

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 23, 2023

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), but is subject to revision, amendment and completion in a Final Official Statement.

In the opinion of Taft Stettinius & Hollister LLP, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Notes, the interest on the Notes is excluded from gross income for federal 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). Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Notes is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences. See "TAX EXEMPTION" herein.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating Application Made: S&P Global Ratings

CITY OF BENSON, MINNESOTA (Swift County)

\$2,180,000* GENERAL OBLIGATION CAPITAL NOTES, SERIES 2023A

PROPOSAL OPENING: March 6, 2023, 10:00 A.M., C.T.

CONSIDERATION: March 6, 2023, 5:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$2,180,000* General Obligation Capital Notes, Series 2023A (the "Notes") are being issued pursuant to Minnesota Statutes, Sections 410.32, 412.301, 475, Subd. 4 and Chapter 475, as amended, by the City of Benson, Minnesota (the "City"), for the purpose of financing the acquisition of various capital equipment. The Notes are general obligations of the City, for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Taft Stettinius & Hollister LLP, Minneapolis, Minnesota.

DATE OF NOTES: March 23, 2023

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$195,000	2028	\$210,000	2032	\$245,000
2025	190,000	2029	220,000	2033	250,000
2026	205,000	2030	225,000		
2027	205,000	2031	235,000		

MATURITY ADJUSTMENTS:

* The City reserves the right to increase or decrease the principal amount of the Notes 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.

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

February 1, 2024 and semiannually thereafter.

OPTIONAL REDEMPTION:

Notes maturing on February 1, 2030 and thereafter are subject to call for prior optional redemption on February 1, 2029 and any date thereafter, at a price of par plus accrued interest.

MINIMUM PROPOSAL: \$2,153,840.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$43,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

U.S. Bank Trust Company, National Association

BOND COUNSEL:

Taft Stettinius & Hollister LLP

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. 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 Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Notes to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. 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 proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF BENSON CITY COUNCIL

		<u>Term Expires</u>
Jack Evenson	Mayor	January 2025
Chris Carruth	Council Member	January 2027
Dan Enderson	Council Member	January 2027
Gary Landmark**	Council Member	April 2023
Mark Schreck	Council Member	January 2025

**Member Gary Landmark is filling the vacant seat occupied by Jack Evenson, who was elected as mayor on November 8, 2022. Council Member Landmark will fill the seat until a special election can be held.

ADMINISTRATION

Rob Wolfington, Interim City Manager
Lisa Kent, Finance Director
Val Alasker, City Clerk

PROFESSIONAL SERVICES

Taft Stettinius & Hollister LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Benson, Minnesota (the "City") and the issuance of its \$2,180,000* General Obligation Capital Notes, Series 2023A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes to be included in the resolution authorizing the issuance and sale of the Notes ("Award Resolution") to be adopted by the City Council on March 6, 2023.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of March 23, 2023. The Notes will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2024, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Notes of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Award Resolution.

The City has selected U.S. Bank Trust Company, National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. 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 interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Minnesota Statutes, Sections 410.32 and 412.301, 475, Subd. 4 and Chapter 475, as amended, by the City, for the purpose of financing the acquisition of various capital equipment, including Police Equipment (the "Police Portion"), Fire Equipment (the "Fire Portion"), Water Equipment (the "Water Portion"), Electric Equipment (the "Electric Portion") and Sewer Equipment (the "Sewer Portion") for the City. All equipment has an expected useful life at least as long as the term of the Notes. The par amount of the Notes does not exceed 0.25% of the estimated market value of the City.

ESTIMATED SOURCES AND USES*

Sources	Police Portion	Fire Portion	Water Portion	Electric Portion	Sewer Portion	Total Note Issue
Par Amount of Notes	\$125,000	\$315,000	\$300,000	\$1,190,000	\$250,000	\$2,180,000
Total Sources	\$125,000	\$315,000	\$300,000	\$1,190,000	\$250,000	\$2,180,000

Uses

Total Underwriter's Discount (1.200%)	\$1,500	\$3,780	\$3,600	\$14,280	\$3,000	\$26,160
Costs of Issuance	2,924	7,369	7,018	27,839	5,849	51,000
Deposit to Project Construction Fund	120,000	300,000	290,000	1,150,000	240,000	2,100,000
Rounding Amount	576	3,851	(618)	(2,119)	1,151	2,840
Total Uses	\$125,000	\$315,000	\$300,000	\$1,190,000	\$250,000	\$2,180,000

*Preliminary, subject to change.

Breakdown of Principal Payments*:

Payment Date	Police Portion	Fire Portion	Water Portion	Electric Portion	Sewer Portion	Total Note Issue
2/01/2024	\$10,000	\$30,000	\$25,000	\$110,000	\$20,000	\$195,000
2/01/2025	10,000	30,000	25,000	105,000	20,000	190,000
2/01/2026	10,000	30,000	30,000	110,000	25,000	205,000
2/01/2027	10,000	30,000	30,000	110,000	25,000	205,000
2/01/2028	10,000	30,000	30,000	115,000	25,000	210,000
2/01/2029	15,000	30,000	30,000	120,000	25,000	220,000
2/01/2030	15,000	30,000	30,000	125,000	25,000	225,000
2/01/2031	15,000	35,000	30,000	130,000	25,000	235,000
2/01/2032	15,000	35,000	35,000	130,000	30,000	245,000
2/01/2033	<u>15,000</u>	<u>35,000</u>	<u>35,000</u>	<u>135,000</u>	<u>30,000</u>	<u>250,000</u>
Total	\$125,000	\$315,000	\$300,000	\$1,190,000	\$250,000	\$2,180,000

*Preliminary, subject to change.

SECURITY

The Notes will be general obligations of the City for which the City will pledge its full faith and credit and taxing powers. The City anticipates that the principal and interest on the Police Portion of the Notes will be paid entirely by ad valorem taxes. Ad valorem taxes will be levied in an amount sufficient to provide not less than 105% of principal and interest on the Notes as required by Minnesota Law.

Although property taxes are pledged to the payment of the debt service on the Notes each year, the City intends to reduce or cancel the property taxes for the Fire, Water, Electric and Sewer Portions of the Notes to the extent the City has sufficient fire service contract and utility revenues on hand to meet its debt service obligations on the Notes as they come due.

Should the contract revenues and utility revenues pledged for payment of the Notes be insufficient to pay the principal and interest of the Notes as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand or any other fund of the City not pledged for another purpose and/or levy a tax for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "A+" by S&P Global Ratings ("S&P").

The City has requested a rating on the Notes from S&P, and bidders will be notified as to the assigned rating prior to the sale. Such rating, if any, reflects only the views of such organization and explanations of the significance of such rating may be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the Underwriter (Syndicate Manager) undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Prior continuing disclosure undertakings entered into by the City included language stating that an Annual Report including the City's audited financial statements and operating data would be filed "as soon as available." Although the City did not always comply with this requirement, the Annual Reports were timely filed within the required twelve (12) month timeframe as provided for in each undertaking. Except to the extent that the preceding (is/are) deemed to be material, the City believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities along with any changes to the Rule, to ensure compliance. Ehlers is currently engaged as dissemination agent for the City.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

By expressing its opinion, Bond Counsel is expressing its professional judgment and does not become an insurer or guarantor of the result indicated by that expression of professional judgment or of the transaction or the future performance of the parties to the transaction. Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the applicability of any such state and local taxes.

Statement Regarding Bond Counsel Participation

Bond Counsel has neither been engaged nor undertaken to prepare or independently verify the accuracy of any portion of the Official Statement, including the financial or operational information of the Issuer and risks associated with the purchase of the Notes, except for statements under "TAX EXEMPTION" herein that summarize certain provisions of the Internal Revenue Code of 1986, as amended, the Notes and any opinion rendered by Bond Counsel. Bond Counsel has prepared the form of legal opinion attached hereto as "APPENDIX B - FORM OF LEGAL OPINION."

TAX EXEMPTION

On the date of issuance of the Notes, Taft Stettinius & Hollister LLP, Bond Counsel, will render an opinion, that, based on present federal and Minnesota laws, regulations, rulings and decisions, at the time of the issuance of the Notes, the interest on the Notes is excluded from gross income for federal 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). Interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or for purposes of the Minnesota alternative minimum tax applicable to individuals, estates or trusts; however, interest on the Notes is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2022. The opinions are subject to the condition that the City complies with all applicable federal tax requirements. Failure to comply with certain of such requirements may cause interest on the Notes to be included in gross income and taxable net income, retroactive to their date of issuance. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences.

Other Federal and State Tax Considerations

Other Tax Considerations

Though excluded from gross income, interest on the Notes is subject to federal income taxation for certain types of taxpayers and certain income taxes, including without implied limitation, taxation to the extent it is included as part of (a) the adjusted current earnings of a corporation for purposes of the alternative minimum tax, (b) effectively connected earnings and profits of a foreign corporation for purposes of the branch profits tax on dividend equivalent amounts, (c) excess net passive income of an S Corporation which has Subchapter C earnings and profits, or (d) minimum effectively connected net investment income of a foreign insurance company. Interest on the Notes is also taken into account in other ways for federal income tax purposes, including without implied limitation, (a) reducing loss reserve deductions of property and casualty insurance companies, (b) reducing interest expense deductions of financial institutions, and (c) causing certain taxpayers to include in gross income a portion of social security benefits and railroad retirement benefits. Ownership of the Notes may result in other collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion as to any of such consequences, and prospective purchasers who may be subject to such collateral consequences should consult their tax advisers.

Original Issue Discount

Some of the Notes ("the OID Notes") may be sold at initial public offering prices which are less than the principal amounts payable at maturity. For each maturity of OID Notes, original issue discount is the excess of the stated redemption price at maturity of such Notes over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Notes 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 Notes for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such Notes 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 Notes are held.

Original Issue Premium

Some of the Notes may be sold at initial public offering prices which are greater than the principal amounts payable at maturity. Bondholders who acquire Notes at a premium 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 Notes acquired at a premium.

Proposed Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Notes. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

The above is not a comprehensive list of all federal tax consequences that may arise from the receipt of interest on the Notes. The receipt of interest on the Notes may otherwise affect the federal or State of Minnesota 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 or deductions. Bond Counsel expresses no opinion regarding any such consequences. All prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Notes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2021 have been audited by Conway, Deuth and Schmiesing, PLLP, Willmar, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The 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. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Notes 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 Notes 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 (contract revenues and utility revenues) should other revenue be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. 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 and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

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 Notes may fall for purposes of resale. Noncompliance following the issuance of the Notes with certain requirements of the Code and covenants of the Award Resolution may result in the inclusion of interest on the Notes in gross income of the recipient for United States income tax purposes 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 Notes, or for an increase in the interest rate on the Notes, in the event that interest on the Notes becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. 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 Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Levy Limits: The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers and Associates.

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 Notes to the accounts of the Beneficial Owners of the Notes 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 Notes.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and the declaration of a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments, which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 13, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order 20-01 and declared a peacetime emergency. In subsequent executive orders, the Governor extended the peacetime emergency by 30 days. On May 14, 2021, the Governor signed Executive Order 21-23 to end the statewide mask requirement and align with new Centers for Disease Control and Prevention (CDC) guidance on face coverings. The Minnesota Legislature ended the peacetime emergency declaration on July 1, 2021.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Notes. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Preliminary Official Statement and the Appendices hereto.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2019/20	2020/21	2021/22
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,880,000 - 0.50% ² Over \$1,880,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,890,000 - 0.50% ² Over \$1,890,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$150,000 - .75% Over \$150,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$162,000 - .75% Over \$162,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$174,000 - .75% Over \$174,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$100,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2021/22 Economic Market Value \$164,518,819¹

2021/22 Assessor's Estimated Market Value

	2021/22 Assessor's Estimated Market Value	2021/22 Net Tax Capacity
Real Estate	\$149,136,100	\$1,430,449
Personal Property	<u>2,316,700</u>	<u>45,584</u>
Total Valuation	<u><u>\$151,452,800</u></u>	<u><u>\$1,476,033</u></u>

2021/22 NET TAX CAPACITY BY CLASSIFICATION

	2021/22 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$757,964	51.35%
Agricultural	14,871	1.01%
Commercial/industrial	395,443	26.79%
Public utility	184	0.01%
Railroad operating property	46,444	3.15%
Non-homestead residential	215,543	14.60%
Personal property	<u>45,584</u>	<u>3.09%</u>
Total	<u><u>\$1,476,033</u></u>	<u><u>100.00%</u></u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City is about 92.06% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$164,518,819.

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity ¹	Taxable Net Tax Capacity ²	Percent Increase/Decrease in Estimated Market Value
2018/19	\$171,245,100	\$147,531,956	\$1,932,633	\$1,932,633	1.11%
2019/20	172,585,000	148,674,597	1,940,221	1,940,221	0.78%
2020/21	175,520,800	151,684,125	1,976,098	1,976,098	1.70%
2021/22	154,056,100	130,187,249	1,523,957	1,523,957	-12.23%
2022/23	151,452,800	126,701,091	1,476,033	1,476,033	-1.69%

LARGER TAXPAYERS

Taxpayer	Type of Property	2021/22 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Burlington Northern Railroad, Inc.	Railroad	\$46,444	3.15%
Minnegasco, Inc.	Utility	45,140	3.06%
Custom Roto-Mold Properties	Industrial	35,466	2.40%
Mattheisen Properties	Commercial	24,276	1.64%
North American Fertilizer LLC	Industrial	24,216	1.64%
Stony Ridge Foods, Inc.	Commercial	22,716	1.54%
Claussen Properties, Inc.	Commercial	17,800	1.21%
J. R. & R. Partnership	Commercial	17,059	1.16%
Individual	Residential	11,422	0.77%
GPH Benson LLC #0882	Apartments	<u>11,190</u>	<u>0.76%</u>
Total		\$255,729	17.33%

City's Total 2021/22 Net Tax Capacity \$1,476,033

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpayers have been furnished by Swift County.

¹ Net Tax Capacity includes tax increment and power line values, if any.

² Taxable Net Tax Capacity does not include tax increment or power line values, if any.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total G.O. debt secured by taxes (includes the Notes)*	3,130,000
Total G.O. debt secured by Utility Revenues	531,000
Total G.O. debt secured by Water revenues	<u>1,550,000</u>
Total General Obligation Debt*	<u>\$5,211,000</u>

Revenue Debt (see schedules following)

Total revenue debt secured by electric revenues	<u>\$1,935,000</u>
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*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City has no current plans for additional financing in the next 12 months.

¹ Outstanding debt is as of the dated date of the Notes.

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (1) obligations issued for improvements payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income of revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience (includes the Fire, Water, Electric and Sewer Portions of the Notes); (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations to repay energy conservation investment loans under Minnesota Statutes, Section 216C.37; (8) obligations issued to pay judgments against the City; and other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2021/22 Assessor's Estimated Market Value	\$151,452,800
Multiply by 3%	0.03
Statutory Debt Limit	\$4,543,584
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes ¹ (includes the Police Portion of the Notes)*	<u>(1,075,000)</u>
Unused Debt Limit*	<u>\$3,468,584</u>

*Preliminary, subject to change.

¹ Does not include the Fire, Water, Electric and Sewer Portions of this offering, as they are not subject to the debt limit calculation.

City of Benson, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 03/23/2023)

Capital Improvement Plan Bonds and Equipment Certs Series 2014A			Capital Improvement Plan Bonds Series 2017B			Capital Notes 1) Series 2023A			Capital Notes 2) Series 2023A		
Dated Amount	12/30/2014 \$820,000	02/01		11/30/2017 \$95,000	02/01		03/23/2023 \$125,000*	02/01		03/23/2023 \$2,055,000*	02/01
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Principal	Estimated Interest	Total Principal	Principal Outstanding	Total P & I
2023	0	2,308	0	10,138	0	0	0	0	12,445	3,130,000	.00%
2024	65,000	3,900	60,000	19,675	10,000	5,615	185,000	320,000	2,810,000	440,824	10.22%
2025	65,000	2,421	60,000	18,445	10,000	3,778	180,000	60,938	315,000	400,581	2,495,000
2026	65,000	829	65,000	17,133	10,000	3,453	195,000	54,844	335,000	411,258	2,160,000
2027			65,000	15,638	10,000	3,125	195,000	48,458	270,000	337,220	1,890,000
2028			65,000	14,013	10,000	2,793	200,000	41,290	275,000	58,695	1,615,000
2029			70,000	12,150	15,000	2,370	205,000	35,055	290,000	49,575	1,325,000
2030			70,000	10,050	15,000	1,856	210,000	27,948	295,000	39,854	1,030,000
2031			70,000	7,950	15,000	1,335	220,000	20,475	305,000	334,760	725,000
2032			75,000	5,775	15,000	806	230,000	12,543	320,000	339,124	405,000
2033			75,000	3,525	15,000	270	235,000	4,230	325,000	8,025	333,025
2034			80,000	1,200	125,000	25,400	80,000	1,200	81,200	0	100.00%
	195,000	9,458	755,000	135,690	125,000	25,400	2,055,000	398,013	3,130,000	568,560	3,698,560

* Preliminary, subject to change.

