pension Liability - Beginning of Year</b>	<u>892,975</u>
<b>Total Pension Liability - End of Year (a)</b>	922,736
<b>Plan Fiduciary Net Position</b>	
Nonemployer Contributions	47,109
Net Investment Income	54,089
Gain or Loss	122,354
Benefit Payments	(64,291)
<b>Net Change in Fiduciary Net Position</b>	159,261
<b>Fiduciary Net Position - Beginning of Year</b>	<u>949,276</u>
<b>Fiduciary Net Position - End of Year (b)</b>	<u>1,108,537</u>
<b>Association's Net Pension Liability/(Asset) - End of Year (a) - (b)</b>	<u><u>\$ (185,801)</u></u>



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 14 CONDUIT DEBT OBLIGATIONS**

The City has issued housing revenue notes for the purpose of providing capital financing to a private enterprise. Even though the debt bears the City's name, the City is not responsible for the payment of the original debt. The debt is secured by the payments agreed to be paid by the private enterprise under the terms of the agreement between the City and the enterprise. The general description of the transaction and the outstanding balance at December 31, 2020, is as follows:

Enterprise	Purpose	Balance at December 31, 2020
Garnette Gardens	Construction of a Facility	\$ 6,278,834
Country Village	Construction of a Facility	664,019

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

Under its wholesale power agreement, the City is committed to purchase its electric power and energy requirements from Southern Minnesota Municipal Power Agency (SMPMA) and Western Area Power Administration (WAPA) until April 1, 2050 and December 1, 2050, respectively. The rates are subject to review annually.

**Other**

In the normal course of business, there could be various outstanding contingent liabilities such as, but not limited to, the following:

- Lawsuits alleging negligence in care
- Environmental pollution
- Violation of regulatory body's rules and regulations
- Violation of federal and/or state laws

No contingent liabilities such as, but not limited to those described above, are reflected in the accompanying financial statements. No such liabilities have been asserted and therefore, no estimate of loss, if any, is determinable.

**NOTE 16 SUMMARY OF OTHER ITEMS**

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigations. The City estimates that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements of the City. No liability or provision for loss has been recorded in the December 31, 2020 financial statements in relation to these matters.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 17 TAX ABATEMENTS**

The City has a pay-as-you-go tax increment financing district with a local business to promote economic development within the City as authorized under Minnesota Statutes §469.174. The City is currently collecting tax increments that are paid through the property tax collection process. The district will stop collection in 2024. The requirement for the business to receive the excess tax increments from the City was to construct a 30,000 square foot addition to the existing manufacturing facility. The increment taxes are based on the increase of the property value after the improvements are made. The agreements call for 90% of the property tax increments collected to be returned to the developers. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$1,276. No other commitments were made by the City as a part of this agreement. The district was decertified on December 28, 2020.

The City established a municipal redevelopment district in 2014 as authorized under Minnesota Statutes §§ 469.124 through 469.134. The Redevelopment TIF District permits the City to assist virtually any type of development or redevelopment project within the boundaries of the TIF District, as long as assistance aids in the removal of blighting conditions. The District has a maximum life of 25 years from the receipt of the first tax increment; that is, 26 TIF collections. The TIF revenues are paid to the City through the property tax collection process. Ninety percent (90%) of the tax increments generated from the TIF District must be used to finance the cost of correcting conditions that allow designation as a redevelopment district. For the year ended December 31, 2020, the City paid excess tax increment in the amount of \$68,464. No other commitments were made by the City as a part of this agreement.

The City negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of December 31, 2020. Each agreement is negotiated under Minnesota Statutes sections 469.1812 through 469.1815. Under the statutes, the City may grant property tax abatements for the purpose of attracting and retaining business. The City abated taxes totaling \$46,309 for the year ending December 31, 2020.

- The City's share of the real property taxes generated from a Housing Project for a term of 8 years. The abatement amounted to \$40,182.
- The City's share of the property tax generated by an assisted living facility for a term of 15 years to end in 2020. The abatement amounted to \$-0-.
- The City's share of the property tax generated by the expansion of an assisted living facility for a term of 15 years. The abatement amounted to \$6,127.

As of December 31, 2020, the City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governments.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 18 SUBSEQUENT EVENTS**

On May 3, 2021, the City issued a \$2,860,000 General Obligation Bond, Series 2021A with a net interest rate of 1.4844%. The first payment is due February 1, 2022. The proceeds will provide for the purchase of a fire truck, sewer linings and the North Redwood Watermain.

On March 11, 2021, the City was allocated an estimated \$565,186 in additional federal grants from the American Rescue Plan Act of 2021. Subsequent to this initial estimate, Redwood County revised the amount of allocation to the City to be \$521,115 based on updated population information.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY, RELATED RATIOS, AND NOTES**  
**LAST TEN MEASUREMENT PERIODS**

	Measurement Date January 1, 2020	Measurement Date January 1, 2019	Measurement Date January 1, 2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 38,477	\$ 37,356	\$ 45,642
Interest	21,697	22,417	21,402
Assumption Changes	-	(20,396)	-
Difference between Expected and Actual Experience	-	(121,579)	-
Benefit Payments	(23,697)	(30,801)	(25,251)
Net Change in Total OPEB Liability	36,477	(113,003)	41,793
Total OPEB Liability - Beginning	544,231	657,234	615,441
Total OPEB Liability - Ending	<u>\$ 580,708</u>	<u>\$ 544,231</u>	<u>\$ 657,234</u>
 Covered Employee Payroll	 \$ 4,034,499	 \$ 3,916,989	 \$ 4,180,713
 City's OPEB Liability as a Percentage of Covered Employee Payroll	 14%	 14%	 16%

Note 1: The table above will be expanded to 10 years of information as the information becomes available.