- 1) This represents the \$125,000 Police Portion of the \$2,180,000 General Obligation Capital Notes, Series 2023A.
- 2) This represents the \$2,055,000 Fire, Water, Electric and Sewer portions of the \$2,180,000 General Obligation Capital Notes, Series 2023A. These portions are not subject to the debt limit

City of Benson, Minnesota
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Utility Revenues
(As of 03/23/2023)

Fiscal Year Ending	Clean Water Fund Loan Series 2004		Drinking Water Fund Loan Series 2011		Utility Revenue Bonds Series 2014A		Principal Outstanding	Total P & I	% Paid	Fiscal Year Ending
	Principal	Interest	Principal	Interest	Principal	Interest				
2023	263,000	5,257	182,000	13,477	0	4,202	445,000	467,936	1,951,000	18.57%
2024	268,000	5,306	185,000	23,790	40,000	7,964	493,000	37,060	1,458,000	39.15%
2025			189,000	20,572	45,000	6,995	234,000	27,567	1,224,000	48.91%
2026			192,000	17,286	45,000	5,893	237,000	23,178	987,000	58.81%
2027			195,000	13,947	45,000	4,672	240,000	18,619	747,000	68.82%
2028			199,000	10,556	45,000	3,378	244,000	13,934	503,000	79.01%
2029			202,000	7,095	45,000	2,084	247,000	9,180	256,000	89.32%
2030			206,000	3,582	50,000	719	256,000	4,301	260,301	100.00%
	531,000	10,563	1,550,000	110,305	315,000	35,906	2,396,000	156,774	2,552,774	

City of Benson, Minnesota
Schedule of Bonded Indebtedness
Revenue Debt Secured by Electric Revenues
(As of 03/23/2023)

Electric Revenue Refunding Bonds Series 2017A						
Dated Amount	12/05/2017 \$3,712,000	Maturity	06/01	Fiscal Year Ending	Principal Outstanding	Fiscal Year Ending
					Total P & I	% Paid
2023	368,000	41,849	368,000	41,849	409,849	19.02%
2024	378,000	32,934	378,000	32,934	410,934	38.55%
2025	387,000	23,792	387,000	23,792	410,792	58.55%
2026	395,000	14,448	395,000	14,448	409,448	78.97%
2027	407,000	4,864	407,000	4,864	411,864	100.00%
	1,935,000	117,887	1,935,000	117,887	2,052,887	

OVERLAPPING DEBT¹

Taxing District	2021/22 Taxable Net Tax Capacity	% In City	Total G.O. Debt ²	City's Proportionate Share
Swift County	\$23,839,388	6.1916%	\$10,265,000	\$635,568
I.S.D. No. 777 (Benson Public Schools)	11,541,246	12.7892%	27,080,000 ³	<u>3,463,315</u>
City's Share of Total Overlapping Debt				<u>\$4,098,883</u>

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value	Debt/ Per Capita
Direct G.O. Debt Secured By:			
Taxes*	3,130,000		
Utility Revenues	<u>2,396,000</u>		
Total General Obligation Debt*	\$5,526,000		
Less: G.O. Debt Paid Entirely from Revenues ⁵	<u>(2,396,000)</u>		
Tax Supported General Obligation Debt*	\$3,130,000	1.90%	\$886.94
City's Share of Total Overlapping Debt	<u>\$4,098,883</u>	2.49%	<u>\$1,161.49</u>
Total*	<u>\$7,228,883</u>	4.39%	<u>\$2,048.42</u>

*Preliminary, subject to change.

¹ Overlapping debt is as of the dated date of the Certificates. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. It does **not** include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

³ Minnesota School Districts may qualify for aid from the State of Minnesota through the Debt Service Equalization Formula, School Building Bond Agricultural Credit and Long Term Facilities Maintenance Revenue programs. While some of the districts listed may receive these aids, Ehlers has not attempted to estimate the portion of debt service payments that would be financed by state aids for the purposes of the Certificates.

⁴ Estimated 2021 population.

⁵ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date	% Collected
2017/18	\$1,726,706	\$1,709,587	\$1,726,297	99.98%
2018/19	1,873,504	1,852,476	1,872,643	99.95%
2019/20	1,892,502	1,876,228	1,889,558	99.84%
2020/21	1,423,391	1,403,153	1,403,153	98.58%
2021/22	1,466,194	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.² Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

TAX CAPACITY RATES³

	2017/18	2018/19	2019/20	2020/21	2021/22
Swift County	41.653%	42.864%	45.936%	46.667%	49.097%
City of Benson	85.563%	92.898%	92.187%	88.514%	99.354%
I.S.D. 777 (Benson Public Schools)	4.497%	18.587%	22.543%	21.077%	21.851%
Region 6W	0.299%	0.315%	0.328%	0.330%	0.338%
RDA/HRA	0.749%	1.046%	1.187%	1.308%	1.659%

Referendum Market Value Rates:

I.S.D. 777 (Benson Public Schools)	0.22464%	0.22572%	0.23357%	0.23004%	0.23709%
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Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Swift County.

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Second half tax payments on agricultural property are due on November 15th of each year.

³ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

THE ISSUER

CITY GOVERNMENT

The City was organized as a municipality in 1870. The City operates under a home rule charter form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Manager/Finance Director/City Clerk is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 26 full-time, 9 part-time, and 33 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing multiple-employer retirement plans. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
AFSCME	December 31, 2024
Law Enforcement Labor Services	December 31, 2023

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent Actuarial Study shows a total OPEB liability of \$214,838 as of December 31, 2022. The City has been funding these obligations on a pay-as-you-go basis.

Source: The City's most recent Actuarial Study.

FUNDS ON HAND (As of December 31, 2022)

Fund	Total Cash and Investments
General	\$1,040,857
Special Revenue	180,941
Debt Service	181,675
Capital Projects	2,400,417
Enterprise Funds	4,343,691
Economic Development	<u>10,582,376</u>
Total Funds on Hand	<u><u>\$18,729,957</u></u>

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, Section 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2019	2020	2021
Water			
Total Operating Revenues	\$607,235	\$659,453	\$720,318
Less: Operating Expenses	<u>(478,631)</u>	<u>(507,292)</u>	<u>(578,528)</u>
Operating Income	\$128,604	\$152,161	\$141,790
Plus: Depreciation	<u>187,739</u>	<u>199,022</u>	<u>228,671</u>
Revenues Available for Debt Service	<u><u>\$316,343</u></u>	<u><u>\$351,183</u></u>	<u><u>\$370,461</u></u>
Sewer			
Total Operating Revenues	\$911,285	\$924,051	\$976,917
Less: Operating Expenses	<u>(900,617)</u>	<u>(828,025)</u>	<u>(827,950)</u>
Operating Income	\$10,668	\$96,026	\$148,967
Plus: Depreciation	<u>340,757</u>	<u>305,249</u>	<u>309,958</u>
Revenues Available for Debt Service	<u><u>\$351,425</u></u>	<u><u>\$401,275</u></u>	<u><u>\$458,925</u></u>
Electric			
Total Operating Revenues	\$4,110,761	\$3,511,462	\$3,749,410
Less: Operating Expenses	<u>(3,824,986)</u>	<u>(3,274,092)</u>	<u>(3,551,330)</u>
Operating Income	\$285,775	\$237,370	\$198,080
Plus: Depreciation	<u>536,265</u>	<u>526,000</u>	<u>531,306</u>
Revenues Available for Debt Service	<u><u>\$822,040</u></u>	<u><u>\$763,370</u></u>	<u><u>\$729,386</u></u>
Liquor			
Total Operating Revenues	\$380,549	\$401,640	\$419,604
Less: Operating Expenses	<u>(350,408)</u>	<u>(343,786)</u>	<u>(337,220)</u>
Operating Income	\$30,141	\$57,854	\$82,384
Plus: Depreciation	<u>6,118</u>	<u>6,733</u>	<u>7,106</u>
Revenues Available for Debt Service	<u><u>\$36,259</u></u>	<u><u>\$64,587</u></u>	<u><u>\$89,490</u></u>
Sanitation			
Total Operating Revenues	\$168,843	\$166,444	\$165,443
Less: Operating Expenses	<u>(160,300)</u>	<u>(173,864)</u>	<u>(173,998)</u>
Operating Income	\$8,543	(\$7,420)	(\$8,555)
Plus: Depreciation	<u>0</u>	<u>0</u>	<u>0</u>
Revenues Available for Debt Service	<u><u>\$8,543</u></u>	<u><u>(\$7,420)</u></u>	<u><u>(\$8,555)</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the 2021 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2019 Audited	2020 Audited	2021 Audited	2022 Unaudited ¹	2023 Adopted Budget ²
Revenues					
Property taxes	\$1,716,687	\$1,725,321	\$1,309,134	\$1,389,252	\$1,499,317
Special assessments	305	45	112	0	0
Licenses and permits	49,981	17,076	50,236	85,597	39,000
Intergovernmental	1,198,211	1,505,312	1,552,480	1,511,248	1,380,259
Charges for services	240,482	203,141	249,603	232,976	225,581
Fine and forfeitures	19,961	15,426	16,960	15,314	16,000
Interest on investments (Losses)	143,441	82,689	(41,298)	(323,483)	25,000
Rents	34,293	26,081	25,860	26,640	29,500
Refunds and Reimbursements	116,382	146,106	144,455	192,485	104,900
Donations	36,323	24,240	26,857	28,946	20,000
Other	6,940	7,100	11,720	12,721	10,600
Total Revenues	\$3,563,006	\$3,752,537	\$3,346,119	\$3,171,696	\$3,350,157
Expenditures					
Current:					
General government	\$380,308	\$410,074	\$362,564	\$451,124	\$461,531
Public safety	1,208,045	1,271,139	1,218,868	1,273,207	1,386,000
Public Works	716,557	578,678	587,083	658,674	810,150
Parks and recreation	594,628	535,330	527,292	583,772	595,475
Airport	94,791	61,479	69,924	100,458	74,900
Public Transit	10,389	10,034	9,893	9,326	8,908
Economic Development	30,307	6,213	24,590	32,496	31,750
Cemetery	10,182	13,908	15,687	11,318	8,000
Debt Service	91,801	91,801	91,801	91,801	91,801
Total Expenditures	\$3,137,008	\$2,978,656	\$2,907,702	\$3,212,176	\$3,468,515
Excess of revenues over (under) expenditures	\$425,998	\$773,881	\$438,417	(\$40,480)	(\$118,358)
Other Financing Sources (Uses)					
Sale of capital asset	\$0	\$5,899	\$1,079	\$1,984	\$1,000
Transfers in	82,139	82,152	546,768	503,035	501,973
Transfers (out)	(583,040)	(528,297)	(835,000)	(999,708)	(384,615)
Total Other Financing Sources (Uses)	(500,901)	(440,246)	(287,153)	(494,689)	118,358
Net changes in Fund Balances	(\$74,903)	\$333,635	\$151,264	(\$535,169)	\$0
General Fund Balance January 1	\$1,464,867	\$1,389,964	\$1,723,599	\$1,874,863	\$1,339,694
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$1,389,964	\$1,723,599	\$1,874,863	\$1,339,694	\$1,339,694
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$2,477	\$2,848	\$3,132	\$3,368	
Unassigned	1,387,487	1,720,751	1,871,731	1,366,326	
Total	\$1,389,964	\$1,723,599	\$1,874,863	\$1,369,694	

¹ Unaudited data is as of January 31, 2023.

² The 2023 budget was adopted on December 19, 2022.

Note: The revenue loss from interest on investments in the 2022 general fund was due to an unrealized loss if withdrawn prior to maturity.

Note: The operating deficit in the 2022 general fund after net transfers was due to the planned purchase of a fire truck from 50% ARPA funds and 50% reimbursement from the proceeds of this Note to assist with that purchase.

GENERAL INFORMATION

LOCATION

The City, with a 2020 U.S. Census population of 3,480 and a 2021 population estimate of 3,529, and comprising an area of 2.91 square miles, is located approximately 130 miles northwest of the Minneapolis-St. Paul metropolitan area.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
CNH America	Farm equipment manufacturers	370
I.S.D. No. 777 (Benson Public Schools)	Elementary and secondary education	260
Centracare Benson and Affiliated Services	Hospital and health services	150
Swift County	County government and services	135
Custom Roto Mold	Plastic rotational molding	130
Swift County-Benson Health Services	Hospital and health services	100
Golden Living Center	Nursing home	70
Willmar Fabrication	Farm Equipment Manufacturing	55
Darolds Supervalu	Grocers-retail	36
The City	City government and services	35

Source: Data Axle Reference Solutions, written and telephone survey, and the Minnesota Department of Employment and Economic Development.

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above.

BUILDING PERMITS

	2019	2020	2021	2022	2023¹
<u>New Single Family Homes</u>					
No. of building permits	0	0	0	0	0
Valuation	\$0	\$0	\$0	\$0	\$0
<u>New Multiple Family Buildings</u>					
No. of building permits	0	0	0	1	0
Valuation	\$0	\$0	\$0	\$2,100,000	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	0	1	2	1	0
Valuation	\$0	\$55,000	\$2,500,000	\$1,950,000	\$0
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	91	47	69	75	1
Valuation	\$6,893,000	\$397,826	\$4,558,929	\$16,555,389	\$100,000

Source: The City.

¹ As of February 2, 2023.

U.S. CENSUS DATA

Population Trend: The City

2010 U.S. Census population	3,240
2020 U.S. Census population	3,480
Percent of Change 2010 - 2020	7.41%
2021 State Demographer Population Estimate	3,529

Income and Age Statistics

	The City	Swift County	State of Minnesota	United States
2021 per capita income	\$28,950	\$31,976	\$41,204	\$37,638
2021 median household income	\$45,489	\$53,664	\$77,706	\$69,021
2021 median family income	\$58,988	\$72,462	\$98,356	\$85,028
2021 median gross rent	\$754	\$711	\$1,081	\$1,163
2021 median value owner occupied units	\$112,000	\$114,500	\$250,200	\$244,900
2021 median age	43.4 yrs.	43.4 yrs.	38.2 yrs.	38.4 yrs.
	State of Minnesota		United States	
City % of 2021 per capita income	70.26%		76.92%	
City % of 2021 median family income	59.97%		69.37%	

Housing Statistics

	The City		
	2010	2021	Percent of Change
All Housing Units	1,602	3,304	106.24%

Source: 2010 and 2020 Census of Population and Housing, and 2021 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>), and Minnesota State Demographer (<https://mn.gov/admin/demography/data-by-place/school-district-data.jsp>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>
	Swift County	State of Minnesota	
2018	4,843	3.9%	3.1%
2019	4,727	4.6%	3.4%
2020	4,612	6.0%	6.3%
2021	4,470	3.7%	3.4%
2022	4,464	2.7%	2.2%

Source: Minnesota Department of Employment and Economic Development.

APPENDIX A

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF BENSON, MINNESOTA

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2021

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
WILLMAR, MINNESOTA

CITY OF BENSON, MINNESOTA

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CITY OF BENSON, MINNESOTA

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CITY OF BENSON, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2021

Name	Position	Term of Office Expires
Terri Collins	Mayor	December 31, 2021
Mark Schreck	Council Member	December 31, 2021
Jack Evenson	Council Member	December 31, 2021
Jon Buyck	Council Member	December 31, 2023
Lucas Olson	Council Member	December 31, 2023
Robert Wolfington	City Administrator	Appointed
Glen Pederson	Director of Finance	Appointed
Benjamin Wilcox	City Attorney	Appointed



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Benson
Benson, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benson, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Economic Development Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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Willmar Office 331 Third St SW, Ste 2 PO Box 570 Willmar, MN 56201 (320) 235-3311 (888) 388-1040	Benson Office 1209 Pacific Ave, Ste 3 Benson, MN 56215 (320) 843-2302	Morris Office 401 Atlantic Ave Morris, MN 56267 (320) 589-2602	Litchfield Office 820 Sibley Ave N Litchfield, MN 55355 (320) 693-1975	Sartell Office Ste 110 2351 Connecticut Ave Sartell, MN 56377 (320) 252-7565 www.cdcspac.com
Members: American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants				

Responsibilities of Management for the Financial Statements (Cont'd)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Changes in the City's Total OPEB Liability, and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Elected and Appointed Officials page and statistical schedules but does not include the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. We express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022 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.

Conway, Deutch & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAs & Advisors
WILLMAR, MINNESOTA

June 20, 2022

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

This section of the basic financial statements of the City of Benson, Minnesota (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$48.9 million for the year ended 2021. Of this amount, \$29.1 million may be used to meet the government's ongoing obligations to citizens and creditors in 2021.
- The City's total net position increased by \$1,411,127.
- The City's governmental funds reported combined ending fund balances of \$25,643,560 in 2021, which is an increase of \$61,057 from the prior year. Of this total amount, approximately 7% is available for spending at the City's discretion. The General Fund fund balance increased by \$151,264 with revenues received \$261,474 over budget, expenditures \$278,281 under budget and other financing uses \$388,491 over budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,871,731, or 64% of total General Fund expenditures of \$2,907,702. The General Fund budgeted for no change. The actual result was an increase of \$151,264.

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Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide 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.

The City as a Whole: Statement of Net Position and Statement of Activities

Our analysis of the City 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 off or worse off as a result of the year's activities?" The Statement of Net Position and the 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 and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health. 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.

CITY OF BENSON, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

The City as a Whole: Statement of Net Position and Statement of Activities (Cont'd)

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including general administration, public safety, public works, culture and recreation, airport, public transit, cemetery, urban development, and economic development. Property taxes, franchise fees, and state and federal grants finance most of these activities.

Business-Type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Water, Sewer, Electric, Liquor, and Sanitation funds are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state 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, and other money. The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental Funds - Most of the City's 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 a reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary Funds - When the City 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 proprietary fund financial statements can be found on pages 24-27 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-64 of this report.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

Statement of Net Position

The City's net position increased from a year ago. Our analysis below focuses on the net position (Tables 1 and 2) and changes in net position (Tables 3 and 4) of the City's governmental and business-type activities.

Table 1 Comparative Condensed Statement of Net Position		
	2021	2020
Governmental Activities		
Current Assets and Other Assets	\$ 25,893,358	\$ 26,241,585
Net Capital Assets	12,437,978	12,702,764
Total Assets	38,331,336	38,944,349
Deferred Outflows of Resources	1,029,370	465,599
Total Assets and Deferred Outflows of Resources	\$ 39,360,706	\$ 39,409,948
Current and Other Liabilities		
Long-Term Liabilities		
Total Liabilities	\$ 2,814,196	\$ 3,567,346
Deferred Inflows of Resources	2,894,565	4,074,921
Net Position	1,352,948	513,297
Net Investment in Capital Assets	10,710,462	10,712,718
Restricted	428,879	399,047
Unrestricted	23,973,852	23,709,965
Total Net Position	35,113,193	34,821,730
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 39,360,706	\$ 39,409,948
	\$ (49,242)	\$ (49,242)

CITY OF BENSON, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

CITY OF BENSON, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

Statement of Net Position (Cont'd)

Table 2
 Comparative Condensed Statement of Net Position

	Business-Type Activities		Change	
	2021	2020		
Current and Other Assets				
Net Capital Assets	\$ 6,030,419	\$ 6,093,147	\$ (62,728)	
Total Assets	14,204,108	14,055,807	148,301	
Deferred Outflows of Resources	20,234,527	20,148,954	85,573	
	241,911	62,325	179,586	
Total Assets and Deferred Outflows of Resources	\$ 20,476,438	\$ 20,211,279	\$ 265,159	
Current and Other Liabilities				
Long-Term Liabilities	\$ 375,807	\$ 458,893	\$ (83,086)	
Total Liabilities	5,969,375	7,002,553	(1,033,178)	
Deferred Inflows of Resources	6,345,182	7,461,446	(1,116,264)	
	279,987	18,228	261,759	
Net Position				
Net Investment in Capital Assets	8,676,580	7,621,975	1,054,605	
Unrestricted	5,174,889	5,109,630	65,059	
	13,851,269	12,731,605	1,119,664	
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 20,476,438	\$ 20,211,279	\$ 265,159	

Governmental Activities

Net position of the City's governmental activities increased by \$291,463. Cash and investments increased with the second and final payment from Xcel for what would have been their tax payment for 2021 on the Fibromim site. The City has retained a portion of this payment to be used for future property tax relief. A positive General Fund Budget surplus also contributed to the increase.