Note 2: No assets are accumulated in a trust.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**LAST TEN MEASUREMENT PERIODS**

	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015
<b>City - General Employee Plan</b>						
City's Proportion of the Net Pension Liability	0.0475%	0.0492%	0.0531%	0.0536%	0.0536%	0.0534%
City's Proportionate Share of the Net Pension Liability	\$ 2,847,842	\$ 2,720,158	\$ 2,945,770	\$ 3,421,789	\$ 4,352,054	\$ 2,767,466
State's Proportionate Share of the Net Pension Liability Associated with the City	87,701	84,496	96,729	43,005	56,839	-
City's Total Net Pension Liability - General Employee Plan	2,935,543	2,804,654	3,042,499	3,464,794	4,408,893	2,767,466
City's Covered Payroll	3,385,893	3,480,782	3,576,608	3,455,396	3,329,013	3,140,523
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.11%	78.15%	82.36%	99.03%	130.73%	88.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%
<b>City - Police and Fire Plan</b>						
City's Proportion of the Net Pension Liability	0.0722%	0.0770%	0.0687%	0.0740%	0.0780%	0.0770%
City's Proportionate Share of the Net Pension Liability	\$ 951,673	\$ 819,742	\$ 732,271	\$ 999,088	\$ 3,130,276	\$ 874,900
State's Proportionate Share of the Net Pension Liability Associated with the City	22,419	-	-	-	-	-
City's Total Net Pension Liability - General Employee Plan	974,092	819,742	732,271	999,088	3,130,276	874,900
City's Covered Payroll	815,918	812,177	724,646	761,498	748,809	702,076
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.64%	100.93%	101.05%	131.20%	418.03%	124.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.19%	89.30%	88.80%	85.43%	63.90%	86.60%

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

**CITY OF REDWOOD FALLS, MINNESOTA  
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS  
LAST TEN PERIODS**

	2020	2019	2018	2017	2016	2015	2014
<b>City - General Employee Plan</b>							
Statutorily Required Contribution	\$ 265,431	\$ 256,110	\$ 265,811	\$ 265,404	\$ 254,391	\$ 242,627	\$ 224,719
Contributions in Relation to the Statutorily Required Contribution	(265,431)	(256,110)	(265,811)	(265,404)	(254,391)	(242,627)	(224,719)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 3,539,080	\$ 3,414,800	\$ 3,544,147	\$ 3,538,720	\$ 3,391,880	\$ 3,215,297	\$ 3,099,577
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.55%	7.25%
<b>Police and Fire Plan</b>							
Statutorily Required Contribution	\$ 152,265	\$ 140,334	\$ 122,905	\$ 122,382	\$ 122,796	\$ 117,065	\$ 106,258
Contributions in Relation to the Statutorily Required Contribution	(152,265)	(140,334)	(122,905)	(122,382)	(122,796)	(117,065)	(106,258)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 860,254	\$ 866,259	\$ 758,673	\$ 755,444	\$ 758,000	\$ 716,591	\$ 694,499
Contributions as a Percentage of Covered Payroll	17.70%	16.20%	16.20%	16.20%	16.20%	16.34%	15.30%
<b>Fire Relief Association</b>							
Statutorily Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,081	\$ 23,580
Contributions in Relation to the Statutorily Required Contribution	-	-	-	-	-	(2,081)	(23,580)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA  
REDWOOD FALLS FIRE RELIEF ASSOCIATION – SCHEDULE OF  
CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS  
LAST TEN MEASUREMENT PERIODS**

	December 31, 2019 Measurement Date	December 31, 2018 Measurement Date	December 31, 2017 Measurement Date	December 31, 2016 Measurement Date	December 31, 2015 Measurement Date	December 31, 2014 Measurement Date
<b>Total Pension Liability</b>						
Service Cost	\$ 42,132	\$ 41,904	\$ 39,825	\$ 38,783	\$ 39,490	\$ 36,260
Interest	51,920	47,341	42,204	42,899	43,103	47,121
Changes of Benefit Terms	-	38,476	14,361	10,210	11,786	-
Benefit Payments, Including Member Contribution Refunds	(64,291)	-	(18,250)	(69,977)	(202,897)	-
Gain or Loss	-	(16,170)	-	(1,217)	-	-
<b>Net Change in Total Pension Liability</b>	<b>29,761</b>	<b>111,551</b>	<b>78,140</b>	<b>20,698</b>	<b>(108,518)</b>	<b>83,381</b>
<b>Total Pension Liability - Beginning of Year</b>	<b>892,975</b>	<b>781,424</b>	<b>703,284</b>	<b>682,586</b>	<b>791,104</b>	<b>707,723</b>
<b>Total Pension Liability - End of Year (a)</b>	<b>922,736</b>	<b>892,975</b>	<b>781,424</b>	<b>703,284</b>	<b>682,586</b>	<b>791,104</b>
<b>Plan Fiduciary Net Position</b>						
Municipal Contributions	-	-	-	-	2,081	23,580
Nonemployer Contributions	47,109	45,894	46,851	47,601	50,827	46,418
Net Investment Income	54,089	(44,878)	66,497	58,342	(6,135)	59,490
Gain or Loss	122,354	-	-	-	-	-
Benefit Payments	(64,291)	-	(18,250)	(69,977)	(202,897)	-
<b>Net Change in Fiduciary Net Position</b>	<b>159,261</b>	<b>1,016</b>	<b>95,098</b>	<b>35,966</b>	<b>(156,124)</b>	<b>129,488</b>
<b>Fiduciary Net Position - Beginning of Year</b>	<b>949,276</b>	<b>948,260</b>	<b>853,162</b>	<b>817,196</b>	<b>973,320</b>	<b>843,832</b>
<b>Fiduciary Net Position - End of Year (b)</b>	<b>1,108,537</b>	<b>949,276</b>	<b>948,260</b>	<b>853,162</b>	<b>817,196</b>	<b>973,320</b>
<b>Association's Net Pension Liability/(Asset) - End of Year (a) - (b)</b>	<b>\$ (185,801)</b>	<b>\$ (56,301)</b>	<b>\$ (166,836)</b>	<b>\$ (149,878)</b>	<b>\$ (134,610)</b>	<b>\$ (182,216)</b>
<b>Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>120.14%</b>	<b>106.30%</b>	<b>121.35%</b>	<b>121.31%</b>	<b>119.72%</b>	<b>123.03%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Note: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

See accompanying Notes to Required Supplementary Information.