The net position of our business-type activities increased by \$1,119,664. A comparison of the 2021 and 2020 changes in net position is as follows:

	Business-Type Activities		
	2021	2020	
Water	\$ 254,771	\$ 338,030	\$ (83,259)
Sewer	748,485	771,023	(22,538)
Electric	72,018	336,428	(264,410)
Liquor	50,654	9,231	41,423
Sanitation	(6,264)	(3,471)	(2,793)
	\$ 1,119,664	\$ 1,451,241	\$ (331,577)

CITY OF BENSON, MINNESOTA
 MANAGEMENT DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

Statement of Activities

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

Table 3
 Comparative Condensed Statement of Activities

	Governmental Activities		Change
	2021	2020	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 528,432	\$ 453,293	\$ 75,139
Operating Grants and Contributions	156,296	276,681	(120,385)
Capital Grants and Contributions	104,060	660,311	(556,251)
General Revenues			
Taxes	1,671,981	2,126,791	(454,910)
Grants and Contributions Not Restricted	1,448,981	1,400,277	48,704
Investment Income (Loss)	(115,693)	311,987	(427,680)
Gain on Disposal of Assets	64,115	35,309	28,806
Other	939,976	911,023	28,953
Total Revenues	4,798,048	6,175,682	(1,377,635)
EXPENSES			
General Government	345,198	417,287	(72,089)
Public Safety	1,199,836	1,424,399	(224,763)
Public Works	925,170	968,253	(43,083)
Culture and Recreation	808,118	826,735	(18,617)
Airport and Public Transit	221,128	209,023	12,105
Urban Development	2,182	161,723	(159,541)
Economic Development	263,228	546,947	(283,719)
Interest on Long-Term Debt	46,766	52,422	(5,656)
Total Expenses	3,811,426	4,606,789	(795,363)
Change in Net Position Before Transfers	986,622	1,568,893	(582,271)
TRANSFERS			
Change in Net Position	(695,159)	(841,226)	146,067
NET POSITION, BEGINNING OF YEAR	34,821,730	34,094,063	727,667
NET POSITION, END OF YEAR	\$ 35,113,193	\$ 34,821,730	\$ 291,463

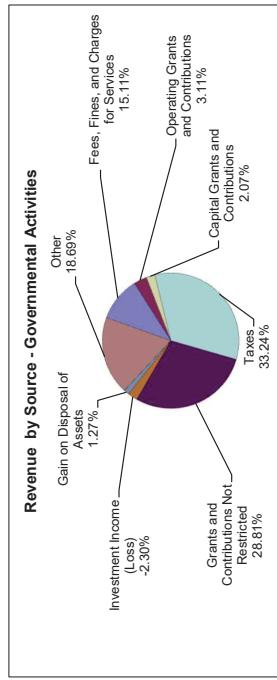
Table 4
 Comparative Condensed Statement of Activities

	Business-Type Activities		Change
	2021	2020	
REVENUES			
Program Revenues			
Fees, Fines, and Charges for Services	\$ 6,944,599	\$ 6,603,158	\$ 341,441
General Revenues			
Investment Income	(54,040)	123,830	(177,870)
Gain on Disposal of Assets	3,036	48,579	3,036
Other			
Total Revenues	6,942,174	6,832,463	109,710
EXPENSES			
Water	615,194	547,390	67,804
Sewer	864,103	870,946	(6,843)
Electric	3,614,247	3,346,354	267,893
Liquor	1,250,127	1,283,894	(33,767)
Sanitation			
Total Expenses	6,517,669	6,222,448	295,221
Change in Net Position Before Transfers			
TRANSFERS			
Change in Net Position	695,159	841,226	(146,067)
NET POSITION, BEGINNING OF YEAR	1,119,664	1,451,241	(331,577)
NET POSITION, END OF YEAR	\$ 12,731,605	\$ 11,280,364	1,451,241
	\$ 13,851,269	\$ 12,731,605	\$ 1,119,664

CITY OF BENSON, MINNESOTA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

Governmental Activities

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities:



Financial Analysis of the City's Funds

General Fund - The change in the City's General Fund balance was an increase of \$151,264 for 2021. The fund balance increased to 64% of annual expenditures from 58% the previous year despite transferring an additional \$400,000 to the General Capital Outlay fund for future Street Capital Outlay. This amount is still over the City's fund balance goal of 40% of annual expenditures.

Property taxes were reduced by 24.8% this year to compensate for the loss of tax capacity with the closure of the Xcel Energy power plant. Transfers from the EDA Fund and Electric Fund helped to make up this difference.

Revenues came in higher than anticipated at \$261,474 or 8.5% of budget. Grants increased with Coronavirus State and Local Fiscal Recovery funding while investment income was under budget due to the market valuation of investments.

The \$151,264 increase in fund balance is more than budgeted. Most departments showed lower than normal expenditures. All of the increase is reflected in the first of two \$166,273 payments received in ARPA funding. No project has been identified for the use of these funds.

Economic Development Authority Fund - The change in the EDA's Fund balance was a decrease of \$631,943 for the current year. This was less than the budgeted decrease of \$3,545,127. An advertising campaign budgeted for \$50,000 was not initiated. Business incentives, housing grants, and the demolition of an elevator did not take place. The transfers to other funds are multi-year projects.

Revenues came in \$257,863 under budget due mainly to adjusting investments to market value at year end.

General Capital Outlay Fund - The change in the City's General Capital Outlay Fund balance was an increase of \$421,901 for 2021 but was budgeted for a \$300,000 reduction. \$400,000 was a non budgeted transfer for 2022 street projects. The demolition of the Armory did not take place. A grant for a new fire truck was not received.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
 DECEMBER 31, 2021

Financial Analysis of the City's Funds (Cont'd)

Special Revenue Funds - The special revenue fund balances - both major and nonmajor - decreased by \$604,096. This includes the decrease of \$331,943 in the Economic Development Authority Fund. The nonmajor funds saw an increase of \$27,847.

Capital Project Funds - The capital project fund balances - both major and nonmajor - increased by \$499,548. This includes the increase of \$421,901 in the General Capital Outlay Fund. The nonmajor funds saw an increase of \$77,647. The Concrete Projects Fund had a slightly less than normal maintenance year and increased its fund balance by \$29,281. The Storm Water Fund covered all of the maintenance costs for the year and increased its fund balance by \$48,366.

Debt Service Funds - The debt service fund balances increased by \$14,341, with nominal increases being realized in all debt service funds.

Water Fund - Revenues came in at \$720,318 and expenses at \$578,528 with an operating income of \$141,790 as compared to operating income in 2020 of \$152,161. Water rates are doing an adequate job of keeping up with expenses. Care will need to be taken to ensure that future revenues keep up with rising expenses.

Sewer Fund - Revenues came in at \$976,917 and expenses at \$827,950 with total operating income of \$148,967 as compared to \$86,028 in 2020. Operating income is higher and it has been increasingly difficult to keep revenues on pace with rising expenses.

Electric Fund - Revenues came in at \$3,749,410 and expenses at \$3,551,330 with an operating income of \$198,080 as compared to operating income in 2020 of \$237,370. Purchased power costs were up 2% this year. Distribution costs were also up.

Liquor Fund - Total revenues were down slightly in 2021 but the On-Sale saw a nice rebound which helped gross profit. Rental income has seen a dramatic increase as people return to bars and play pull-tabs. This increase plus reduced operating expenses helped the net income come in at \$130,654.

Factors affecting the City's proprietary funds for 2022 are as follows:

Operating revenues across all enterprise funds will recover from the effects of COVID-19 pandemic. Due to COVID-19 our nations supply chain and transportation networks have been disrupted and are slow to restore capacity. The City can expect shortages of supplies and materials for construction and operations of capital projects. The risk of inflation from rising prices will impact the cost and delivery of service. The City will also have opportunities to participate in Federal grant programs that will fund City infrastructure such as water and waste water capital projects. These programs typically require a local match and could take several years to complete. These federal programs will require additional administrative activities and cash flow obligations to complete. The City should see these activities return to normal by the end of next year – hopefully.

Budgetary Highlights

Over the course of the year, the City did not revise its original adopted budget. The final General Fund Budget included expenditures over revenues, after transfers, resulting in a balanced budget. The actual General Fund change in fund balance was \$151,264. The difference was the result of receiving more intergovernmental revenues than anticipated, expenditures coming in under budget and transferring out more to other funds.

CITY OF BENSON, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Capital Assets

At year-end, the City had \$70,374,725 invested in a broad range of capital assets. Refer to Note 5 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

The City's fiscal year 2022 General Capital Outlay plan has \$2,833,000 in the budget. The street department has a large concentration of expenditures planned, the major component being the reconstruction of East Pacific Avenue for \$650,000, and Gravel crushing and a new dump truck for good measure, and a \$678,000 state grant is key, to a \$1.2 million armory renovation project. The airport has a planned update to its ALP plan.

The Water Fund continues to make repairs to the distribution system. Wisconsin Ave from 15th to 20th will see new valving and asphalt replacement. A new water cleanwell project is underway at a cost of \$2,645,000, the cost of which will be covered by a transfer from the NSP (Excel Energy) Grant Fund.

Repairs to general WWTP facilities will continue for 2022 at a cost of \$985,210. The cost of this project will be covered by a transfer from the NSP (Excel Energy) Grant Fund. An update to the SCADA system is scheduled for \$150,000.

The Electric Fund has planned improvements to the electric system to convert overhead to underground distribution. The City Council has approved a 20 year plan that is engineered and sized to allow the MRES maintenance and distribution crew to construct a portion of the plan each year. The City is in year ten of a 20 year plan to completely bury its electric distribution system. A new boring machine for \$215,000 will help get the job done. A new AMI meter system is being considered.

Long-Term Liabilities

At year-end, the City had \$7,467,874 in bonds, notes, capital leases and other long-term liabilities. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's long-term liability activity.

Economic Factors and Next Year's Budget

In 2017 Xcel Energy closed the Fibrominn Power Plant which ultimately resulted in a 25% loss of net tax returns to the general fund. The loss of this tax revenue will be fully realized in 2023 when Xcel Energy will make its final payment in lieu to taxes to the City. The Benson City Council will need to restore the loss of tax base from the departure of Fibrominn from the City. The City Council will also need to consider transferring additional revenue from the municipal electric utility as an annual payment. Despite the challenge the City will focus on retaining the same level of core services.

Also in 2017, the Minnesota Legislature authorized Northern States Power to grant to the City \$20 Million to compensate the community for the economic loss of the Benson Power Plant. The grant is to be used for economic development purposes. The grant is to be paid to the City from the State of Minnesota Renewable Development Fund account (RDA). The grant will be paid in four installments from 2018-2021.

The Benson Community will continue to make long term capital investments in its infrastructure and buildings. Projects under development include the water filter plant, wastewater treatment plant, street reconstruction and underground electric distribution conversion.

The City's conservative approach to spending has allowed for the maintenance of healthy reserves and capital outlay balances in the General Fund and Capital Outlay Fund.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Contacting the City's Financial Management

This financial report is designed to provide our residents, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Benson, 1410 Kansas Avenue, Benson, Minnesota 56215, (320) 843-4775, or staff@bensonmn.org.

BASIC FINANCIAL STATEMENTS

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CITY OF BENSON, MINNESOTA
 STATEMENT OF NET POSITION
 DECEMBER 31, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and Investments	\$ 18,985,287	\$ 5,023,327	\$ 24,008,614
Receivables	200,144	511,493	711,637
Accounts	37,580	24,057	37,580
Property Taxes	26,426	14,166	50,483
Special Assessments	776,735	(14,166)	776,735
Notes (Net Allowance for Doubtful Accounts of \$69,533)	18,930	19,105	28,408
Interest	1,708,266	457,125	1,708,266
Other	57,335	19,105	514,460
Inventories	14,166		
Internal Balances	3,132		
Prepaid Items	186,120		
Investment in CVEC	3,704,370		
Land Held for Resale			
Capital Assets			
Assets Not Being Depreciated	1,327,249	1,000,549	2,327,798
Other Capital Assets, Net of Depreciation	11,110,729	13,203,559	24,314,288
Net Pension Asset	174,867		174,867
Total Assets	38,331,336	20,234,527	58,565,863
Deferred Outflows of Resources	\$ 1,029,370	\$ 241,911	\$ 1,271,281
Total Assets and Deferred Outflows of Resources	<u>\$ 39,360,706</u>	<u>\$ 20,476,438</u>	<u>\$ 59,837,144</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities			
Accounts and Contracts Payable	\$ 67,373	\$ 350,359	\$ 417,732
Accrued Interest Payable	12,996	25,448	38,444
Long-Term Liabilities			
Net Pension Liability	780,679	305,150	1,085,829
Total OPEB Liability	156,312	73,556	229,866
Other Long-Term Liabilities Due Within One Year	335,012	957,777	1,292,789
Other Long-Term Liabilities Due in More Than One Year	1,542,193	4,632,882	6,175,085
Total Liabilities	2,894,565	6,345,182	9,239,747
Deferred Inflows of Resources	1,352,948	279,987	1,632,935
Net Position			
Net Investment in Capital Assets	10,710,462	8,676,580	19,387,042
Restricted			
Debt Service	289,329		289,329
Economic Development	139,550		139,550
Unrestricted	23,973,852	5,174,689	29,148,541
Total Net Position	<u>35,113,193</u>	<u>13,851,269</u>	<u>48,984,462</u>
Total Liabilities, Deferred Infloows of Resources and Net Position	<u>\$ 39,360,706</u>	<u>\$ 20,476,438</u>	<u>\$ 59,837,144</u>

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Total Liabilities, Deferred Infloows of Resources and Net Position
 See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2021

		Economic Development Authority	General Capital Outlay	Nonmajor Government Funds	Total Government Funds
	General				
ASSETS					
Cash and Investments		\$ 1,545,887	\$ 15,023,310	\$ 1,512,165	\$ 903,925
Receivables		59,124	139,598	1,422	200,144
Accounts		28,349		9,231	37,580
Property Taxes		2,781		23,645	26,426
Special Assessments					
Notes (Net of Allowance for Doubtful Accounts of \$69,533)					
Interest		675,259	13,271	101,476	776,735
Other		5,659	1,708,266	57,335	1,708,266
Inventories				1,028	57,335
Due from Other Funds		9,834		3,990	
Advance to Other Funds		256,034			14,852
Prepaid Items		3,132			256,034
Investment in CVEC					3,132
Land Held for Resale					
Total Assets					
		\$ 1,910,800	\$ 21,026,887	\$ 1,710,126	\$ 1,327,398
					\$ 25,975,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities		\$ 34,204	\$ 32,717	\$ 452	\$ 67,373
Accounts and Contracts Payable					
Due to Other Funds					
Advance From Other Funds					
Total Liabilities					
		\$ 34,204	0	\$ 32,717	\$ 25,172
					324,093
GENERAL ACTIVITIES					
General Government					
Public Safety					
Public Works					
Culture and Recreation					
Airport, Public Transit and Cemetery					
Urban Development					
Economic Development					
Interest on Long-Term Debt					
Total Governmental Activities					
BUSINESS-TYPE ACTIVITIES					
Water		65,104	726,318	105,124	
Sewer		864,103	707,477	112,814	
Electric		3,644,240	3,240,410	135,163	
Gas		1,250,127	1,132,511	82,364	
Sanitation		173,988	165,443	(8,555)	
Total Business-Type Activities		6,517,669	6,344,598	0	426,930
Total		\$ 10,329,096	\$ 7,473,031	\$ 156,296	\$ 104,060
					(3,022,638)
GENERAL REVENUES					
Taxes					
Property Taxes		1,433,644	1,433,644		
Franchise Fees		214,863	214,863		
Lodging Tax		23,374	23,374		
Grants and Contributions Not Restricted to Specific Programs		1,448,981	1,448,981		
Investment Income (Loss)		(115,893)	(54,040)		
Gain on Disposal of Assets		64,115	3,036		
Other		939,976	48,579		
TRANSFERS		695,591	988,595		
Total General Revenues and Transfers		3,314,101	652,734		4,006,855
		291,463	1,119,664		1,411,127
Change in Net Positions					
NET POSITION, BEGINNING OF YEAR		34,821,170	12,731,695	47,553,356	
NET POSITION, END OF YEAR		\$ 35,113,93	\$ 13,881,269	\$ 48,984,462	
Total Liabilities, Deferred Inflows of Resources and Fund Balance					
		\$ 1,910,800	\$ 21,026,887	\$ 1,710,126	\$ 1,327,398
					\$ 25,975,211

See Accompanying Notes to the Financial Statements

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See Accompanying Notes to the Financial Statements

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CITY OF BENSON, MINNESOTA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balances - Governmental Funds \$ 25,643,580

Amounts reported for governmental activities in the Statement of Net Position are different because:

Certain assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Governmental Capital Assets

Less: Accumulated Depreciation

Net Pension Asset

Certain receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

Special Assessments

Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions

Deferred Inflows of Resources Related to Pensions

Deferred Outflows of Resources Related to OPEB

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Bonds and Notes Payable

Capital Lease

Compensated Absences

Accrued Interest Payable

Total OPEB Liability

Net Pension Liability

Total Net Position - Governmental Activities

	Total	General	Economic	General	Nonmajor	Total
	Funds	General	Development Authority	Capital Outlay	Governmental Funds	Governmental Funds
REVENUES						
Taxes	\$ 1,309,134	\$ 112			\$ 352,226	\$ 1,661,360
Special Assessments	50,236				28,480	28,592
Licenses and Permits	1,552,480					50,236
Intergovernmental	249,603					1,656,540
Charges for Services	16,960					16,960
Fines and Forfeits	(41,298)					(15,151)
Investment Income (Loss)			(78,338)			(15,693)
Miscellaneous						
Rents	25,860					54,529
Refunds and Reimbursements	144,456					162,717
Donations	26,857					26,890
Other	11,720					904,222
Total Revenues	3,346,119					460,357
EXPENDITURES						
Current						
General Government	362,564					362,564
Public Safety	1,218,868					1,218,868
Public Works	587,083					587,083
Culture and Recreation						
Airport	527,292					641,937
Public Transit	69,924					69,924
Urban Development	9,893					9,893
Economic Development	24,590					24,590
Cemetery	15,887					15,887
Capital Outlay						
Debt Service						
Total Expenditures	91,801					100
Excess (Deficiency) of Revenues	2,907,702					574,249
Over (Under) Expenditures	438,417					218,947
Total Net Position - Governmental Activities	\$ 35,113,193					\$ 310,748
OTHER FINANCING SOURCES (USES)						
Transfers In	546,768					30,270
Transfers Out	(835,000)					1,382,038
Sale of Assets	1,079					(2,077,197)
Total Other Financing Sources (Uses)	(287,153)					66,813
Net Change in Fund Balances	(1,240,619)					
FUND BALANCE, BEGINNING OF YEAR	(631,943)					
FUND BALANCE, END OF YEAR	151,264					
	1,723,599					
	\$ 1,874,863					
	\$ 21,026,887					
	\$ 1,677,409					
	\$ 1,056,421					
	\$ 25,643,580					

CITY OF BENSON, MINNESOTA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Total Net Change in Fund Balances - Governmental Funds

\$ 61,057

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

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital Outlay

Depreciation Expense

Capital Asset Disposals

Accumulated Depreciation Related to Capital Asset Disposals

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special Assessments

In the Statement of Activities, certain operating expenses - other post-employment benefits, compensated absences and pension benefits - are measured by the expenses incurred 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).