**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>				
Taxes:				
Current and Delinquent Property Tax	\$ 2,597,978	\$ 2,597,978	\$ 2,608,375	\$ 10,397
Franchise Tax	165,600	165,600	164,423	(1,177)
Hotel/Motel Tax	35,000	35,000	28,533	(6,467)
Total Taxes	2,798,578	2,798,578	2,801,331	2,753
Intergovernmental:				
Local Government Aid	1,642,960	1,642,960	1,646,797	3,837
General Government	-	-	313,398	313,398
Public Safety	146,600	146,600	225,266	78,666
Culture and Recreation	-	-	23,548	23,548
Highway	85,000	85,000	249,405	164,405
Total Intergovernmental	1,874,560	1,874,560	2,458,414	583,854
Charges for Services:				
Fire Protection	60,000	60,000	60,535	535
Swimming Pool Fees and Concessions	151,000	151,000	77,780	(73,220)
Park Fees	55,000	55,000	58,463	3,463
Administration Fees	1,000	1,000	550	(450)
Miscellaneous General Government Charges for Service	20,421	20,421	20,403	(18)
Recreation Fees	95,600	95,600	40,812	(54,788)
Community Center	465,350	465,350	274,454	(190,896)
Total Charges for Services	848,371	848,371	532,997	(315,374)
Fees, Licenses, and Permits				
Business	37,475	37,475	60,247	22,772
Nonbusiness	43,000	43,000	85,999	42,999
Total Fees, Licenses, and Permits	80,475	80,475	146,246	65,771
Fines and Forfeits	39,500	39,500	43,517	4,017
Investment Earnings	83,180	83,180	222,576	139,396
Contributions	6,500	6,500	9,091	2,591
Miscellaneous	258,826	258,826	305,445	46,619
Total Revenues	5,989,990	5,989,990	6,519,617	529,627

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES</b>				
General Government				
Mayor and Council				
Current:				
Personal Services	\$ 32,083	\$ 32,083	\$ 32,512	\$ 429
Materials and Supplies	400	400	34	(366)
Other Services and Charges	1,540	1,540	710	(830)
Total Mayor and Council	34,023	34,023	33,256	(767)
City Administration				
Current:				
Personal Services	161,559	161,559	161,125	(434)
Materials and Supplies	5,500	5,500	3,567	(1,933)
Other Services and Charges	55,575	55,575	46,239	(9,336)
Total City Administration	222,634	222,634	210,931	(11,703)
Elections				
Current:				
Personal Services	7,410	7,410	4,005	(3,405)
Materials and Supplies	900	900	1,947	1,047
Other Services and Charges	234	234	159	(75)
Total Elections	8,544	8,544	6,111	(2,433)
Finance Department				
Current:				
Personal Services	317,169	317,169	308,407	(8,762)
Materials and Supplies	9,000	9,000	11,484	2,484
Other Services and Charges	119,370	119,370	109,743	(9,627)
Total Finance Department	445,539	445,539	429,634	(15,905)
Management Information Systems				
Current:				
Materials and Supplies	24,495	24,495	72,631	48,136
Other Services and Charges	191,633	191,633	193,538	1,905
Capital Outlay	130,000	130,000	207,843	77,843
Total Management Information Systems	346,128	346,128	474,012	127,884
Legal				
Current:				
Personal Services	122,412	122,412	95,340	(27,072)
Materials and Supplies	500	500	2,440	1,940
Other Services and Charges	10,184	10,184	14,298	4,114
Total Legal	133,096	133,096	112,078	(21,018)

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (CONTINUED)</b>				
General Government (Continued)				
Buildings and Grounds				
Current:				
Personal Services	\$ 15,687	\$ 15,687	\$ 11,355	\$ (4,332)
Materials and Supplies	2,500	2,500	51	(2,449)
Other Services and Charges	15	15	289	274
Capital Outlay	-	-	46,643	46,643
Total Buildings and Grounds	18,202	18,202	58,338	40,136
 Total General Government	 1,208,166	 1,208,166	 1,324,360	 116,194
 Public Safety				
Police				
Current:				
Personal Services	1,443,200	1,443,200	1,352,026	(91,174)
Materials and Supplies	44,940	44,940	78,388	33,448
Other Services and Charges	247,675	247,675	242,004	(5,671)
Total Police	1,735,815	1,735,815	1,672,418	(63,397)
Fire Department				
Current:				
Personal Services	61,148	61,148	57,082	(4,066)
Materials and Supplies	20,200	20,200	23,234	3,034
Other Services and Charges	139,795	139,795	148,888	9,093
Capital Outlay	-	-	53,345	53,345
Total Fire Department	221,143	221,143	282,549	61,406
Protective Inspections				
Current:				
Personal Services	89,571	89,571	88,599	(972)
Materials and Supplies	900	900	121	(779)
Other Services and Charges	11,542	11,542	11,578	36
Total Protective Inspections	102,013	102,013	100,298	(1,715)
Total Public Safety	2,058,971	2,058,971	2,055,265	(3,706)

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>EXPENDITURES (CONTINUED)</b>				
Highways and Streets				
Public Works Project Coordinator				
Current:				
Personal Services	\$ 31,075	\$ 31,075	\$ 36,442	\$ 5,367
Materials and Supplies	900	900	375	(525)
Other Services and Charges	5,344	5,344	5,051	(293)
Total Public Works Project Coordinator	37,319	37,319	41,868	4,549
Streets and Alleys				
Current:				
Personal Services	319,367	319,367	318,502	(865)
Materials and Supplies	171,500	171,500	163,742	(7,758)
Other Services and Charges	539,927	539,927	557,575	17,648
Capital Outlay	-	-	48,873	48,873
Total Streets and Alleys	1,030,794	1,030,794	1,088,692	57,898
Total Highways and Streets	1,068,113	1,068,113	1,130,560	62,447
Culture and Recreation				
Senior Citizens Center				
Current:				
Other Services and Charges	5,550	5,550	2,968	(2,582)
Parks & Recreation				
Current:				
Personal Services	898,744	898,744	817,306	(81,438)
Materials and Supplies	111,950	111,950	66,998	(44,952)
Other Services and Charges	608,018	608,018	507,140	(100,878)
Capital Outlay	110,000	110,000	75,210	(34,790)
Total Parks & Recreation	1,728,712	1,728,712	1,466,654	(262,058)
Pool				
Current:				
Personal Services	137,633	137,633	79,031	(58,602)
Materials and Supplies	41,300	41,300	22,340	(18,960)
Other Services and Charges	59,300	59,300	38,801	(20,499)
Total Pool	238,233	238,233	140,172	(98,061)
Total Culture and Recreation	1,972,495	1,972,495	1,609,794	(362,701)
Economic Development				
Current:				
Other Services and Charges	74,763	74,763	48,141	(26,622)
Total Expenditures	6,382,508	6,382,508	6,168,120	(214,388)

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (392,518)</u>	<u>\$ (392,518)</u>	<u>\$ 351,497</u>	<u>\$ 744,015</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	568,593	568,593	1,585,513	1,016,920
Transfers Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(2,044,443)</u>	<u>(2,009,443)</u>
Total Other Financing Sources (Uses)	<u>533,593</u>	<u>533,593</u>	<u>(458,930)</u>	<u>(992,523)</u>
<b>CHANGE IN FUND BALANCE</b>	<u><u>\$ 141,075</u></u>	<u><u>\$ 141,075</u></u>	<u><u>\$ (107,433)</u></u>	<u><u>\$ (248,508)</u></u>
Fund Balance - Beginning of Year			<u>6,573,677</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 6,466,244</u></u>	

See accompanying Notes to Required Supplementary Information.