Compensated Absences

Total OPEB Liability

Pension

Bonds issued provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Retirement of Long-Term Debt

Change in Interest Payable

Change in Net Position - Governmental Activities

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CITY OF BENSON, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

		<u>Budgeted Amounts</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES						
Taxes		\$ 1,299,540	\$ 1,299,540	\$ 1,309,134	\$ 9,594	
Special Assessments		19,100	19,100	112	112	
Licenses and Permits		1,313,564	1,313,564	50,236	31,136	
Intergovernmental		212,941	212,941	1,552,480	238,916	
Charges for Services		20,000	20,000	249,603	36,662	
Fines and Forfeits		50,000	50,000	16,960	(3,040)	
Investment Income (Loss)				(41,298)	(91,298)	
Miscellaneous						
Rents		25,500	25,500	25,860	360	
Refunds and Reimbursements		120,000	120,000	144,455	24,455	
Donations		16,000	16,000	26,857	10,857	
Other		8,000	8,000	11,720	3,720	
Total Revenues		<u>3,084,645</u>	<u>3,084,645</u>	<u>3,346,119</u>	<u>261,474</u>	
EXPENDITURES						
Current						
General Government		435,288	435,288	362,564	(72,724)	
Public Safety		1,327,535	1,327,535	1,218,868	(108,667)	
Public Works		623,135	623,135	587,083	(36,052)	
Culture and Recreation		589,710	589,710	527,292	(62,418)	
Airport		69,000	69,000	69,924	924	
Public Transit		10,700	10,700	9,893	(807)	
Economic Development		31,750	31,750	24,590	(7,160)	
Cemetery		8,000	8,000	15,687	7,687	
Debt Service		90,865	90,865	91,801	936	
Total Expenditures		<u>3,185,983</u>	<u>3,185,983</u>	<u>2,907,702</u>	<u>(278,281)</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures						
		<u>(101,338)</u>	<u>(101,338)</u>	<u>438,417</u>	<u>539,755</u>	
OTHER FINANCING SOURCES (USES)						
Transfers In		536,338	536,338	546,768	10,430	
Transfers Out		(435,000)	(435,000)	(335,000)	(400,000)	
Sale of Assets						
Total Other Financing Sources (Uses)		<u>101,338</u>	<u>101,338</u>	<u>1,079</u>	<u>1,079</u>	
Net Change in Fund Balance		<u>\$ 0</u>	<u>\$ 0</u>	<u>151,264</u>	<u>\$ 151,264</u>	
FUND BALANCE, BEGINNING OF YEAR				<u>1,723,599</u>		
FUND BALANCE, END OF YEAR				<u>\$ 1,874,863</u>	<u>\$ 1,874,863</u>	

See Accompanying Notes to the Financial Statements
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CITY OF BENSON, MINNESOTA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 ECONOMIC DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2021

	2021		Over (Under) Final Budget
Budgeted Amounts	Original	Final	Actual
REVENUES			
Investment Income (Loss)	\$ 200,500	\$ 200,500	\$ (78,338) \$ (278,838)
Miscellaneous	28,669	28,669	28,669
Rents	28,426	28,426	(28,426)
Refunds and Reimbursements	840,921	840,921	49,401
Other	1,098,516	1,098,516	(257,863)
Total Revenues			
EXPENDITURES			
Current	1,078,183	1,078,183	231,977
Economic Development	40,000	40,000	(846,206)
Capital Outlay	1,118,183	1,118,183	(40,000)
Total Expenditures			231,977
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,667)	(19,667)	608,676
OTHER FINANCING SOURCES (USES)			
Transfers In	50,000	50,000	(50,000)
Transfers Out	(3,575,460)	(3,575,460)	(1,240,619)
Total Other Financing Sources (Uses)			2,334,841
Net Change in Fund Balance			\$ 2,913,184
FUND BALANCE, BEGINNING OF YEAR			21,658,830
FUND BALANCE, END OF YEAR			<u>\$ 21,026,887</u>

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CITY OF BENSON, MINNESOTA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Water	Sewer	Business-Type Activities - Enterprise Funds	Liquor	Sanitation	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Current Assets						
Cash and Investments						
Receivables						
Accounts						
Special Assessments						
Interest						
Inventories						
Due from Other Funds						
Prepaid Items						
Total Current Assets						
Noncurrent Assets						
Capital Assets						
Assets Not Being Depreciated						
Other Capital Assets, Net of Depreciation						
Noncurrent Assets						
Total Assets						
Deferred Outflows of Resources						
Related to Pensions						
Related to OPEB						
Total Deferred Outflows of Resources						
Total Assets and Deferred Outflows of Resources						
LIABILITIES AND NET POSITION						
Liabilities						
Current Liabilities						
Accounts and Contracts Payable						
Accrued Interest Payable						
Due to Other Funds						
Current Portion of Other Long-Term Liabilities						
Total Current Liabilities						
Long-Term Liabilities						
Note Payable						
Bonds Payable, Net of Discount						
Capital Lease						
Compensated Absences						
Total OPEB Liability						
Net Pension Liability						
Less Current Portion of Other Long-Term Liabilities						
Total Long-Term Liabilities						
Total Liabilities						
Deferred Inflows of Resources						
Related to Pensions						
Net Position						
Net Investment in Capital Assets						
Unrestricted						
Total Net Position						
Total Liabilities, Deferred Inflows of Resources and Net Position						

See Accompanying Notes to the Financial Statements

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See Accompanying Notes to the Financial Statements

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CITY OF BENSON, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

CITY OF BENSON, MINNESOTA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities - Enterprise Funds					
	Water	Sewer	Electric	Liquor	Sanitation	Totals
OPERATING REVENUES						
Sales and Charges for Services	\$ 720,318	\$ 976,917	\$ 3,708,312	\$ 414,526	\$ 161,784	\$ 5,981,857
Interfund			33,735	5,078	3,659	33,735
Other			7,363	165,443	6,031,692	16,100
Total Operating Revenues	720,318	976,917	3,749,410	419,604	165,443	
OPERATING EXPENSES						
Personal Services	139,573	190,356	168,778	200,499	396	699,206
Supplies	42,463	47,182	99,831	4,357	194,329	
Other Services and Charges	155,446	259,094	2,751,315	125,258	173,602	3,464,715
Depreciation	12,375	21,360				33,735
Total Operating Expenses	228,671	309,958	531,306	7,106	1,077,041	
Operating income (Loss)	141,790	827,950	3,351,330	337,220	173,988	(8,556)
	578,528	148,967	198,080	82,384	562,666	
NONOPERATING REVENUES (EXPENSES)						
Investment Income (Loss)	9,672	487	(66,727)	237	2,291	(54,040)
Interest and Fiscal Charges	(36,666)	(36,153)	(59,635)	546	48,033	(132,154)
Rents						48,579
Sale of Assets						3,036
Amortization						3,036
Total Nonoperating Revenues (Expenses)	(26,994)	(35,686)	(126,062)	48,270	2,291	(138,161)
Income (Loss) before Transfers	114,796	113,301	72,018	130,654	(6,264)	424,505
TRANSFERS						
Transfers In	139,975	635,184				775,159
Transfers Out	254,771	635,184	748,485	0	(80,000)	0
Total Transfers	139,975	635,184	72,018	50,654	0	695,159
Change in Net Position						1,119,864
NET POSITION, BEGINNING OF YEAR	3,098,773	2,637,897	6,504,293	309,125	181,517	12,731,605
NET POSITION, END OF YEAR	\$ 3,353,544	\$ 3,386,382	\$ 6,576,311	\$ 359,779	\$ 175,253	\$ 13,851,269

	Water	Sewer	Electric	Liquor	Sanitation	Totals
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts From Customers						\$ 724,930
Payments Received From Other Sources						13,549
Payments to Suppliers						(338,124)
Payments to Employees						(295,502)
Net Cash Provided (Used) by Operating Activities						(175,317)
						(197,559)
						(48,639)
						(222,352)
						(743,907)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers In						139,975
Transfers Out						635,184
Interfund Loans						25,832
Rents						(42,513)
Sale of Assets						3,036
Net Cash Provided (Used) by Noncapital Financing Activities						165,807
						(31,967)
						(417)
						742,611
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Long-Term Debt Principal Payments						(194,000)
Interest Paid on Bonds						(37,884)
Acquisition and Construction of Capital Assets						(142,305)
Net Cash Provided (Used) by Capital and Related Financing Activities						(700,397)
						(375,179)
						(7461)
						(1,225,342)
						(1,225,342)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment Income (Loss)						9,672
Net Increase (Decrease) in Cash and Cash Investments						487
						(66,468)
						232
						2,291
						(53,786)
CASH AND INVESTMENTS, BEGINNING OF YEAR						
						26,318
						31,295
						(180,572)
						7,683
						(6,681)
						(2,271,842)
						0
NET POSITION, END OF YEAR						
						720,184
						4,022,438
						233,083
						169,579
						5,145,284
CASH AND INVESTMENTS, END OF YEAR						
						\$ 746,502
						\$ 31,295
						\$ 3,841,866
						\$ 240,766
						\$ 162,898
						\$ 5,023,327

CITY OF BENSON, MINNESOTA
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2021

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

	Business-Type Activities	Enterprise Funds				
	Water	Sewer	Electric	Liquor	Sanitation	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 141,790	\$ 148,967	\$ 198,080	\$ 82,384	\$ (8,555)	\$ 562,666
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation	228,671	309,958	531,306	7,106	1,077,041	
Pension Related Adjustments	(21,220)	7,942	24,656	(19,447)	(8,069)	
OPEB Related Adjustments	(1,544)	(1,544)	(1,544)	(1,544)	(6,176)	
(Increase) Decrease in Assets Receivables	17,630	1,194	9,937	(3,420)	24,147	
Special Assessments	531	3,696	(68,864)	(15,692)	1,725	
Inventories	154		(486)		(80,706)	
Prepaid Items					(486)	
Increase (Decrease) in Liabilities Accounts and Contracts Payable	(127,994)	28,438	22,576	(1,646)	(78,626)	
Compensated Absences	(12,980)	(13,641)	(2,973)	(862)	(30,568)	
Total Adjustments	83,248	336,043	514,608	(35,505)	0	898,394
Net Cash Provided (Used) by Operating Activities	<u>\$ 225,038</u>	<u>\$ 485,010</u>	<u>\$ 712,688</u>	<u>\$ 46,879</u>	<u>\$ (8,555)</u>	<u>\$ 1,461,060</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES
 Operating Income (Loss)
 Adjustments by Operating Activities
 Depreciation
 Pension Related Adjustments
 OPEB Related Adjustments
 (Increase) Decrease in Assets
 Receivables
 Special Assessments
 Inventories
 Prepaid Items
 Increase (Decrease) in Liabilities
 Accounts and Contracts Payable
 Compensated Absences
 Total Adjustments
 Net Cash Provided (Used) by Operating Activities

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Benson, Minnesota is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such Component units are legally separate organizations for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the financial component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain entities have been defined and are presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

For the category above, the specific entity is identified as follows.

Blended Component Unit

The Benson Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Benson EDA is reported as if it were part of the primary government because it provides services exclusively for the City. Separate financial statements are not prepared for the Benson EDA.

Related Party

The City and Swift County operate a joint city-county hospital pursuant to a hospital agreement signed by the City and the County in 1947. Swift County-Benson Hospital is a 31 bed facility which provides acute health care services to the City of Benson and Swift County. The members of the Swift County - Benson Hospital Board of Directors of which four are appointed by the Swift County Board of Commissioners and one by the Benson City Council are responsible for the overall operations of the Hospital. The Hospital's operational and financial relationships with the City are not significant enough to require its inclusion as a component unit in the City's financial statements. Separate financial statements are prepared for the Swift County/Benson Hospital.

The Housing and Redevelopment Authority (HRA) of Benson is considered a related organization as the City appoints the members of the governing body; however, the City cannot impose its will on the HRA. Separate financial statements can be obtained by contacting the Housing and Redevelopment Authority of Benson, 300 - 13th Street North, Benson, Minnesota 56215.

CITY OF BENSON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, OPEB and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenue, charges for services, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

(Cont'd)

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

The Economic Development Authority Special Revenue Fund accounts for the financial resources to be used for the operations of the economic development authority.

The General Capital Outlay Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The City reports the following major enterprise funds:

The Water Fund accounts for the operations of the City owned water utility system.

The Sewer Fund accounts for the operations of the City owned sewer utility system.

The Electric Fund accounts for the operations of the City owned electrical utility system.

The Liquor Fund accounts for the operations of the City owned municipal liquor store.

The Sanitation Fund is used to account for the fees received and expenses in relation to trash collection.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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.

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF BENSON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States bank;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Cash and investments were comprised of deposits, brokered certificates of deposits, government securities, 4M Fund, and investments in CVEC.

The City invests in an external investment pool, the Minnesota Municipal Money Market Fund (4M Fund), which is created under a joint powers agreement pursuant to Minn. Stat. §471.59. The 4M Fund is not registered with the Securities Exchange Commission (SEC), but does satisfy the requirements of Rule 2a-7 prescribed by the SEC pursuant to the Investment Company Act of 1940 (17 CFR §20.2(a)-7), as amended. The investment in the pool is measured at the net asset value per share provided by the pool.

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The City does not have an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk or custodial credit risk.

D. DEPOSITS AND INVESTMENTS (Cont'd)

Custodial Credit Risk - Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. Minnesota Statutes require all City deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must be 110 percent more than the amount plus accrued interest at the close of the financial institution's banking day, not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds. The City has no formal policy in place to address custodial credit risk for deposits.

Authorized collateral includes the obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, futures contracts, repurchase and reverse purchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days, as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasurer or in a financial institution other than the one furnishing the collateral.

Interest Rate Risk: This is the risk that the market value of securities in a portfolio would decrease due to changes in market interest rates. The City minimizes its exposure to interest rate risk by investing in short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. However, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Minnesota Statutes §118A.04 and §118A.05 limits investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City does not have an investment policy that further limits credit risk.

Custodial Credit Risk - Investments: For investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City was not exposed to custodial credit risk since all investment securities were insured or fully collateralized and are registered in the name of the City. The City does not have a formal policy to address custodial credit risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City does not have a formal policy to address concentration of credit risk.

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. RECEIVABLES AND PAYABLES (Cont'd)

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of property.

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Swift County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. Taxes not collected by the City as of December 31 each year are shown as taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

An allowance for doubtful accounts is recorded based on historical revenues, historical loss levels, and an analysis of the collectability of individual accounts.

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. INVENTORIES

All inventories of governmental and proprietary funds are valued at the lower of cost, using the first-in, first-out method or accounting, or market value.

H. CAPITAL ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year and an initial, individual cost of more than \$5,000.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation.

Based on the age of the majority of the City's infrastructure and an exception for small governments in GASB Statement No. 34, the City has determined it is not practical to capitalize infrastructure retroactively. The current value of the infrastructure includes projects completed during the year ended December 31, 1977 and prospectively from that date.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. CAPITAL ASSETS (Cont'd)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Tangible and intangible assets of the City are depreciated using the straight-line, full month convention method over the following estimated useful lives:

Assets	Years
Buildings	20-50
Improvements Other than Buildings	20-50
Vehicles	10
Machinery and Equipment	10

The City does not possess any material amounts of intangible assets.

I. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future reporting period. During that future period, it will be recognized as an outflow of resources (expense/expenditure). The City has items that qualify for reporting in this category on the government-wide and proprietary fund Statement of Net Position which are related to pensions and OPEB.

J. UNEARNED REVENUE

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and certain other payments received before eligibility requirements are met are also recorded as unearned revenue.

K. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary funds Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on a trend analysis of current usage of vacation and vested sick leave. The noncurrent portion consists of the remaining amount of vacation and total vested sick leave.

CITY OF BENSON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. COMPENSATED ABSENCES (Cont'd)

Full and part-time employees earn vacation days based upon the number of completed years of service. The City compensates employees for unused vacation upon termination of employment. Accordingly, the expenditure for vacation is recognized when earned in the government-wide and the proprietary fund statements. In the governmental fund statements, expenditures for vacation are recognized when paid. Full and part-time employees earn paid sick leave at the rate of one day per month, or pro-rata, up to a total of 125 days. Employees who have accumulated 125 days have one day of sick leave per month credited to a deferred sick leave account to be utilized in the event of an extended illness or injury after their 125 days of regular sick leave are depleted. When employees hired prior to January 1, 1991, retire or leave in good standing, the regular accumulated sick leave, up to 125 days will be paid out at a rate established by the City benefit policy and is reported as a liability in the Statement of Net Position. For employees hired after these dates and who retire or otherwise separate employment, no payment for accumulated sick leave is due.

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Employees of the City pay premiums based on amounts negotiated in employment and union contracts. Since the insurance rates are not aged based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage (except as otherwise provided in a collective bargaining agreement or personnel policy). The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

M. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Benson Fire Relief Association and additions to deductions from PERA's and the Benson Fire Relief Association's fiduciary net position have been determined on the same basis as they are reported by PERA and the Benson Fire Relief Association. 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.

The City participates in various pension plans; total pension expense for the year ended December 31, 2021, was \$43,497. The components of pension expense are noted in the plan summaries.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period. During that future period, it will be recognized as an inflow of resources (revenue). The City has items that qualify for reporting in this category on both the government-wide and proprietary fund Statement of Net Position and the governmental fund financial statements related to special assessments and pensions.

P. FUND BALANCE

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items that would otherwise be unassigned.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

The City requires restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City will strive to maintain a minimum unassigned General Fund Balance of 40% of the annual budget.

Q. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide and proprietary fund 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 capital assets. Net position is reported as restricted in the government-wide and proprietary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are submitted by all department heads to the City Finance Director. The City Finance Director compiles the budget requests into an overall preliminary City budget. The City Administrator presents the proposed budget to the City Council.
 2. Public hearings are conducted to obtain taxpayer comments.
 3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General and Special Revenue Funds.
 4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
 5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
 6. Annual appropriated budgets are adopted during the year for the General and Special Revenue Funds. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted.
 7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.
- Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

B. EXPENDITURES EXCEEDING BUDGET

The following funds had expenditures that exceeded budget:

	Budget	Actual
Nonmajor Governmental Funds		
Special Revenue Fund		
Cemetery Prepetual Care		
TIF District No. 8	\$ 100	\$ 11,280

C. FUND DEFICITS

The following fund had a deficit balance:

TIF District No. 8 Special Revenue Fund	(11,280)

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

	Budget	Actual
Checking		
Cash Held in Investment Accounts		
Money Market Accounts at Depositories		
Total Deposits	\$ 1,935,935	\$ 412,640
		7.681
		1,515,614

B. INVESTMENTS

The City had the following investments:

	Fair Value	Risk	Interest Rate	Maturity Date
Investments at Fair Value:				
Brokered Certificates of Deposit	\$ 16,454,793		1-9 years	
Government Securities	5,360,836		2-8 years	
CVFC	186,120		N/A	
	\$ 22,001,749			
				38

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

The credit rating for the Government Securities were rated AAA by Moody and AA+ by S&P. The Brokered Certificates of Deposit were not rated.

Investments fair value measurements are as follows:

	Fair Value	Level 1	Fair Value Measurement Using Level 2	Level 3
<u>Investments at Fair Value:</u>				
Brokered Certificates of Deposit	\$ 16,454,793	\$ 16,454,793		
Government Securities	5,360,836	5,360,836		
CVEC	186,120	186,120		
Total Investment at Fair Value	22,001,749	0	\$ 22,001,749	\$ 0
<u>Investments at Amortized Cost:</u>				
4M Fund	250,000			
	<u>\$ 22,251,749</u>			
The following is a summary of total deposits and investments:				
Deposits (Note 3.A.)	\$ 1,935,935			
Petty Cash	7,050			
Investments (Note 3.B.)	<u>\$ 22,251,749</u>			
Total Deposits and Investments	<u>\$ 24,194,734</u>			

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

Statement of Net Position	
Governmental Activities	\$ 18,985,287
Cash and Investments	186,120
Investment in CVEC	
Business-Type Activities	
Cash and Investments	5,023,327
Total Cash and Investments	<u>\$ 24,194,734</u>

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Year	Amounts not Scheduled for Collection During the Subsequent Year
<u>Governmental Activities</u>			
Accounts	\$ 200,144	\$	
Property Taxes	37,580		
Special Assessments	26,426		5,805
Notes	776,735		515,879
Interest	18,930		
Other	1,708,266		1,571,073
Total Governmental Activities	<u>\$ 2,768,081</u>		<u>\$ 2,092,757</u>
<u>Business-Type Activities</u>			
Accounts	\$ 511,493	\$	
Special Assessments	24,057		20,074
Interest	9,478		
Total Business-Type Activities	<u>\$ 545,028</u>		<u>\$ 20,074</u>
The Other Receivable relates to a payment agreement between the City of Benson and the Swift County-Benson Hospital.			
Under the payment agreement, the Swift County-Benson Hospital is to repay the City a loan amount of \$1,885,000, with an interest rate of 2.00%, in monthly payments until February 1, 2033.			

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated	\$ 1,253,247	\$ 49,002	\$ (721,949)	\$ 1,253,247
Land	<u>746,949</u>	<u>49,002</u>	<u>(721,949)</u>	<u>74,002</u>
Construction in Progress				
Total Capital Assets, Not Being Depreciated				
Capital Assets, Being Depreciated	2,000,196	49,002	(721,949)	1,327,249
Buildings				
Buildings	6,577,958	803,383	(13,000)	7,368,341
Improvements Other than Buildings	2,902,484	241,734	2,902,484	
Infrastructure	16,439,027	192,772	(180,470)	16,680,761
Machinery and Equipment	5,761,066			5,773,368
Total Capital Assets, Being Depreciated	31,680,535	1,237,889	(193,470)	32,724,954
Less Accumulated Depreciation for				
Buildings	2,469,682	158,100	(13,000)	2,614,782
Improvements Other than Buildings	1,989,514	116,966	2,106,480	
Infrastructure	13,352,824	229,687	(178,272)	13,562,521
Machinery and Equipment	3,165,947	322,767	3,310,442	
Total Accumulated Depreciation	<u>20,977,967</u>	<u>827,530</u>	<u>(191,272)</u>	<u>21,614,225</u>
Total Capital Assets, Being Depreciated, Net	<u>10,702,568</u>	<u>410,359</u>	<u>(2,198)</u>	<u>11,110,729</u>
Governmental Activities				
Net Capital Assets	<u>\$ 12,702,764</u>	<u>\$ 459,361</u>	<u>\$ (724,147)</u>	<u>\$ 12,437,978</u>

Governmental Activities
 Total Capital Assets

NOTE 5. CAPITAL ASSETS (Cont'd)

	Beginning Balance	Increase	Decrease	Ending Balance
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated	\$ 150,514	\$ 752,096	\$ (585,904)	\$ 150,514
Land	<u>683,843</u>	<u>752,096</u>	<u>(585,904)</u>	<u>850,035</u>
Construction in Progress				
Total Capital Assets, Not Being Depreciated				
Capital Assets, Being Depreciated	834,357	752,096		
Buildings	8,012,189	55,982		8,068,171
Generator and Treatment Plant	8,319,599	746,665		9,066,264
Improvements Other than Buildings	15,196,171	203,691		15,399,862
Machinery and Equipment	2,751,242	52,812		2,787,676
Total Capital Assets, Being Depreciated				
Less Accumulated Depreciation for				
Buildings	5,755,021	136,221		5,891,242
Generator and Treatment Plant	5,052,803	347,387		5,400,790
Improvements Other than Buildings	6,355,384	481,151		8,836,535
Machinery and Equipment	1,894,543	111,682		1,989,847
Total Accumulated Depreciation	<u>21,057,751</u>	<u>1,077,041</u>	<u>(16,378)</u>	<u>22,118,414</u>
Total Capital Assets, Being Depreciated, Net				
Business-Type Activities				
Net Capital Assets	<u>\$ 14,055,807</u>	<u>\$ 734,205</u>	<u>\$ (585,904)</u>	<u>\$ 14,204,108</u>
Depreciation expense was charged to functions/programs as follows:				
<u>Governmental Activities</u>				
General Government				\$ 11,454
Public Safety				159,782
Public Works				356,572
Culture and Recreation				157,490
Library				16,708
Airport				125,524
Total Depreciation Expense - Governmental Activities				
Business-Type Activities				
Water				\$ 228,671
Sewer				309,988
Electric				531,306
Liquor				7,106
Total Depreciation Expense - Business-Type Activities				
				\$ 1,077,041

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

	Advance to Other Funds	Advance from Other Fund	Amount
General	Nonmajor Governmental	\$ 256,034	
General Capital Outlay			
Nonmajor Governmental			
Waiver			
Sewer			
Sewer			
Sanitation			
		\$ 157,499	

Total Interfund Balances

The purpose of the above interfund loans was to provide financing for operating purposes, transfer utility billing receivables, and to cover deficit cash balances.

B. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	Transfers In	General Capital Outlay	Subtotal
Transfers Out	General		
General	\$ 805,000	\$ 805,000	
Economic Development Authority	465,460	465,460	
Liquor	80,000	80,000	
Nonmajor Governmental	1,308		1,308
Total	\$ 546,768	\$ 805,000	\$ 1,351,768

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Cont'd)

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

	Transfers In	Water	Sewer	Governmental	Total
Transfers Out					
General		\$ 30,000	\$ 30,000	\$ 835,000	
Economic Development Authority	139,975	635,184			1,240,619
Liquor				80,000	
Nonmajor Governmental					149,689
Total	\$ 139,975	\$ 635,184		270	1,578

The purpose of the above interfund balances was to purchase land and cover operating costs within TIF District No. 8.

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These G.O. Bonds generally are issued as 15-year Serial Bonds with equal debt service payments each year.

B. COMPONENTS OF LONG-TERM DEBT

	Interest Rates	Final Maturity Date	Balance Outstanding
Governmental Activities			
G.O. Bonds	0.40-2.10%	02/01/2022	\$ 70,000
G.O. Bonds, Series 2012A		02/01/2026	315,000
G.O. Bonds, Series 2014A	0.70-2.875%	02/01/2034	875,000
G.O. CIP Bonds, Series 2017B	2.00-3.00%	02/01/2034	467,516
Capital Lease Compensated Absences			
Total Governmental Activities			\$ 1,877,205

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM DEBT (Cont'd)

B. COMPONENTS OF LONG-TERM DEBT (Cont'd)

	Interest Rates	Final Maturity Date	Balance Outstanding
Business-Type Activities			
G.O. Bonds			
G.O. Bonds, Series 2012A - Electric Portion	0.40-2.10%	02/01/2022	\$ 60,000
G.O. Bonds, Series 2014A - Water and Sewer Portion	0.70-2.875%	02/01/2030	305,000
Revenue Bonds			
Electric Revenue Refunding Bonds, Series 2017A Notes	2.39%	06/01/2027	2,298,000
2004 G.O. Sewer Revenue Note (PFA)	1.98%	08/20/2024	789,000
2011 G.O. Water Revenue Note (PFA)	1.74%	08/20/2030	1,729,000
Capital Lease			
Unamortized Bond Discount		274,647	
Compensated Absences		(18,119)	
		63,141	
			<u>\$ 5,590,669</u>

Total Business-Type Activities

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences and capital lease.

For debt issued by the PFA, if an event of default occurs on any outstanding debt items including direct borrowings of the City, the City may be subject to financial consequences. The consequences could be any of the following: (1) an additional interest penalty by the Authority of the related debt, (2) withhold approval of any disbursement request, (3) reject any pending application for financial assistance, (4) demand immediate payment of the loan or bond, or (5) any other remedy available to the Authority by law.

C. MINIMUM DEBT PAYMENTS

Debt service requirements are as follows:

Year Ending December 31	G.O. Bonds, Series 2012A	Governmental Activities	G.O. Bonds, Series 2014A	Business-Type Activities
2022	\$ 70,000	\$ 735	\$ 60,000	\$ 6,460
2023			60,000	5,245
2024			65,000	3,900
2025			65,000	2,421
2026			65,000	829
	<u>\$ 70,000</u>	<u>\$ 735</u>	<u>\$ 315,000</u>	<u>\$ 18,855</u>

Year Ending December 31	2004 G.O. Sewer Revenue Note (PFA)	2011 G.O. Water Revenue Note (PFA)	Business-Type Activities
2022	\$ 258,000	\$ 15,622	\$ 363,000
2023	263,000	10,514	368,000
2024	268,000	5,306	378,000
2025			387,000
2026			395,000
2027-2030	185,000	10,852	407,000
	<u>\$ 395,000</u>	<u>\$ 50,162</u>	<u>\$ 2,298,000</u>

Year Ending December 31	2004 G.O. Sewer Revenue Bonds, Series 2017A	2011 G.O. Water Bonds, Series 2012A	Business-Type Activities
2022	\$ 40,000	\$ 9,634	\$ 363,000
2023	40,000	8,824	368,000
2024	40,000	7,964	378,000
2025	45,000	6,995	387,000
2026	45,000	5,883	395,000
2027-2030	185,000	10,852	407,000
	<u>\$ 395,000</u>	<u>\$ 50,162</u>	<u>\$ 188,470</u>

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Bonds, Series 2012A	\$ 135,000	\$ \$	\$ (65,000)	\$ 70,000	\$ 70,000
G.O. Bonds, Series 2014A	375,000		(60,000)	315,000	60,000
G.O. CIP Bonds, Series 2017B	935,000		(60,000)	875,000	60,000
Capital Lease Compensated Absences	545,046		(77,530)	467,516	79,729
	<u>167,149</u>	<u>65,283</u>	<u>(82,743)</u>	<u>149,689</u>	<u>65,283</u>
Total Government Activities	<u><u>\$ 2,157,195</u></u>	<u><u>\$ 65,283</u></u>	<u><u>\$ (345,273)</u></u>	<u><u>\$ 1,877,205</u></u>	<u><u>\$ 335,012</u></u>

Business-Type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
G.O. Bonds, Series 2012A - Electric Portion					
G.O. Bonds, Series 2014A - Water and Sewer Portion	\$ 115,000	\$ \$	\$ (55,000)	\$ 60,000	\$ 60,000
Electric Revenue Refunding Bonds, Series 2017A	435,000		(40,000)	395,000	40,000
2004 G.O. Sewer Revenue Note (PFA)			(352,000)	2,298,000	363,000
2011 G.O. Water Revenue Note (PFA)	1,042,000		(253,000)	789,000	258,000
Capital Lease Unamortized Bond Discount	1,905,000		(176,000)	1,729,000	179,000
Compensated Absences	308,014		(33,367)	274,647	34,719
	<u>(21,182)</u>	<u>3,063</u>	<u>(18,119)</u>	<u>63,141</u>	<u>23,058</u>
Total Business-Type Activities	<u><u>\$ 93,597</u></u>	<u><u>\$ 23,058</u></u>	<u><u>\$ (53,514)</u></u>	<u><u>\$ 63,141</u></u>	<u><u>\$ 23,058</u></u>

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

E. PLEDGED REVENUES

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue/ Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
2004 G.O. Sewer Revenue Note (PFA) Site Improvements Utility Charges	100%	2004-2024	\$ 820,442	\$ 273,632	\$ 976,917
2011 G.O. Water Revenue Note (PFA) Site Improvements Utility Charges	100%	2011-2030	\$ 1,882,849	\$ 209,128	\$ 720,318
CAPITAL LEASE					
Assets under the capital leases total \$799,882 and \$375,794, respectively, are being depreciated and are included in the applicable function/programs in Note 5. The following are schedules of future minimum lease payments under the capital leases.					
Year Ending December 31	Principal	Interest	Total		Capital Lease Fire Truck
2022	\$ 79,729	\$ 12,072	\$ 91,801		
2023	81,990	9,811	91,801		
2024	84,315	7,486	91,801		
2025	86,707	5,094	91,801		
2026	89,166	2,635	91,801		
2027	45,609	374	45,983		
	<u>\$ 467,516</u>	<u>\$ 37,472</u>	<u>\$ 504,988</u>		
Year Ending December 31	Principal	Interest	Total		Capital Lease Sewer Vac Truck
2022	\$ 34,719	\$ 10,302	\$ 45,021		
2023	36,126	8,895	45,021		
2024	37,591	7,431	45,022		
2025	39,114	5,907	45,021		
2026	40,700	4,321	45,021		
2027-2028	86,397	3,627	90,024		
	<u>\$ 274,647</u>	<u>\$ 40,483</u>	<u>\$ 315,130</u>		

CITY OF BENSON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9. RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program, with other cities in the state. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

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.

At year end, there are no other claims liabilities reported in the funds based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (GERP): General Employees Plan; accounted for in the General Employees Fund.

All full-time and certain part-time employees of the City are covered by the General Employees Plan.

General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (PEPPF): Police and Fire Plan; accounted for in the Police and Fire Fund.

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.

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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

B. BENEFITS PROVIDED (Cont'd)

GERP 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 .12% of average salary for each of the first 10 years of service and 1.75% 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 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. 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.

PEPPF Benefits:

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. 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.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes Chapter 253 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

C. CONTRIBUTIONS (Cont'd)

GERP Contributions:

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$93,193. The City's contributions were equal to the required contributions as set by state statute.

PEPPF Contributions:

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021; and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$90,086. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2021 the City reported a liability of \$751,599 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$23,031. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0176 percent at the end of the measurement period and 0.0177 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 751,599
State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City	23,031
Total	\$ 774,630

There were no provision changes during the measurement period.

For the year ended December 31, 2021, the City recognized pension expense of \$63,144 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$1,858 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
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NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 4,303	\$ 22,925
Changes in Actuarial Assumptions	458,911	15,943
Net Collective Difference Between Projected and Actual Investment Earnings	55,703	650,756
Contributions Paid to GERP Subsequent to Measurement Date	43,957	
Totals	\$ 562,874	\$ 689,624

The \$43,957 reported as deferred outflows of resources resulted 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31...	Pension Expense Amount
2022	\$ 665
2023	5,251
2024	915
2025	(177,538)

PEPFP Pension Costs:

At December 31, 2021 the City reported a liability of \$334,230 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0433 percent at the end of the measurement period and 0.0474 percent for the beginning of the period.

The State of Minnesota also contributed \$118 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$50.0 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPPF Pension Costs: (Cont'd)

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer - Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 88 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$16,633 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$2,734 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$3,897 for the year ended December 31, 2021 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.

There were no provision changes during the measurement period.