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE — BUDGET AND ACTUAL — TIF #10-1 RUNNINGS DEVELOPMENT FUND**  
**YEAR ENDED DECEMBER 31, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>REVENUES</b>				
Local Tax Levies	\$ 69,350	\$ 69,350	\$ 68,464	\$ (886)
<b>EXPENDITURES</b>				
Current				
Economic Development	2,080	2,080	362	(1,718)
Debt Service				
Interest	-	-	24,101	24,101
Total Expenditures	<u>2,080</u>	<u>2,080</u>	<u>24,463</u>	<u>22,383</u>
<b>CHANGE IN FUND BALANCE</b>	<u><u>\$ 67,270</u></u>	<u><u>\$ 67,270</u></u>	44,001	<u><u>\$ (23,269)</u></u>
Fund Balance (Deficit) - Beginning of Year			<u>(814,369)</u>	
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>			<u><u>\$ (770,368)</u></u>	

**CITY OF REDWOOD FALLS, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**NOTE 1 BUDGETS**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. Budgeted expenditure appropriations lapse at year-end.

**NOTE 2 LEGAL COMPLIANCE - BUDGETS**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 30, the Director of Finance and Administrative Services submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to December 31, the budget is legally enacted through passage of a resolution.
3. The Director of Finance and Administrative Services is authorized to transfer budgeted amounts within any department budget; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.

**Excess of Expenditures over Appropriations**

Expenditures exceeded budget in the following fund:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
TIF #10-1 Runnings Redevelopment	\$ 2,080	\$ 24,463	\$ 22,383

**NOTE 3 DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the year ended June 30:

**A. General Employees Fund**

**2020 Changes**

Changes in Actuarial Assumptions

- 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.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 3 DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A. General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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.

Changes in Plan Provisions

- 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 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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.



**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 3    DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A.    General Employees Fund (Continued)**

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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 Changes**

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions

- 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.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 3    DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**A.    General Employees Fund (Continued)**

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**B.    Police and Fire Fund**

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- The morality projection scale was changed from MP-2016 to MP-2017.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 3    DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions

- Postretirement benefit increases were changed to 1.00% 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% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested 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% 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% to 60.00%.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 3    DEFINED BENEFIT PENSION PLAN – CHANGES IN SIGNIFICANT PLAN PROVISIONS,  
ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)**

**B. Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- 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% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60 %.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**CITY OF REDWOOD FALLS, MINNESOTA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020**

**NOTE 4 OPEB – CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

**2020 Changes:**

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes:**

Changes in Actuarial Assumptions

- 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%.
- These changes decreased the liability by \$20,396.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes:**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.50% to 3.30%

Changes in Plan Provisions

- There have been no changes since the prior valuation.

## **SUPPLEMENTARY INFORMATION**

## **COMBINING FUND FINANCIAL STATEMENTS**

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	Special Revenue			
	Library	Airport	Fire Equipment Replacement	Port Authority
<b>ASSETS</b>				
Cash and Investments	\$ 351,312	\$ 7,553	\$ 192,369	\$ 319,205
Accounts Receivable, Net	5,208	317	-	-
Property Taxes Receivable	16,727	-	-	2,287
Accrued Interest Receivable	1,445	-	717	4,752
Due from Other Governments	6,404	47,865	22,418	647
Prepaid Items	2,937	5,108	-	1,278
Property Held for Resale	-	-	-	1,920,892
Notes Receivable	-	-	-	-
Inventory	-	40,169	-	-
Total Assets	<u>\$ 384,033</u>	<u>\$ 101,012</u>	<u>\$ 215,504</u>	<u>\$ 2,249,061</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 6,338	\$ 18,801	\$ -	\$ -
Contracts Payable	1,290	-	-	-
Accrued Salaries and Fringes	5,928	1,620	-	1,046
Due to Other Funds	1,022	1,040	-	-
Unearned Revenue	800	6,072	72,264	-
Total Liabilities	<u>15,378</u>	<u>27,533</u>	<u>72,264</u>	<u>1,046</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes Collected for a Subsequent Period	1,990	-	-	291
Unavailable Revenue - Taxes	11,924	-	-	1,619
Unavailable Revenue - Loans	-	-	-	-
Unavailable Revenue - Grants and Other	1,815	-	-	-
Total Deferred Inflows of Resources	<u>15,729</u>	<u>-</u>	<u>-</u>	<u>1,910</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable:				
Prepaid Items	2,937	5,108	-	1,278
Inventory	-	40,169	-	-
Restricted For:				
Library	349,989	-	-	-
Port Authority	-	-	-	2,244,827
Revolving Loans	-	-	-	-
Committed	-	28,202	143,240	-
Unassigned	-	-	-	-
Total Fund Balances (Deficit)	<u>352,926</u>	<u>73,479</u>	<u>143,240</u>	<u>2,246,105</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 384,033</u>	<u>\$ 101,012</u>	<u>\$ 215,504</u>	<u>\$ 2,249,061</u>



**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

Special Revenue (Continued)

Revolving Loan	Downtown Loan Program	TIF #9-1 Daktronics Expansion	Hospital Building	Special Revenue Subtotal
\$ 638,849	\$ 31,879	\$ 856	\$ 1,182,921	\$ 2,724,944
-	-	-	-	5,525
-	-	-	-	19,014
3,951	251	-	-	11,116
-	-	-	-	77,334
-	-	-	10	9,333
-	-	-	-	1,920,892
2,240	26,682	-	-	28,922
-	-	-	-	40,169
<u>\$ 645,040</u>	<u>\$ 58,812</u>	<u>\$ 856</u>	<u>\$ 1,182,931</u>	<u>\$ 4,837,249</u>
\$ -	\$ -	\$ -	1,470	\$ 26,609
-	-	-	-	1,290
-	-	-	-	8,594
-	-	-	-	2,062
-	-	-	-	79,136
-	-	-	1,470	117,691
-	-	-	-	-
-	-	-	-	2,281
-	-	-	-	13,543
2,240	26,682	-	-	28,922
-	-	-	-	1,815
2,240	26,682	-	-	46,561
-	-	-	10	9,333
-	-	-	-	40,169
-	-	-	-	349,989
-	-	-	-	2,244,827
642,800	32,130	-	-	674,930
-	-	856	1,181,451	1,353,749
-	-	-	-	-
<u>642,800</u>	<u>32,130</u>	<u>856</u>	<u>1,181,461</u>	<u>4,672,997</u>
<u>\$ 645,040</u>	<u>\$ 58,812</u>	<u>\$ 856</u>	<u>\$ 1,182,931</u>	<u>\$ 4,837,249</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

	Debt Service		
	Community Center Bonds	Ponderosa Business Park Bonds	Debt Service Subtotal
<b>ASSETS</b>			
Cash and Investments	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-
Property Taxes Receivable	2,317	-	2,317
Accrued Interest Receivable	-	-	-
Due from Other Governments	254	-	254
Prepaid Items	11	-	11
Property Held for Resale	-	-	-
Notes Receivable	-	-	-
Inventory	-	-	-
Total Assets	<u>\$ 2,582</u>	<u>\$ -</u>	<u>\$ 2,582</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 371	\$ 371
Contracts Payable	-	-	-
Accrued Salaries and Fringes	-	-	-
Due to Other Funds	2,117	-	2,117
Unearned Revenue	-	-	-
Total Liabilities	<u>2,117</u>	<u>371</u>	<u>2,488</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Collected for a Subsequent Period	254	-	254
Unavailable Revenue - Taxes	1,697	-	1,697
Unavailable Revenue - Loans	-	-	-
Unavailable Revenue - Grants	-	-	-
Total Deferred Inflows of Resources	<u>1,951</u>	<u>-</u>	<u>1,951</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable:			
Prepaid Items	11	-	11
Inventory	-	-	-
Restricted For:			
Library	-	-	-
Port Authority	-	-	-
Revolving Loans	-	-	-
Committed	-	-	-
Unassigned	(1,497)	(371)	(1,868)
Total Fund Balances (Deficit)	<u>(1,486)</u>	<u>(371)</u>	<u>(1,857)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,582</u>	<u>\$ -</u>	<u>\$ 2,582</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**DECEMBER 31, 2020**

Capital Projects

Airport Fund	Total
\$ -	\$ 2,724,944
-	5,525
-	21,331
-	11,116
148,419	226,007
-	9,344
-	1,920,892
-	28,922
-	40,169
<u>\$ 148,419</u>	<u>\$ 4,988,250</u>
\$ 34,187	\$ 61,167
-	1,290
-	8,594
81,003	85,182
-	79,136
<u>115,190</u>	<u>235,369</u>
-	2,535
-	15,240
-	28,922
124,488	126,303
<u>124,488</u>	<u>173,000</u>
-	9,344
-	40,169
-	349,989
-	2,244,827
-	674,930
-	1,353,749
(91,259)	(93,127)
<u>(91,259)</u>	<u>4,579,881</u>
<u>\$ 148,419</u>	<u>\$ 4,988,250</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Special Revenue			
	Library	Airport	Fire Equipment Replacement	Port Authority
<b>REVENUES</b>				
Local Tax Levies	\$ 376,162	\$ -	\$ -	\$ 86,263
Intergovernmental	59,101	84,840	71,314	85
Charges for Services	2,818	224,228	-	-
Fines and Forfeits	1,827	-	-	-
Investment Earnings (Loss)	10,079	859	7,212	11,164
Contributions	6,144	-	-	-
Miscellaneous	1,537	4,156	-	324
Total Revenues	457,668	314,083	78,526	97,836
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	9,950	-
Culture and Recreation	393,112	-	-	-
Economic Development	-	-	-	53,862
Airport	-	384,154	-	-
Capital Outlay	413	7,737	-	-
Debt Service:				
Principal	-	-	35,000	-
Interest	-	-	1,706	-
Fiscal Agent Fees	-	-	-	-
Total Expenditures	393,525	391,891	46,656	53,862
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	64,143	(77,808)	31,870	43,974
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	44,900	-	1,851,341
Transfers Out	-	(32,900)	(53,124)	(60,501)
Insurance Proceeds	-	100,057	-	-
Issuance of Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	112,057	(53,124)	1,790,840
<b>CHANGE IN FUND BALANCES</b>	64,143	34,249	(21,254)	1,834,814
Fund Balances (Deficit) - Beginning of Year	288,783	39,230	164,494	411,291
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 352,926</u>	<u>\$ 73,479</u>	<u>\$ 143,240</u>	<u>\$ 2,246,105</u>

**CITY OF REDWOOD FALLS, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2020**

Special Revenue (Continued)				
Revolving Loan	Downtown Loan Program	TIF #9-1 Daktronics Expansion	Hospital Building	Special Revenue Subtotal
\$ -	\$ -	\$ 1,276	\$ -	\$ 463,701
-	-	-	-	215,340
-	-	-	-	227,046
-	-	-	-	1,827
24,160	1,348	1	-	54,823
-	-	-	-	6,144
26,454	3,029	-	601,600	637,100
50,614	4,377	1,277	601,600	1,605,981
-	-	-	5,651	5,651
-	-	-	-	9,950
-	-	-	-	393,112
24,464	54	1,276	-	79,656
-	-	-	-	384,154
-	-	-	-	8,150
-	-	-	-	35,000
-	-	-	-	1,706
-	-	-	-	-
24,464	54	1,276	5,651	917,379
26,150	4,323	1	595,949	688,602
-	-	-	-	1,896,241
-	-	-	-	(146,525)
-	-	-	-	100,057
-	-	-	-	-
-	-	-	-	1,849,773
26,150	4,323	1	595,949	2,538,375
616,650	27,807	855	585,512	2,134,622
\$ 642,800	\$ 32,130	\$ 856	\$ 1,181,461	\$ 4,672,997

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

	Debt Service		
	Community Center Bonds	Ponderosa Business Park Bonds	Debt Service Subtotal
<b>REVENUES</b>			
Local Tax Levies	\$ 47,637	\$ -	\$ 47,637
Intergovernmental	-	-	-
Charges for Services	-	-	-
Fines and Forfeits	-	-	-
Investment Earnings (Loss)	(1,253)	-	(1,253)
Contributions	-	-	-
Miscellaneous	-	-	-
Total Revenues	46,384	-	46,384
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	-	-	-
Culture and Recreation	-	-	-
Economic Development	-	-	-
Airport	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	42,553	305,000	347,553
Interest	4,129	16,618	20,747
Fiscal Agent Fees	133	8,477	8,610
Total Expenditures	46,815	330,095	376,910
<b>EXCESS REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	(431)	(330,095)	(330,526)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	60,501	60,501
Transfers Out	-	-	-
Insurance Proceeds	-	-	-
Issuance of Debt	-	269,181	269,181
Total Other Financing Sources (Uses)	-	329,682	329,682
<b>CHANGE IN FUND BALANCES</b>	(431)	(413)	(844)
Fund Balances (Deficit) - Beginning of Year	(1,055)	42	(1,013)
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ (1,486)</u>	<u>\$ (371)</u>	<u>\$ (1,857)</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