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	Deferred Inflows of Resources
\$ 65,422	\$ 195,076
491,231	
	632,494
27,981	53,065
44,202	
\$ 628,836	\$ 880,635

Differences Between Expected and Actual Economic Experience	Pension Expense Amount
Changes in Actuarial Assumptions	
Net Collective Difference Between Projected and Actual Investment Earnings	
Changes in Proportion Contributions Paid to PEPPF Subsequent to Measurement Date	
Totals	

The \$44,202 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Pension Expense Amount
2022	\$ (233,822)
2023	(46,203)
2024	(44,816)
2025	(69,685)
2026	98,535

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

E. LONG-TERM EXPECTED RETURN ON INVESTMENT

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the estimated future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50%	5.30%
Fixed Income	25.00%	0.75%
Private Markets	25.00%	5.90%
		100.00%

F. ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

F. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

The following changes in actuarial assumptions occurred in 2021:

GERP

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

PEPFP

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net 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.

H. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<u>PEPFP</u>	<u>GERP</u>			<u>PEPFP</u>
1% Lower	5.50%	\$ 1,532,878	5.50%	\$ 1,061,124
Current Discount Rate	6.50%	751,599	6.50%	334,230
1% Higher	7.50%	110,512	7.50%	(261,643)

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.

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's commercial insurance plans. There are 24 active participants and 1 retired participant. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

B. TOTAL OPEB LIABILITY

The City's total OPEB liability of \$229,886 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2021.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2020	\$ 235,269
Changes for the year:	
Service Cost	22,209
Interest	6,696
Differences Between Expected and Actual Experience	36,527
Changes of Assumptions or Other Inputs	(42,881)
Benefit Payments	(27,942)
Net changes	(5,401)
Balance at December 31, 2021	<u>\$ 229,868</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2020 to 2.00% in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current discount rate:

1.0% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1.0% Increase in Discount Rate (3.00%)
\$ 245,150	\$ 229,868	\$ 215,747

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.30% decreasing to 2.80%) or 1-percentage-point higher (7.30% decreasing to 4.80%) than the current healthcare cost trend rates:

Healthcare Cost Decrease (5.30% decreasing to 2.80%)	Trend Rates (6.30% decreasing to 3.80%)	Healthcare Cost Increase (7.30% decreasing to 4.80%)
\$ 208,947	\$ 229,868	\$ 255,376

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN (Cont'd)

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of (\$19,291). At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions Paid Subsequent to Measurement Date	\$ 41,829	\$ 0

\$41,829 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, 2022.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation
Salary Increases
Assumed to increase with healthcare trend rates.

Healthcare Cost Trend Rates
Assumed to increase with healthcare trend rates.

Retiree's Share of Benefit-Related Costs

A discount rate of 2.00% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates for General Employees are based on Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

Mortality rates for Police and Fire employees are based on RP-2014 mortality tables with projected mortality improvements based on scale MP-2019, and other adjustments.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2020–December 31, 2020.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 12. FUND BALANCE

Portions of the City's fund balance are nonspendable, restricted due to legal restrictions, committed by Council action, assigned by City management, or unassigned. The following is a summary of fund balance components:

	General	Economic Development Authority	General Capital Outlay	Nonmajor Governmental Funds	Total
Nonspendable Prepaid Items	\$ 3,132	\$	\$	\$	\$ 3,132
Restricted for Debt Service Revolving Loans				302,325	302,325
Total Restricted	0	0	0	139,550	139,550
Committed Industrial Property Investments				441,875	441,875
					21,026,887
					21,026,887
Assigned Fund Operations		1,677,409		633,826	2,311,235
Unassigned	1,871,731			(11,280)	1,860,451
Total	<u>\$ 1,874,863</u>	<u>\$ 21,026,887</u>	<u>\$ 1,677,409</u>	<u>\$ 1,064,421</u>	<u>\$ 25,643,580</u>

NOTE 13. ECONOMIC DEVELOPMENT REVOLVING LOANS

The City has made economic development revolving loans. The purpose of these loans is to provide economic development monies to local businesses, utilizing City funds. The outstanding balance at year end was \$744,792.

These loans are made to assist companies whose ability to secure conventional financing from financial institutions is limited due to various financial factors and other circumstances.

An allowance is provided for possible uncollectible accounts. At year end, this amount was \$69,533.

The amount of these loans not scheduled for collection in the subsequent year is \$515,879.

NOTE 14. GENERAL FUND REIMBURSEMENTS

The Enterprise Funds reimbursed the General Fund for various shared expenditures of management. These expenditures are charged as management fees in the Enterprise Funds and as reduced expenditures in the General Fund.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 15. HOUSING REHABILITATION LOANS

During the three-year period 1981 to 1983, the City of Benson made housing rehabilitation loans to qualifying citizens. The loan disbursements have been recorded in the Community Development Revolving Loan Special Revenue Fund as expenditures.

If the owners sell, transfer otherwise convey, or cease to occupy their real property as their principal place of residence, they are required to repay the loan in its entirety.

The total balance due from these loans, \$101,476, is recorded as notes receivable.

NOTE 16. DEFERRED COMPENSATION PLAN

The City has made available to its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets of the plan are not available to general creditors. Consequently, they are not included in the financial statements.

NOTE 17. CITY OF BENSON'S FIREMEN'S RELIEF ASSOCIATION

A. PLAN DESCRIPTION

The Fire Department of the City participates in the Statewide Volunteer Firefighting Retirement Plan (accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2021, the plan covered 29 active firefighters and 8 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353G.

B. BENEFITS PROVIDED

The Volunteer Firefighter Plan provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level approved by the City. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40 percent through 20 years at 100 percent.

C. CONTRIBUTIONS

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$42,694 in fire state aid to the fund for the year ended December 31, 2021.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 17. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

D. PENSION COSTS

At December 31, 2021, the City reported a net pension liability (asset) of \$(174,867) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability (asset) during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning Balance 12/31/2020	\$ 465,024	\$ 605,351	\$ (140,327)
Changes for the Year:			
Service Cost	17,596		17,596
Interest	28,727		28,727
Differences Between Expected and Actual Experience	20,493		20,493
Contributions - State		42,694	(42,694)
Net Investment Income		59,597	(59,597)
Benefit Payments	(7,680)	(7,680)	
Administrative Expense		(935)	935
Net Changes	\$ 59,136	\$ 93,676	\$ (34,540)
Balance End of Year 12/31/2021	<u>\$ 524,160</u>	<u>\$ 699,027</u>	<u>\$ (174,867)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2021, the City recognized pension expense of \$(40,280).

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 37,742	\$ 3,553
Net Differences Between Projected and Actual Investment Earnings		59,123
Totals	<u>\$ 37,742</u>	<u>\$ 62,676</u>

D. PENSION COSTS (Cont'd)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended December 31,	Pension Expense Amount
	2022	\$ (5,650)
	2023	\$ (11,145)
	2024	\$ (7,577)
	2025	\$ (562)

E. ACTUARIAL ASSUMPTIONS

The total pension liability (asset) at December 31, 2021, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.00 percent
- Inflation rate of 3.00 percent

No actuarial assumptions were made during the measurement period.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 6 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the Volunteer Firefighter Fund will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the City's net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension liability (asset) would be if there were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.00%)	1% Increase in Discount Rate (6.00%)
City's Net Pension Liability (Asset)	\$ (163,987)	\$ (174,867)

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 17. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd.)

H. PLAN INVESTMENTS/INVESTMENT POLICY:

The Minnesota State Board of Investment (SBI) is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the governor (who is designated as chair of the board), state auditor, secretary of state and state attorney general. All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 353G.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investments policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the ongoing management of the funds and are updated periodically.

I. ASSET ALLOCATION

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Volunteer Firefighter Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35.00%	5.10%
International Stocks	15.00%	5.30%
Bonds	45.00%	0.75%
Cash	5.00%	0.00%
Total	100.00%	

The six percent long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations from a number of investment management and consulting organizations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

The SBI made no significant changes to their investment policy during 2021 for the Volunteer Firefighter Fund.

J. PENSION PLAN FIDUCIARY NET POSITION:

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2021, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the internet at www.mnpera.org.

CITY OF BENSON, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2021

NOTE 18. CLAIMS AND JUDGMENTS

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2021, significant amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 19. RECLASSIFICATIONS

Certain immaterial prior year financial statement amounts have been reclassified to conform to current year's presentation. There was no affect on total Net Position or Fund Balance.

NOTE 20. CONSTRUCTION COMMITMENTS

The City has the following projects in progress:

Project	Contract Amount	Remaining Commitment
Airport Arrival/Departure Building	\$ 654,345	\$ 32,717
Anaerobic Digester Refurbishment Project	\$ 893,200	\$ 829,042

NOTE 21. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of the major components of deferred outflows and inflows as presented in the Statement of Net Position:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 1,229,452	\$ 1,632,935
Related to OPEB	41,829	
Totals	<u><u>\$ 1,271,281</u></u>	<u><u>\$ 1,632,935</u></u>

NOTE 22. COVID-19

In March 2020, the World Health Organization declared the novel coronavirus disease (COVID-19) a pandemic, and the United States declared a national emergency. Various governmental measures to control the spread of the virus have been implemented throughout the country, including temporary closure of businesses, restrictions on travel, and other limitations on the conduct of businesses. The pandemic is disrupting supply chains and affecting production and sales across a range of industries. The continued spread of the coronavirus globally could have an effect on the City's business, net position, and results of operations in the next year.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2021

Fiscal Year Ending	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Employer	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a+b)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability as a Percentage of the Total Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Pensions							
GERP							
June 30, 2021	0.0176%	\$ 751,599	\$ 23,031	\$ 774,630	\$ 1,272,813	60.86%	87.00%
June 30, 2020	0.0171%	1,025,223	31,745	1,056,968	1,177,998	89.73%	79.06%
June 30, 2019	0.0164%	906,719	28,165	934,884	1,123,497	83.21%	80.33%
June 30, 2018	0.0154%	854,329	26,014	882,343	1,074,454	82.12%	79.93%
June 30, 2017	0.0158%	1,008,682	12,645	1,021,307	973,390	104.82%	75.80%
June 30, 2016	0.0173%	1,404,674	18,318	1,422,992	1,066,825	133.39%	68.91%
June 30, 2015	0.0179%	927,671	927,671	1,052,706	88.12%	78.19%	
PEPPF							
June 30, 2021	0.0433%	334,230	15,011	349,241	510,057	68.47%	93.66%
June 30, 2020	0.0474%	624,783	14,714	639,497	515,755	123.99%	87.19%
June 30, 2019	0.0444%	472,683	—	472,683	449,373	105.19%	89.46%
June 30, 2018	0.0454%	483,917	—	483,917	405,878	97.59%	88.84%
June 30, 2017	0.0460%	621,055	—	621,055	450,511	137.96%	85.43%
June 30, 2016	0.0450%	1,805,928	545,392	1,805,928	430,053	419.93%	63.88%
June 30, 2015	0.0480%	—	—	545,392	435,380	125.27%	86.61%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF BENSON, MINNESOTA
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 DECEMBER 31, 2021

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions		Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
		In Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)		
Pensions					
GERP 12/31/2021	\$ 93,193	\$ 93,193	\$ 93,193	\$ 1,242,550	7.50%
12/31/2020	92,759	92,759	92,759	1,237,271	7.50%
12/31/2019	86,918	86,918	86,918	1,159,437	7.50%
12/31/2018	77,705	77,705	77,705	1,036,062	7.50%
12/31/2017	77,416	77,416	77,416	1,032,206	7.50%
12/31/2016	77,150	77,150	77,150	1,028,658	7.50%
12/31/2015	81,095	81,095	81,095	1,081,262	7.50%
PEPFP 12/31/2021	90,086	90,086	508,963	17.70%	
12/31/2020	91,533	91,533	517,139	17.70%	
12/31/2019	82,442	82,442	486,385	16.95%	
12/31/2018	73,048	73,048	450,911	16.20%	
12/31/2017	78,772	78,772	486,249	16.20%	
12/31/2016	70,179	70,179	433,207	16.20%	
12/31/2015	72,540	72,540	447,778	16.20%	

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF BENSON, MINNESOTA
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 DECEMBER 31, 2021

	Measurement Date				
	2021	2020	2019	2018	2017
Pensions					
Service Cost	\$ 17,596	\$ 17,083	\$ 15,592	\$ 15,967	\$ 9,030
Interest	28,727	23,500	21,839	22,881	19,618
Changes in Benefit Terms	55,528	55,528	55,528	55,528	55,528
Differences Between Expected and Actual Experience	20,493	10,071	38,284	(17,761)	(33,722)
Changes in Assumptions	(7,680)	(31,480)	(67,514)	(24,447)	(24,458)
Benefit Payments, Including Refunds of Member Contributions	49,136	74,702	8,181	(11,000)	(6,550)
Adjustment to Initial Asset Transfer	495,024	390,322	382,141	393,141	389,691
Net Change in Total Pension Liability	<u>\$ 524,160</u>	<u>\$ 465,024</u>	<u>\$ 382,141</u>	<u>\$ 393,141</u>	<u>\$ 445,668</u>
Total Pension Liability - Beginning of Year	\$ \$	\$ \$	\$ \$	\$ \$	\$ \$
Contributions - Association	\$ \$	\$ \$	\$ \$	\$ \$	\$ \$
Contributions - Member	42,694	43,905	39,854	41,376	18,88
Contributions - State of Minnesota					
Contributions - City of Benson					
Net Investment Income	59,597	76,233	83,867	(18,626)	32,465
Benefit Payments, Including Refunds of Member Contributions	(7,680)	(31,480)	(67,514)	(6,540)	(32,740)
Administrative Expenses	(935)	(930)	(1,259)	(5,200)	(7,957)
Adjustment to Initial Asset Transfer					
Net Change in Plan Fiduciary Net Position	63,676	87,728	54,948	12,566	26,044
Total Plan Fiduciary Net Position - Beginning of Year	605,351	517,673	462,675	450,079	404,899
Total Plan Fiduciary Net Position - End of Year	<u>\$ 699,027</u>	<u>\$ 605,351</u>	<u>\$ 517,623</u>	<u>\$ 462,675</u>	<u>\$ 404,999</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ (174,867)</u>	<u>\$ (140,327)</u>	<u>\$ (147,301)</u>	<u>\$ (60,534)</u>	<u>\$ (56,938)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	133.38%	130.18%	132.61%	121.07%	114.48%
The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for prior years is not available.					

The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF BENSON, MINNESOTA
 SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
 DECEMBER 31, 2021

	Measurement Date		
	12/31/2020	12/31/2019	12/31/2018
Service Cost	\$ 22,209	\$ 19,292	\$ 19,427
Interest	6,696	8,703	7,652
Differences Between Expected and Actual Experience	36,527	10,294	4,853
Changes in Assumptions	(42,891)	(21,298)	584
Benefit Payments	(27,942)	(36,631)	(17,530)
Total OPEB Liability - Beginning of Year	235,269	233,611	222,393
Total OPEB Liability - End of Year	\$ 229,888	\$ 235,269	\$ 233,611
Covered Employee Payroll	\$ 1,617,774	\$ 1,962,357	\$ 1,461,572
Total OPEB Liability as a % of Covered Employee Payroll	14.21%	11.99%	15.98%

The City implemented GASB Statement No. 75 for the year ended December 31, 2018. Information for prior years is not available.

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

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:

The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes:

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

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 BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the judiciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

The post-retirement benefit increase to paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

C. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

The Benson Fire Relief Association moved their plan to PERA effective January 1, 2018. Additionally, the benefit level per year of service increased from \$1,300 effective January 1, 2018.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

D. OTHER POST-EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2021 Changes:

Retiree premiums and explicit subsidy amounts were updated to current levels.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2021 Changes:

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 Changes:

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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2020 Changes: (Cont'd)

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.

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

2019 Changes:

The mortality projection was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes:

The combined service annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes:

The assumed post-retirement benefit increase rate was changed for 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all years.

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2015 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2021 Changes:

The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.

The inflation assumption was changed from 2.50 percent to 2.25 percent.

The payroll growth assumption was changed from 3.25 percent to 3.00 percent.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.

The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).

Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.

Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.

Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.

Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 Changes:

The mortality projection was changed from MP-2018 to MP-2019.

2019 Changes:

The mortality projection was changed from MP-2017 to MP-2018.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2018 Changes:

The mortality projection was changed from MP-2016 to MP-2017.

2017 Changes:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The combined service annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent thereafter to 1.0 percent per year for all future years.

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.90 percent to 5.60 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFFP) (Cont'd)

2015 Changes:

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

C. CITY OF BENSON'S FIREMANS RELIEF ASSOCIATION

2021 Changes:

There have been no changes since the prior valuation.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST-EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2021 Changes:

The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations.

Medical per capita claims costs were updated to reflect recent experience.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

D. OTHER POST-EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (Cont'd)

2021 Changes: (Cont'd)

Withdrawal, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations.

C. OTHER POST-EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (Cont'd)

The percent of future retirees currently electing coverage assumed to elect coverage at retirement changed from 100% to 80% to reflect recent plan experience.

The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita costs were updated to reflect recent experience.

Withdrawal, mortality, and salary increase rates were updated to the rates used in the 7/1/2018 PERA General and Police & Fire Employees Retirement Plan valuation.

The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

2018 Changes:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.81% in 2017 to 3.31% in 2018.

D. OTHER POST-EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2021 Changes:

The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations.

Medical per capita claims costs were updated to reflect recent experience.

SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	\$ 335,974	\$ 271,873	\$ 296,078	\$ 903,925
Receivables	169	1,253	6,247	1,422
Accounts	2,984	5,805		9,231
Property Taxes	17,840			23,645
Special Assessments	101,476			101,476
Notes		3,990		3,990
Due from Other Funds	283,709			283,709
Land Held for Resale				
Total Assets	<u>\$ 742,152</u>	<u>\$ 282,921</u>	<u>\$ 302,325</u>	<u>\$ 1,327,398</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts and Contracts Payable	\$ 452	\$ 686	\$	452
Due to Other Funds				686
Advance From Other Funds	256,034			256,034
Total Liabilities	<u>256,486</u>	<u>686</u>	<u>0</u>	<u>257,172</u>
Deferred Inflows of Resources				
Unavailable Revenues				
Special Assessments	5,805			5,805
Fund Balance				
Restricted	139,550	276,430	302,325	441,875
Assigned	357,396			633,826
Unassigned	<u>(11,280)</u>	<u>276,430</u>	<u>302,325</u>	<u>(11,280)</u>
Total Fund Balance	<u>485,666</u>	<u>276,430</u>	<u>302,325</u>	<u>1,064,421</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 742,152</u>	<u>\$ 282,921</u>	<u>\$ 302,325</u>	<u>\$ 1,327,398</u>

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CITY OF BENSON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 120,067	\$ 17,840	\$ 232,159	\$ 352,226
Special Assessments		55,548		28,480
Charges for Services				55,548
Investment Income (Loss)				3,943
Miscellaneous				17,947
Refunds and Reimbursements				33
Donations	17,947			2,180
Other	33			
Total Revenues	159,762	66,188	234,407	460,357
EXPENDITURES				
Current				
Culture and Recreation	114,545			114,545
Urban Development	2,182			2,182
Economic Development	11,280			12,399
Cemetery				1,119
Capital Outlay	100			
Public Works				18,541
Culture and Recreation				3,000
Debt Service				
Principal				185,000
Interest and Fiscal Costs				33,947
Total Expenditures	131,107	18,541	220,066	369,714
Excess (Deficiency) of Revenues Over (Under) Expenditures				90,643
OTHER FINANCING SOURCES (USES)				
Transfers In				30,270
Transfers Out		(1,578)		(1,578)
Sale of Assets		500		500
Total Other Financing Sources (Uses)		(808)		29,192
Net Change in Fund Balances		27,847		119,835
FUND BALANCE, BEGINNING OF YEAR,	457,819	198,783	287,984	944,586
FUND BALANCE, END OF YEAR	\$ 485,666	\$ 276,430	\$ 302,325	\$ 1,064,421

Transfers In
Transfers Out
Sale of Assets
Total Other Financing Sources (Uses)
Net Change in Fund Balances

CITY OF BENSON, MINNESOTA									
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES									
SPECIAL REVENUE, EXPENDITURE AND CHANGES IN FUND BALANCES									
YEARS ENDED DECEMBER 31, 2021									
	Community Development	2025 Small Cities Grant	2029 Small Cities Grant	2011 Small Cities Grant	2013 Small Cities Grant	2017 Small Cities Grant	TIF District	Development District	Total
	Cemetery Perpetual Care	Revolving Loan	Grant	Grant	Grant	Grant	No. 8	No. 8	
REVENUES	\$ 20,067	\$ 270	\$ 1,310	\$ 17,840	\$ 5	\$ 110			\$ 120,687
Taxes							17,947	17,947	17,840
Special Assessments							15,327	15,327	15,279
Investment Income (Loss)									1,995
Refundings and Reimbursements									1,947
Donations	1,841	33	579						1,841
Other	(21,941)	270	2,860	0	18,424	0	0	0	(21,941)
EXPENDITURES									
Current:									
Culture and Recreation	6,679								6,679
Supplies	7,463								7,463
Utilities	66,504								66,504
Contracted Services	4,454								4,454
Other									
Capital Outlays									
Urban Development	3,000								3,000
Supplies									
Commissioned Services									
Economic Development									
Other									
Cemetery									
Other									
Total Expenditures	117,545	0	100	0	2,182	0	0	11,260	131,937
FUNDS									
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,396	270	3,390	0	18,424	(2,182)	0	0	15,637
OTHER FINANCING SOURCES (USES)									
Transfers In:									
Total	(270)	(1,306)	360		0				(11,260)
Transfers Out:									
Total Other Financing Sources (Uses)	(270)	(270)	(1,306)	500	18,424	(2,182)	0	0	15,337
Net Change in Fund Balances	4,680	0	2,082	500	18,424	(2,182)	0	0	(838)
FUND BALANCE: BEGINNING OF YEAR	63,269	19,534	39,943	17,910	17,555	44,147	8,778	26,395	10,196
FUND BALANCE: END OF YEAR	\$ 67,935	\$ 19,534	\$ 95,725	\$ 173,413	\$ 36,979	\$ 42,665	\$ 8,778	\$ 26,395	\$ 25,833
									\$ (11,260)
									\$ 789
									\$ 485,956

CITY OF BENSON, MINNESOTA									
COMBINING BALANCE SHEET									
CAPITAL PROJECTS AND DEBT SERVICE NON-MAJOR FUNDS									
DECEMBER 31, 2021									
	Community Development	2025 Small Cities Grant	2029 Small Cities Grant	2011 Small Cities Grant	2013 Small Cities Grant	2017 Small Cities Grant	TIF District	Development District	Total
	Cemetery Perpetual Care	Revolving Loan	Grant	Grant	Grant	Grant	No. 8	No. 8	
G.O. Capital Improvement Bonds, Series 2017B									
Concrete Projects									
Storm Water									
Total Capital Projects									
G.O. Refunding Bonds, Series 2012A									
G.O. Bonds, Series 2014A									
G.O. Capital Improvement Bonds, Series 2017B									
Total Debt Service									

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021			2020		
	Budgeted Amounts	Original	Final	Actual	Over (Under)	Final Budget
REVENUES						
Taxes						
Property Taxes	\$ 1,071,540	\$ 1,071,540	\$ 1,070,897	\$ (643)	\$ 1,494,820	
Franchise Fees	217,000	217,000	214,863	(2,137)	216,143	
Lodging Tax	11,000	11,000	23,374	12,374	14,358	
Total Taxes	1,299,540	1,299,540	1,309,134	9,594	1,725,321	
Special Assessments				112	112	45
Licenses and Permits						
Business	8,500	8,500	8,757	257	7,995	
Non-business	10,600	10,600	41,479	30,879	9,081	
Total Licenses and Permits	19,100	19,100	50,236	31,136	17,076	
Intergovernmental						
Local Government Aid	1,186,707	1,186,707	1,186,707			
Market Value Credit			294	294		
Airport Maintenance	24,257	24,257	31,149	6,892	306	
Other	102,600	102,600	334,330	231,730	34,408	
Total Intergovernmental	1,313,564	1,313,564	1,552,480	238,916	1,505,312	
Charges for Services						
Weed and Tree Removal	5,500	5,500	4,488	(1,012)	7,473	
Park Fees	26,000	26,000	25,715	(285)	15,061	
Swimming Pool	57,000	57,000	63,205	6,205	27,837	
Police Services	16,000	16,000	32,889	16,889	22,979	
Fire Contracts	78,841	78,841	81,044	2,203	78,684	
Fire and Rescue Calls	23,000	23,000	36,193	13,193	46,149	
Other Charges	6,600	6,600	6,069	(531)	4,958	
Total Charges for Services	212,941	212,941	249,603	36,662	203,141	
Fines and Forfeits						
	20,000	20,000	16,960	(3,040)	15,426	
Investment Income (Loss)						
	50,000	50,000	(41,298)	(91,298)	82,689	
Miscellaneous						
Rent	25,500	25,500	25,860	360	26,081	
Refunds and Reimbursements	120,000	120,000	144,455	24,455	146,106	
Donations	16,000	16,000	26,857	10,857	24,240	
Other	8,000	8,000	11,720	3,720	7,100	
Total Miscellaneous	169,500	169,500	208,892	39,392	203,527	
Total Revenues	3,084,645	3,084,645	3,346,119	261,474	3,752,537	

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES CAPITAL PROJECTS AND DEBT SERVICE NON-MAJOR FUNDS YEAR ENDED DECEMBER 31, 2021					
	Concrete Projects	Storm Water	Total Capital Projects	G.O. Refunding Bonds Series 2012A	G.O. Bonds Series 2014A
REVENUES	\$ 10,640	\$ 55,548	\$ 10,640	\$ 75,024	\$ 70,360
Taxes				\$ 86,775	\$ 232,159
Special Assessments					
Charges for Services					
Investment Income (Loss)					
Total Revenues	10,640	55,548	66,188	1010	71,146
EXPENDITURES					
Current					
Economic Development					
Contracted Services					
Capital Outlay					
Public Works	11,359	7,182	18,541	65,000	60,000
Debt Service					
Principal					
Interest and Fiscal Costs					
Total Expenditures	11,359	7,182	18,541	67,927	67,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(719)	48,366	47,647	8,107	3,292
OTHER FINANCING SOURCES (USES)					
Transfers In					
Net Change in Fund Balances	29,267	48,366	77,647	8,107	3,292
FUND BALANCE, BEGINNING OF YEAR	13,823	184,960	198,783	112,533	96,852
FUND BALANCE, END OF YEAR	\$ 43,104	\$ 233,326	\$ 276,430	\$ 120,640	\$ 101,144
					\$ 81,541
					\$ 302,325

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CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020		
	Budgeted Amounts Original	Final	Over (Under) Final Budget	Actual	
EXPENDITURES					
Current					
General Government					
Mayor and Council					
Personal Services	\$ 9,821	\$ 9,821	\$ 8,706	\$ (1,115)	\$ 8,684
Supplies	300	300	895	595	3,430
Other Services	4,000	4,000	1,304	(2,696)	255
Other Charges	28,342	28,342	11,835	(16,507)	31,611
Total Mayor and Council	42,463	42,463	22,740	(19,723)	43,980
Administration and Finance					
Personal Services	260,700	260,700	256,657	(4,043)	249,918
Supplies	14,500	14,500	19,179	4,679	14,394
Other Services	40,597	40,597	(1,223)	(41,820)	16,312
Other Charges	3,000	3,000	3,288	288	2,665
Total Administration and Finance	318,797	318,797	277,901	(40,896)	283,289
Election and Voters' Registration					
Personal Services	1,200	1,200	1,087	(113)	3,144
Supplies	3,000	3,000	2,808	(192)	1,172
Total Election and Voters' Registration	4,200	4,200	3,895	(305)	4,316
Accounting and Auditing					
14,352	14,352	15,202	850	13,319	
Assessor					
19,500	19,500	21,279	1,779	19,245	
Legal					
Supplies					
Other Services					
Total Legal					
Other					
Other Charges					
City Buildings					
Supplies					
Other Services					
Total City Buildings					
Total General Government					

	2021		2020		
	Budgeted Amounts Original	Final	Over (Under) Final Budget	Actual	
EXPENDITURES (Cont'd)					
Current (Cont'd)					
Public Safety					
Police Department					
Personal Services	\$ 853,630	\$ 853,630	\$ 809,364	\$ (44,266)	\$ 801,811
Supplies	68,600	68,600	64,116	(4,484)	91,053
Other Services	132,445	132,445	145,113	12,688	119,532
Other Charges	7,200	7,200	9,358	2,158	5,334
Total Police Department	1,061,875	1,061,875	1,027,951	(33,924)	1,017,730
Fire Department					
Personal Services	61,800	61,800	55,535	(6,265)	72,021
Supplies	35,800	35,800	31,661	(4,139)	34,079
Other Services	74,000	74,000	54,868	(19,132)	54,542
Other Charges	900	900	1,215	315	847
Total Fire Department	172,500	172,500	143,279	(29,221)	161,489
Building, Planning and Zoning					
Personal Services	84,210	84,210	34,103	(50,107)	83,700
Supplies	2,200	2,200	3,195	995	1,739
Other Services	6,600	6,600	10,340	3,740	6,341
Other Charges	150	150	150	(150)	140
Total Building, Planning and Zoning	93,160	93,160	47,638	(45,522)	91,920
Total Public Safety	1,327,535	1,327,535	1,218,868	(108,667)	1,271,139
Public Works					
Highways, Streets, and Roads					
Personal Services	360,935	360,935	341,630	(19,305)	342,546
Supplies	134,500	134,500	129,844	(4,666)	120,673
Other Services	125,700	125,700	113,563	(12,137)	113,571
Other Charges	2,000	2,000	2,046	46	1,888
Total Highways, Streets, and Roads	623,135	623,135	587,083	(36,052)	578,678

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts Original	Final	Over (Under) Final Budget	Actual
EXPENDITURES (Cont'd)				
Current (Cont'd)				
Culture and Recreation				
Organized Recreation	\$ 35,000	\$ 35,000	\$ 15,842	\$ (19,158)
Summer Recreation	10,600	10,600	8,669	(11,931)
Senior Citizen Center				8,640
Total Organized Recreation	45,600	45,600	24,511	(21,089)
Swimming Pool				28,018
Personal Services	60,300	60,300	57,785	(2,515)
Supplies	27,000	27,000	22,741	(4,259)
Other Services	40,000	40,000	38,341	(1,659)
Total Swimming Pool	127,300	127,300	118,867	(8,433)
Parks				102,412
Personal Services	147,610	147,610	159,808	12,198
Supplies	102,200	102,200	85,531	(16,669)
Other Services	107,000	107,000	78,575	(28,425)
Other Charges	60,000	60,000	60,000	82,175
Total Parks	416,810	416,810	383,914	(32,896)
Total Culture and Recreation	589,710	589,710	527,292	(62,418)
Airport				535,330
Personal Services	3,000	3,000	3,000	8,971
Supplies	35,000	35,000	43,971	40,380
Other Services	31,000	31,000	22,953	(8,047)
Total Airport	69,000	69,000	69,924	924
Public Transit				61,479
Other Services	10,700	10,700	9,893	(807)
Economic Development				10,034
Tourism	31,750	31,750	24,590	(7,166)
Cemetery				6,213
Supplies	5,000	5,000	2,827	(2,173)
Other Services	3,000	3,000	12,860	9,860
Total Cemetery	8,000	8,000	15,687	7,687
				13,908

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts Original	Final	Over (Under) Final Budget	Actual
EXPENDITURES (Cont'd)				
Debt Service				
Principal	\$ 90,865	\$ 90,865	\$ 77,530	\$ (13,335)
Interest			14,271	14,271
Total Debt Service	90,865	90,865	91,801	91,801
Total Expenditures	3,185,983	3,185,983	2,907,702	(278,281)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101,338)	(101,338)	438,417	539,755
OTHER FINANCING SOURCES (USES)				773,881
Transfers In	536,338	536,338	546,768	10,430
Transfers Out	(435,000)	(435,000)	(835,000)	(400,000)
Sale of Property			1,079	1,079
Total Other Financing Sources (Uses)	101,338	101,338	(287,153)	(388,491)
Net Change in Fund Balance	\$ 0	\$ 0	0	151,264
FUND BALANCE, BEGINNING OF YEAR				1,723,599
FUND BALANCE, END OF YEAR				\$ 1,874,863
				\$ 1,723,599

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

LIBRARY SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020		
	Budgeted Amounts Original	Final	Over (Under) Final Budget	Actual	
REVENUES					
Taxes	\$ 120,120	\$ 120,120	\$ 120,067	\$ (53)	\$ 117,684
Miscellaneous					
Rents	2,500	2,500	1,841	(659)	60
Refunds and Reimbursements	500	500	33	(467)	1,417
Donations					488
Total Revenues	123,120	123,120	121,941	(1,179)	119,649
EXPENDITURES					
Culture and Recreation	10,356	10,356	6,679	(3,677)	6,972
Supplies	8,700	8,700	7,458	(1,242)	6,453
Utilities	96,564	96,564	95,904	(660)	94,919
Contracted Services	1,100	1,100	1,204	104	1,108
Telephone	3,800	3,800	3,300	(500)	3,479
Insurance					
Capital Outlay	3,000	3,000	3,000		3,000
Culture and Recreation	123,520	123,520	117,545	(5,975)	115,931
Total Expenditures					
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(400)	(400)	4,396	4,796	3,718
OTHER FINANCING SOURCES (USES)					
Transfers In	400	400	270	(130)	453
Net Change in Fund Balance	\$ 0	\$ 0			
FUND BALANCE, BEGINNING OF YEAR					
FUND BALANCE, END OF YEAR					

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

LIBRARY ENDOWMENT SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020		
	Budgeted Amounts Original	Final	Over (Under) Final	Actual	Over (Under) Final Budget
REVENUES					
Investment Income (Loss)					
EXPENDITURES					
Excess (Deficiency) of Revenues					
Over (Under) Expenditures					
OTHER FINANCING SOURCES (USES)					
Transfers Out					
Net Change in Fund Balance	\$ 0	\$ 0			
FUND BALANCE, BEGINNING OF YEAR					
FUND BALANCE, END OF YEAR					

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

CEMETERY PERPETUAL CARE SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021			2020		
	Budgeted Amounts	Final	Over (Under)	Final Budget	Actual	Over (Under)
	Original					
REVENUES						
Investment Income (Loss)	\$ 1,600	\$ 1,600	\$ 1,310	\$ (290)	\$ 2,153	
Miscellaneous	1,500	1,500	2,180	680	1,400	
Other	3,100	3,100	3,490	390	3,553	
Total Revenues						
EXPENDITURES						
Current Cemetery						
Other Excess (Deficiency) of Revenues	3,100	3,100	3,390	490	3,553	
Cemetery Over (Under) Expenditures						
Excess (Deficiency) of Revenues Over (Under) Expenditures						
OTHER FINANCING SOURCES (USES)						
Transfers Out	(1,600)	(1,600)	(1,308)	292	(2,152)	
Net Change in Fund Balance	\$ 1,500	\$ 1,500	2,082	\$ 782	1,401	
FUND BALANCE, BEGINNING OF YEAR			93,643		92,242	
FUND BALANCE, END OF YEAR			\$ 95,725		\$ 93,643	

	2021			2020		
	Budgeted Amounts	Final	Over (Under)	Final Budget	Actual	Over (Under)
	Original					
REVENUES						
Community Development Revolving Loan Special Revenue Fund						
YEAR ENDED DECEMBER 31, 2021						
YEAR ENDED DECEMBER 31, 2020						
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020						
EXPENDITURES						
Community Development Revolving Loan Special Revenue Fund						
YEAR ENDED DECEMBER 31, 2021						
YEAR ENDED DECEMBER 31, 2020						
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020						
OTHER FINANCING SOURCES (USES)						
Sale of Assets						
Net Change in Fund Balance						
FUND BALANCE, BEGINNING OF YEAR						
FUND BALANCE, END OF YEAR						