Capital Projects

Airport Fund	Total
\$ -	\$ 511,338
27,651	242,991
-	227,046
-	1,827
(5,112)	48,458
-	6,144
-	637,100
22,539	1,674,904
-	5,651
-	9,950
-	393,112
-	79,656
-	384,154
34,187	42,337
-	382,553
-	22,453
-	8,610
34,187	1,328,476
(11,648)	346,428
35,156	1,991,898
-	(146,525)
-	100,057
-	269,181
35,156	2,214,611
23,508	2,561,039
(114,767)	2,018,842
\$ (91,259)	\$ 4,579,881

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION — INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2020**

<b>ASSETS</b>	Central Garage Fund	Self- Insurance Fund	Total
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 712,647	\$ 76,657	\$ 789,304
Accounts Receivable, Net	6,168	60,547	66,715
Special Assessments Receivable	598	-	598
Accrued Interest Receivable	1,622	315	1,937
Due from Other Governmental Units	2,385	-	2,385
Prepaid Items	5,060	-	5,060
Total Current Assets	728,480	137,519	865,999
<b>CAPITAL ASSETS</b>			
Land	51,900	-	51,900
Construction in Progress	63,257	-	63,257
Buildings and Improvements	1,401,265	-	1,401,265
Machinery and Equipment	3,987,256	-	3,987,256
Total Capital Assets	5,503,678	-	5,503,678
Less: Accumulated Depreciation	(2,334,492)	-	(2,334,492)
Net Capital Assets	3,169,186	-	3,169,186
Total Assets	3,897,666	137,519	4,035,185
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related	4,284	-	4,284
Other Postemployment Benefits Related	394	-	394
Total Deferred Outflows of Resources	4,678	-	4,678
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	9,381	6,923	16,304
Due to Other Funds	1,258	-	1,258
Accrued Salaries and Fringes	2,161	-	2,161
Accrued Interest Payable	8,900	-	8,900
Compensated Absences - Current	5,830	-	5,830
Other Postemployment Benefits Obligation - Current	394	-	394
Bonds Payable - Current	53,000	-	53,000
Total Current Liabilities	80,924	6,923	87,847
<b>NONCURRENT LIABILITIES</b>			
Compensated Absences	6,967	-	6,967
Other Postemployment Benefits Obligation	6,238	-	6,238
Net Pension Liability	57,297	-	57,297
Bonds Payable - Long-Term	727,000	-	727,000
Total Noncurrent Liabilities	797,502	-	797,502
Total Liabilities	878,426	6,923	885,349
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related	6,571	-	6,571
Other Postemployment Benefits Related	1,615	-	1,615
Total Deferred Inflows of Resources	8,186	-	8,186
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,389,186	-	2,389,186
Unrestricted	626,546	130,596	757,142
Total Net Position	<u>\$ 3,015,732</u>	<u>\$ 130,596</u>	<u>\$ 3,146,328</u>



**CITY OF REDWOOD FALLS, MINNESOTA  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION — INTERNAL SERVICE FUNDS  
YEAR ENDED DECEMBER 31, 2020**

	Central Garage Fund	Self- Insurance Fund	Total
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 661,316	\$ 1,020,514	\$ 1,681,830
Miscellaneous	13,348	-	13,348
Total Operating Revenues	<u>674,664</u>	<u>1,020,514</u>	<u>1,695,178</u>
<b>OPERATING EXPENSES</b>			
Personal Services	90,091	-	90,091
Professional Services	70,764	-	70,764
Supplies	152,387	-	152,387
Depreciation	383,561	-	383,561
Benefits or Claims	-	1,002,698	1,002,698
Miscellaneous	3,871	-	3,871
Total Operating Expenses	<u>700,674</u>	<u>1,002,698</u>	<u>1,703,372</u>
<b>OPERATING INCOME (LOSS)</b>	(26,010)	17,816	(8,194)
<b>OTHER INCOME (EXPENSE)</b>			
Investment Earnings	17,351	2,558	19,909
Gain on Sale of Capital Assets	25,926	-	25,926
Interest Expense	(19,487)	-	(19,487)
Total Other Income (Expense)	<u>23,790</u>	<u>2,558</u>	<u>26,348</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(2,220)	20,374	18,154
Transfers In	<u>77,763</u>	-	<u>77,763</u>
<b>CHANGE IN NET POSITION</b>	75,543	20,374	95,917
Net Position - Beginning of Year	<u>2,940,189</u>	<u>110,222</u>	<u>3,050,411</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 3,015,732</u></u>	<u><u>\$ 130,596</u></u>	<u><u>\$ 3,146,328</u></u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS — INTERNAL SERVICE FUNDS**  
**YEAR ENDED DECEMBER 31, 2020**

	Central Garage Fund	Self- Insurance Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Receipts from Customers	\$ 667,878	\$ 960,153	\$ 1,628,031
Cash Paid to Suppliers	(298,123)	(999,945)	(1,298,068)
Cash Paid to Employees	(90,760)	-	(90,760)
Net Cash Flows Provided (Used) by Operating Activities	278,995	(39,792)	239,203
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from Other Funds	77,342	-	77,342
Net Cash Flows Provided by Noncapital Financing Activities	77,342	-	77,342
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	(95,699)	-	(95,699)
Proceeds from Issuance of Refunding Bonds	780,000	-	780,000
Principal Paid on Bonds	(795,000)	-	(795,000)
Interest, Paying Agent Fees	(23,002)	-	(23,002)
Net Cash Flows Used by Capital and Related Financing Activities	(133,701)	-	(133,701)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	18,252	2,616	20,868
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	240,888	(37,176)	203,712
Cash and Cash Equivalents - Beginning of Year	471,759	113,833	585,592
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 712,647</u>	<u>\$ 76,657</u>	<u>\$ 789,304</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	\$ (26,010)	\$ 17,816	\$ (8,194)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided (Used) by Operating Activities:			
Depreciation	383,561	-	383,561
(Increase) Decrease in Assets and Deferred Outflows:			
Receivables	(5,975)	(60,361)	(66,336)
Due from Other Governments	(811)	-	(811)
Prepaid Items	(155)	-	(155)
Deferred Outflows - Pension	(397)	-	(397)
Deferred Outflows - OPEB	(26)	-	(26)
Increase (Decrease) in Liabilities and Deferred Inflows:			
Accounts Payable	(68,384)	2,753	(65,631)
Other Accrued Liabilities	(1,239)	-	(1,239)
Net Pension Liability	4,850	-	4,850
OPEB Liability	570	-	570
Deferred Inflows - Pension	(6,672)	-	(6,672)
Deferred Inflows - OPEB	(317)	-	(317)
Net Cash Flows Provided (Used) by Operating Activities	<u>\$ 278,995</u>	<u>\$ (39,792)</u>	<u>\$ 239,203</u>

**STATISTICAL SECTION (UNAUDITED)**

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS — DAKTRONICS INC. #9-1, TAX**  
**INCREMENT FINANCIAL DISTRICT (UNAUDITED)**  
**DECEMBER 31, 2020**

	Budget	Accounted for in Prior Years	2020	Actual Over (Under) Budget
<b>SOURCES OF FUNDS</b>				
Tax Increments Received	\$ 272,702	\$ 127,485	\$ 1,276	\$ (143,941)
Interest Earnings	20,000	-	-	(20,000)
Total Sources of Funds	292,702	127,485	1,276	(163,941)
<b>USES OF FUNDS</b>				
Site Improvements/Preparation Costs	235,000	118,838	1,162	(115,000)
Note Payments				
Interest	30,432	855	1	(29,576)
Administrative Expenses	27,270	1,708	45	(25,517)
Professional Services	-	6,084	68	6,152
Total Uses of Funds	292,702	127,485	1,276	(163,941)
<b>DISTRICT BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS — MUNICIPAL DEVELOPMENT**  
**DISTRICT #10-1, TAX INCREMENT FINANCIAL DISTRICT (UNAUDITED)**  
**DECEMBER 31, 2020**

	Budget	Accounted for in Prior Years	2020	Actual Over (Under) Budget
<b>SOURCES OF FUNDS</b>				
Tax Increments Received	\$ 3,664,090	\$ 277,337	\$ 68,464	\$ (3,318,289)
Interest Earnings	350,000	-	-	(350,000)
Total Sources of Funds	4,014,090	277,337	68,464	(3,668,289)
<b>USES OF FUNDS</b>				
Land/Building Acquisition	450,000	275,724	68,102	(106,174)
Site Improvements/Preparation Costs	250,000	-	-	(250,000)
Installation of Public Utilities	500,000	-	-	(500,000)
Streets and Sidewalks	1,955,259	-	-	(1,955,259)
Note Payments				
Interest	492,422	-	-	(492,422)
Administrative Expenses	366,409	1,613	362	(364,434)
Total Uses of Funds	4,014,090	277,337	68,464	(3,668,289)
<b>DISTRICT BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMPARATIVE SCHEDULES OF TAX LEVIES — LAST FIVE YEARS (UNAUDITED)**  
**DECEMBER 31, 2020**

	For 2020 Collection		For 2019 Collection		For 2018 Collection		For 2017 Collection		For 2016 Collection	
	Net Tax Amount	Net Tax Capacity	Net Tax Amount	Net Tax Capacity	Net Tax Amount	Net Tax Capacity	Net Tax Amount	Net Tax Capacity	Net Tax Amount	Net Tax Capacity
General	\$ 2,780,869	88.105	\$ 2,647,035	87.275	\$ 2,530,588	87.847	\$ 2,444,319	90.163	\$ 2,297,990	90.069
Bonds and Interest	47,495	1.505	46,840	1.545	59,437	2.064	58,621	2.163	60,277	2.330
Total	<u>\$ 2,828,364</u>	<u>89.610</u>	<u>\$ 2,693,875</u>	<u>88.820</u>	<u>\$ 2,590,025</u>	<u>89.911</u>	<u>\$ 2,502,940</u>	<u>92.326</u>	<u>\$ 2,358,267</u>	<u>92.399</u>

**CITY OF REDWOOD FALLS, MINNESOTA**  
**COMPARATIVE SCHEDULES OF TAX CAPACITY — LAST FIVE YEARS (UNAUDITED)**  
**DECEMBER 31, 2020**

	For 2020 Collection	For 2019 Collection	For 2018 Collection	For 2017 Collection	For 2016 Collection
Real Property	\$ 3,189,044	\$ 3,065,006	\$ 2,915,596	\$ 2,750,255	\$ 2,639,905
Personal Property	56,475	57,841	54,301	51,091	46,056
Tax Increment Districts	76,828	77,426	75,926	78,052	86,033
Total	<u>\$ 3,322,347</u>	<u>\$ 3,200,273</u>	<u>\$ 3,045,823</u>	<u>\$ 2,879,398</u>	<u>\$ 2,771,994</u>

**REPORTS RELATING TO *GOVERNMENT AUDITING STANDARDS***





**INDEPENDENT AUDITORS' 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 Members of the City Council  
City of Redwood Falls  
Redwood Falls, 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, each major fund, and the aggregate remaining fund information of the City of Redwood Falls, Minnesota (the City), as of and for the year ended December 31, 2020, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2021.

**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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

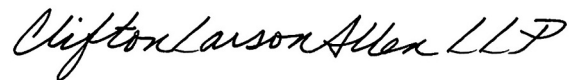
Honorable Mayor and Members of the City Council  
City of Redwood Falls

### **Compliance and Other Matters**

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

### **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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
June 16, 2021



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the City Council  
City of Redwood Falls  
Redwood Falls, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Redwood Falls, Minnesota (the City), as of December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
June 16, 2021



## **APPENDIX F: CONTINUING DISCLOSURE FILINGS**

The following pages have been printed directly from the EMMA website information for the Continuing Disclosure filings in recent years.

[Click here for information on the MSRB response to COVID-19](#)

[Home](#) > [Issuers By State](#) > [Minnesota](#) > [Issuer Homepage](#) > [Issue Details](#)

## Issue Details



**CITY OF REDWOOD FALLS, MINNESOTA GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014A (MN)**  
REDWOOD FALLS MINN REF BDS 2014A (MN)\*

**Dated Date:** 02/01/2014  
**Underwriting Spread Amount:** Disclosed in Official Statement  
**Closing Date:** 02/27/2014  
**Time of Formal Award:** 01/21/2014 05:20 PM  
**Time of First Execution:** 01/22/2014 08:00 AM

[Final Scale](#)
[Official Statement](#)
[Continuing Disclosure](#)
[Trade Activity](#)

View continuing disclosure or advance refunding document, which provides important information about the security after initial issuance.

### FINANCIAL INFORMATION & DOCUMENTS

[Collapse▲](#)

**Most Recent** [CD Report - GO Bonds Year end 2020 - Redwood Falls MN for the year ended 12/31/2020 posted 11/12/2021 \(2.1 MB\)](#) [details](#)

#### Annual Financial Information and Operating Data

[CD Report - GO Bonds Year end 2020 - Redwood Falls MN for the year ended 12/31/2020 posted 11/12/2021 \(2.1 MB\)](#) [details](#)

[CD Report - Year end 2019 - Redwood Falls MN for the year ended 12/31/2019 posted 12/30/2020 \(566 KB\)](#) [details](#)

[CD Report - GO Bonds Year end 2018 - Redwood Falls MN for the year ended 12/31/2018 posted 11/12/2019 \(576 KB\)](#) [details](#)

[CD Report - GO Bonds - Year end 2017 - Redwood Falls MN for the year ended 12/31/2017 posted 10/02/2018 \(1.3 MB\)](#) [details](#)

[CD Report - GO Bonds Year End 2016 - Redwood Falls MN for the year ended 12/31/2016 posted 12/06/2017 \(2 MB\)](#) [details](#)

[CD Report - GO Bonds Year end 2015 - Redwood Falls MN for the year ended 12/31/2015 posted 12/06/2016 \(1.8 MB\)](#) [details](#)

[CD Report - GO Bonds - Year End 2014 for the year ended 12/31/2014 Document1 posted 09/23/2015 \(364 KB\)](#) [details](#)

[CD Report - GO Bonds - Year End 2014 for the year ended 12/31/2014 Document2 posted 09/23/2015 \(357 KB\)](#) [details](#)

[Continuing Disclosure Report ~ General Obligation Bonds for the year ended 12/31/2013 Document1 posted 11/26/2014 \(362 KB\)](#) [details](#)

[Continuing Disclosure Report ~ General Obligation Bonds for the year ended 12/31/2013 Document2 posted 11/26/2014 \(348 KB\)](#) [details](#)

#### Audited Financial Statements or ACFR

[2020 Audit - Redwood Falls MN for the year ended 12/31/2020 posted 07/29/2021 \(629 KB\)](#) [details](#)

[2019 Audit - Redwood Falls MN for the year ended 12/31/2019 posted 12/30/2020 \(603 KB\)](#) [details](#)

[2018 Audit - Redwood Falls MN for the year ended 12/31/2018 posted 11/12/2019 \(670 KB\)](#) [details](#)

[2017 Audit - Redwood Falls MN for the year ended 12/31/2017 posted 10/02/2018 \(719 KB\)](#) [details](#)

[2016 Audit - Redwood Falls MN for the year ended 12/31/2016 posted 12/06/2017 \(438 KB\)](#) [details](#)

[2015 Audit - Redwood Falls MN for the year ended 12/31/2015 posted 12/06/2016 \(431 KB\)](#) [details](#)

[2014 Audit for the year ended 12/31/2014 posted 09/23/2015 \(364 KB\)](#) [details](#)

[2014 Audit for the year ended 12/31/2014 posted 09/23/2015 \(357 KB\)](#) [details](#)

[2013 Audit for the year ended 12/31/2013 posted 11/26/2014 \(362 KB\)](#) [details](#)

### Links to Former NRMSIRs

Until 2009, the organizations listed below served as Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) and may have primary market and continuing disclosure documents produced before July 1, 2009, when the EMMA website became the official repository for municipal market disclosures.

[Bloomberg L.P.](#)

[DPC Data](#)

[ICE Data Services](#) (formerly Interactive Data Pricing and Reference Data)

[Standard & Poor's](#)

EVENT NOTICES

Collapse▲

- Most Recent

[March 2019 - Moody's Rating Upgrade Analysis and Press Release dated 03/04/2019 Document1 posted 03/05/2019 \(1.2 MB\)](#)

[details](#)
- [March 2019 - Moody's Rating Upgrade Analysis and Press Release dated 03/04/2019 Document2 posted 03/05/2019 \(109 KB\)](#)

[details](#)

Rating Change

- [March 2019 - Moody's Rating Upgrade Analysis and Press Release dated 03/04/2019 Document2 posted 03/05/2019 \(109 KB\)](#)

[details](#)
- [March 2019 - Moody's Rating Upgrade Analysis and Press Release dated 03/04/2019 Document1 posted 03/05/2019 \(1.2 MB\)](#)

[details](#)
- [Moody's G.O. Credit Opinion - Redwood Falls MN dated 10/16/2017 posted 10/17/2017 \(1.2 MB\)](#)

[details](#)
- [Moody's Credit Report - January 28 2016 dated 01/29/2016 posted 01/29/2016 \(1.3 MB\)](#)

[details](#)

 [View Document Archive](#)

**NOTICE:** \* CUSIP numbers and certain related descriptive information are copyrighted by the [American Bankers Association \(ABA\)](#) and are used with permission from [CUSIP Global Services](#) managed on behalf of the ABA by Standard & Poor's. © 2022 ABA See [EMMA's Terms and Conditions of Use](#) for a description of proprietary rights in and restrictions on use of such data. "CUSIP" is a registered trademark of ABA.



[About EMMA](#) | [Sitemap](#) | [Privacy Policy](#) | [Terms of Use](#) | [DMCA Policy](#) | [MSRB.org](#) | [MSRB Systems Status](#)

© 2022 Municipal Securities Rulemaking Board

EMMA is a service of the Municipal Securities Rulemaking Board, which protects investors, state and local governments, and the public interest. Portions of EMMA data provided by ICE Data Pricing & Reference Data, LLC., CUSIP Global Services & American Bankers Association.

Ratings data are provided by the following and are reprinted with permission, and copyright notices for the respective owners are as follows: Copyright © 2022, Fitch, Inc. All rights reserved. Copyright © 2022, Kroll Bond Rating Agency, Inc., and/or its licensors and affiliates (together, "KBRA"). All rights reserved. Copyright © 2022, Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. Copyright © 2022, Standard and Poor's Financial Services LLC. All rights reserved.