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
2005 SMALL CITIES GRANT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021			2020		
	Budgeted Amounts	Over (Under)	Final Budget	Budgeted Amounts	Over (Under)	Final Budget
	Original	Final	Actual	Original	Final	Actual
REVENUES						
Special Assessments	\$ 10	\$ 10	\$ 17,840	\$ 17,840	\$ 10	\$ 10
Investment Income (Loss)						
Miscellaneous						
Refunds and Reimbursements	525	525	579	54	526	
Total Revenues	535	535	18,424	17,889	536	
EXPENDITURES						
Current						
Urban Development						
Supplies	900	900	(900)	812		
Contracted Services	4,200	4,200	(4,200)	16,600		
Total Expenditures	5,100	5,100	0	17,412		
Net Change in Fund Balance	\$ (4,565)	\$ (4,565)	18,424	\$ 22,989	(16,876)	
FUND BALANCE, BEGINNING OF YEAR						
Net: Change in Fund Balance			17,555		34,431	
FUND BALANCE, END OF YEAR			\$ 35,979		\$ 17,555	
FUND BALANCE, END OF YEAR						

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
2009 SMALL CITIES GRANT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021			2020		
	Budgeted Amounts	Final	Actual	Budgeted Amounts	Final	Actual
	Original	Final	Actual	Original	Final	Actual
REVENUES						
REVENUES						
Current						
Urban Development						
Supplies						
Contracted Services						
Total Revenues	525	525	579	54	526	
Total Expenditures	535	535	18,424	17,889	536	
Net Change in Fund Balance	\$ (4,565)	\$ (4,565)	18,424	\$ 22,989	(16,876)	
FUND BALANCE, BEGINNING OF YEAR						
Net: Change in Fund Balance			17,555		34,431	
FUND BALANCE, END OF YEAR			\$ 35,979		\$ 17,555	
FUND BALANCE, END OF YEAR						

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

2011 SMALL CITIES GRANT SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Over (Under)	Final Budget	Actual
	Original	Final	Final	Actual
REVENUES	\$ \$	\$ \$	\$ \$	\$ \$
EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance				0
FUND BALANCE, BEGINNING OF YEAR		8,778	8,778	
FUND BALANCE, END OF YEAR	\$ 8,778		\$ 8,778	

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

2013 SMALL CITIES GRANT SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Over (Under)	Final Budget	Actual
	Original	Final	Final	Actual
REVENUES				
Miscellaneous				
Refunds and Reimbursements	\$ \$	\$ \$	\$ \$	\$ \$
EXPENDITURES				
Current Urban Development Supplies				
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCE, BEGINNING OF YEAR		8,778	8,778	
FUND BALANCE, END OF YEAR	\$ 8,778		\$ 8,778	
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCE, BEGINNING OF YEAR				
FUND BALANCE, END OF YEAR	\$ 26,395		\$ 26,395	

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

2017 SMALL CITIES GRANT SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Final	Over (Under)	Final Budget
	Original	Final	Actual	Actual
REVENUES				
Intergovernmental	\$ 130	\$ 130	\$ 110	\$ 137,229
Investment Income (Loss)			\$ (20)	133
Miscellaneous				
Refunds and Reimbursements	2,000	2,000	15,527	4,401
Total Revenues	2,130	2,130	15,637	141,763
EXPENDITURES				
Current				
Urban Development				137,229
Contracted Services	\$ 2,130	\$ 2,130	\$ 13,507	4,534
Net Change in Fund Balance				
FUND BALANCE, BEGINNING OF YEAR			10,196	5,662
FUND BALANCE, END OF YEAR			\$ 25,833	\$ 10,196

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2021
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Final	Actual	Final Budget
	Original	Final	Actual	Actual
REVENUES				
Investment Income (Loss)			\$ 200,500	\$ 200,500
Miscellaneous			\$ 28,669	\$ 28,669
Rents			28,426	28,426
Refunds and Reimbursements			840,921	840,921
Other			1,098,516	1,098,516
Total Revenues			1,098,516	840,653
EXPENDITURES				
Current				
Economic Development			51,000	51,000
Advertising			46,342	46,342
Management Fees			365,461	365,461
Contracted Services			95,000	95,000
Consulting Services			12,000	12,000
Utilities			26,000	26,000
Travel				
Bad Debts				
Miscellaneous			482,380	482,380
Capital Outlay				
Economic Development			40,000	40,000
Total Expenditures			1,118,183	1,118,183
Excess (Deficiency) of Revenues Over (Under) Expenditures			(19,667)	(19,667)
OTHER FINANCING SOURCES (USES)				
Transfers In			50,000	50,000
Transfers Out			(3,575,460)	(3,575,460)
Total Other Financing Sources (Uses)			(3,525,460)	(3,525,460)
Net Change in Fund Balance	\$ (3,545,127)	\$ (3,545,127)	(631,943)	\$ 2,913,184
FUND BALANCE, BEGINNING OF YEAR			21,658,830	
FUND BALANCE, END OF YEAR			\$ 21,026,887	

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

TIF DISTRICT NO 8 SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Final	Over (Under)	Final Budget
	Original	Final	Actual	Actual
REVENUES	\$ \$	\$ \$	\$ \$	\$ \$
EXPENDITURES				
Current				
Economic Development				
Other	\$ 0	\$ 0	11,280	11,280
Net Change in Fund Balance				
FUND BALANCE, BEGINNING OF YEAR				
FUND BALANCE, END OF YEAR				
FUND BALANCE, END OF YEAR				

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

DEVELOPMENT DISTRICT

YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2021		2020	
	Budgeted Amounts	Final	Actual	Over (Under)
	Original	Final	Actual	Final Budget
REVENUES	\$ \$	\$ \$	\$ \$	\$ \$
EXPENDITURES				
Net Change in Fund Balance				
FUND BALANCE, BEGINNING OF YEAR				
FUND BALANCE, END OF YEAR				
FUND BALANCE, END OF YEAR				

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

Totals
2021
2020OPERATING REVENUES
Sales and Cost of Sales

\$ 0 \$ 0 \$ 1,327,433 \$ 1,327,433 \$ 0 (912,907) (\$912,907) \$ 1,338,648

Cost of Sales 0 0 414,526 414,526 0 414,526 (\$94,108) 398,540

Gross Profit 0 0 414,526 414,526 0 414,526 398,540

Other Revenues
Charges for Services

706,769 973,650 3,542,029 14,400 161,784 5,384,232 5,106,720

Outside Charges 10,000 32,677 33,735 151,883 5,078 3,659 24,400

Interest 3,549 3,267 33,735 151,883 5,078 3,659 33,735

Refunds and Reimbursements 3,267 3,267 33,735 151,883 5,078 3,659 33,735

Miscellaneous Revenue 7,363 7,363 75,693 75,693 24,062

Total Other Revenues 720,318 976,917 3,749,410 419,604 165,443 5,617,186

Total Operating Revenues 720,318 976,917 3,749,410 419,604 165,443 6,031,692 5,663,050

OPERATING EXPENSES
Freight

125,124 144,654 101,803 165,505 7,102 5,184

(14,524) (15,184) (4,516) (2,405) 7,102 5,184

Salaries 2,023 43,240 10,742 12,672 50,796 15,156

Pension 6,281 8,459 22,163 3,451 83,655 40,750

Supplies 19,756 29,072 624,049 10,581 396 22,836

Contracted Services 21,276 65,952 63,519 12,735 1,619,605 163,482

Lead Management 34,941 48,684 58,783 9,167 9,167 142,418

Purchased Electricity and Wheeling

System Maintenance 2,639 9,613 5,252 9,167 73,482 126,771

Building Repair and Maintenance 2,226 17,914 73,482 9,167 129,951 27,226

Equipment Repair and Maintenance

Insurance 22,099 21,190 76,006 15,822 93,622 119,951

Depreciation 228,671 309,958 531,306 7,106 153,117 117,345

Interdepartmental Charges 12,375 21,360 58,783 10,030 10,030 1,037,004

Management Fees 43,428 56,364 195,327 28,824 9,788 333,731

Bad Debts 2,438 3,476 11,435 101 1,030 18,480 327,352

Gas and Oil 2,604 4,457 28,833 530 32,894 16,172

Travel and Training 3,171 5,269 11,250 530 20,220 22,658

Office Supplies 195 564 51,935 906 53,600 16,141

Miscellaneous 3,473 1,550 4,915 35,860 45,798 50,892

Health and Life Insurance 30,996 29,190 28,251 26,657 115,094 104,042

Lab Supplies and Chemicals 33,383 33,702 5,056 4,536 67,085 53,586

Advertising 141,790 578,526 827,950 3,551,330 337,220 58,840 12,042 10,598

Refuse Disposal Total Operating Expenses 141,790 578,526 827,950 3,551,330 337,220 58,840 12,042 10,598

Operating income (Loss) 141,790 578,526 827,950 3,551,330 337,220 58,840 12,042 10,598

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CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2020

Totals
2021
2020NONOPERATING REVENUES
(EXPENSES)Investment Income (Loss)
Interest and Fiscal Charges

Rant.

Sale of Assets

Insurance Reimbursement

Amortization

Total Nonoperating

Revenues (Expenses) Before

Transfers

Transfers in Transfers Out

Total Transfers

Change in Net Position

NET POSITION, BEGINNING OF

YEAR

NET POSITION, END OF YEAR

\$ 9,672 \$ 487 \$ 66,727 \$ 237 \$ 2,291 \$ 123,830

(\$36,666) (\$36,153) (\$59,635) 546 48,033 132,454

3,036 3,036 48,578 3,036 53,586

73,045 73,045 32,430

(3,282) (3,282) 73,045 73,045 32,430

2,291 2,291 74,024 74,024

(\$130,161) (\$130,161) 74,024

424,505 424,505 610,015 610,015

775,159 775,159

(\$80,000) (\$80,000) 921,226

695,159 695,159

0 0 841,226

1,119,664 1,119,664

1,451,244 1,451,244

84,122,6

3,098,773 3,098,773

2,637,897 2,637,897

6,504,293 6,504,293

309,125 309,125

181,517 181,517

12,731,605 12,731,605

11,280,364

\$ 3,253,544 \$ 3,253,544

\$ 3,386,382 \$ 3,386,382

\$ 6,575,311 \$ 6,575,311

\$ 369,779 \$ 369,779

\$ 175,352 \$ 175,352

\$ 13,651,260 \$ 13,651,260

CITY OF BENSON, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 ELECTRIC FUND
 YEAR ENDED DECEMBER 31, 2021

		\$ 3,749,410
Total Operating Revenues		
Operating Expense		
Power Production	5,075	
Operation Supervision Salary	19,081	
Fuel Expense	42,909	
Utilities	19,533	
Management Fees	3,503	
Building Maintenance	52,555	
Maintenance of Generating Equipment	23,835	
Maintenance of Generating Equipment Salary	166,491	
Total Power Production	1,619,605	
Purchased Power Supply		
Transmission	628	
Operation Supervision Salary	19,533	
Management Fees	7,333	
Maintenance of Transmission Equipment Salary	27,494	
Total Transmission	1,916,881	
Distribution		
Fuel Expense-Vehicles	6,710	
Equipment Maintenance	20,926	
Maintenance of Lines	42,267	
Maintenance of Street Lighting	16,523	
Building Maintenance	1,749	
Management Fees	58,596	
Office Supplies	28,627	
Operating Supplies	22,163	
Station Salary	45,675	
Equipment Maintenance Salary	52,204	
Street Lights Salary	24,158	
Meter Salary	114,554	
Maintenance Supervision Salary	3,020	
Maintenance Lines Salary	263,008	
Other Contracted Services	1,661	
Telephone	4,912	
Travel and Meals	4,744	
Education/Training	2,899	
Miscellaneous	423	
Utilities	5,479	
Total Distribution	720,288	
ASSETS AND DEFERRED OUTFLOWS		
OF RESOURCES		
Capital Assets		
Electric Production Plant	\$ 4,576,014	
Electric Transmission System	676,121	
Electric Distribution System	9,888,384	
Electric Transportation and General	3,968,969	
Total Capital Assets	<u>15,467,488</u>	
Less: Accumulated Depreciation	—10,590,246	
Net Capital Assets	<u>4,877,242</u>	
Current Assets		
Cash and Investments	3,841,866	
Receivables		
Accounts	507,983	
Interest	9,465	
Inventories	220,323	
Prepaid Items	19,105	
Total Current Assets	<u>4,598,742</u>	
Deferred Outflows of Resources		
Related to P-EB	3,346	
Related to Pensions	<u>45,762</u>	
Total Deferred Outflows of Resources	<u>49,108</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 9,525,082</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Long Term Debt		
Bond Payable	\$ 2,339,881	
Less Current Portion	(423,000)	
Total Long Term Debt	<u>1,916,881</u>	
Current Liabilities		
Current Portion of Long-Term Liabilities	428,879	
Accounts and Contracts Payable	280,064	
Accrued Interest Payable	4,899	
Due to Other Funds	155,785	
Total Current Liabilities	<u>869,627</u>	
Other Long-Term Liabilities		
Compensated Absences	32,592	
Total OPEB Liability	18,389	
Net Pension Liability	61,105	
Less Current Portion	(5,879)	
Total Other Long-Term Liabilities	<u>106,207</u>	
Total Liabilities	<u>2,892,716</u>	
Deferred Inflows of Resources		
Related to Pensions	56,066	
Total Net Position	<u>\$ 9,525,092</u>	
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 9,525,092</u>	

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

		STATISTICAL SECTION
Operating Expense (Cont'd)		
Demand Side Management	\$ 4,492	
Conservation Rebates	8,244	
Other Contracted Services	9,768	
Management Fees	2,829	
Load Management Salary		
Load Management	186	
Total Demand Side Management	<u>25,519</u>	
Customer Accounts and Service		
Customer Records and Collection Salary	166,654	
Meter Reading Salary	2,015	
Office Supplies	16,770	
Postage	135	
Management Fees	19,533	
Data Processing Services	28,786	
Other Contracted Services	648	
Bill Print Services	13,500	
Bad Debts	11,435	
Total Customer Accounts and Service	<u>259,476</u>	
Administration and General		
Gas	42	
Advertising	7,506	
Management Fees - Administration	29,298	
Management Fees - Finance	19,533	
Management Fees - Sales	19,533	
Management Fees - Sales	27,190	
Non Utility Salary	1,704	
Other Contracted Services	2,132	
Travel and Meals	1,475	
Education/Training	76,116	
Insurance	6,403	
Dues, Fees, Memberships	6,403	
Telephone	10,219	
Total Administration and General	<u>201,151</u>	
Depreciation		
Total Operating Expense	531,306	
Operating Income (Loss)	<u>3,551,330</u>	
	198,080	
Nonoperating Revenues (Expenses)		
Investment Income	(66,727)	
Interest Expense and Fiscal Charges	(59,635)	
Rent	546	
Sale of Assets	3,036	
Amortization	(3,282)	
Total Nonoperating Revenues (Expenses)	<u>(126,062)</u>	
Change in Net Position	\$ 72,018	105

CITY OF BENSON, MINNESOTA

TAX CAPACITY, TAX LEVY, AND TAX CAPACITY RATES

	Budgeted Tax Levy	Total Capacity Rates
<u>2021 TAX CAPACITY \$1,523,957</u>		
Revenue	\$ 316,707	20.782 %
Police Levy	754,833	49.532
Library Fund	120,120	7.883
G.O. Equipment Bonds 2014 (Street Garage)	70,397	4.620
G.O. Police Building	86,809	5.697
G.O. Swimming Pool of 2003 (Market Referendum)	75,044	0.050
Totals	<u>\$ 1,423,910</u>	<u>88.564 %</u>
<u>2020 TAX CAPACITY \$1,976,098</u>		
Revenue	\$ 756,319	38.274 %
Police Levy	740,033	37.450
Library Fund	117,764	5.314
G.O. Equipment Bonds 2014 (Golf)	47,959	2.427
G.O. Equipment Bonds 2014 (Street Garage)	71,500	3.619
G.O. Police Building	88,069	4.457
G.O. Swimming Pool of 2003 (Market Referendum)	71,090	0.042
Totals	<u>\$ 1,892,734</u>	<u>91.583 %</u>
<u>2019 TAX CAPACITY \$1,940,221</u>		
Revenue	\$ 802,600	41.368 %
Police Levy	675,430	34.813
Library Fund	113,959	5.264
G.O. Equipment Bonds 2014 (Golf)	48,573	2.504
G.O. Equipment Bonds 2014 (Street Garage)	72,445	3.734
G.O. Police Building	89,329	4.605
G.O. Swimming Pool of 2003 (Market Referendum)	72,285	0.043
Totals	<u>\$ 1,874,621</u>	<u>92.331 %</u>
<u>2018 TAX CAPACITY \$1,932,653</u>		
Revenue	\$ 729,946	37.771 %
Police Levy	697,100	36.070
Library Fund	105,521	5.667
G.O. Equipment Bonds 2014 (Golf)	49,069	2.539
G.O. Equipment Bonds 2014 (Street Garage)	67,946	3.516
G.O. Swimming Pool of 2003 (Market Referendum)	73,377	0.044
Totals	<u>\$ 1,726,959</u>	<u>85.607 %</u>
<u>2017 TAX CAPACITY \$1,902,462</u>		
Revenue	\$ 673,792	35.418 %
Police Levy	664,750	34.942
Library Fund	113,778	5.981
G.O. Equipment Bonds 2014 (Golf)	49,447	2.600
G.O. Equipment Bonds 2014 (Street Garage)	68,552	3.604
G.O. Swimming Pool of 2003 (Market Referendum)	74,332	0.045
Totals	<u>\$ 1,644,651</u>	<u>82.590 %</u>

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CITY OF BENSON, MINNESOTA
LIQUOR FUND
GROSS PROFIT SCHEDULE
FOR THE YEARS ENDED DECEMBER 31,

	2021			
	Sales	Cost of Sales	Gross Profit	%
OFF SALE				
Liquor and Wine	\$ 455,617	\$ 321,980	\$ 133,737	29.4 %
Beer	724,164	540,341	183,823	25.4
Total Off Sale	<u>1,179,781</u>	<u>862,221</u>	<u>317,560</u>	<u>26.9</u>
ON SALE				
Liquor and Wine	51,454	7,868	43,586	84.7
Beer	61,237	16,450	44,787	73.1
Total On Sale	<u>112,691</u>	<u>24,318</u>	<u>88,373</u>	<u>78.4</u>
MISCELLANEOUS				
Total	<u>34,961</u>	<u>26,368</u>	<u>8,593</u>	<u>24.6</u>
<u><u>\$ 1,327,433</u></u>	<u><u>\$ 912,907</u></u>	<u><u>\$ 414,526</u></u>	<u><u>31.2 %</u></u>	
2020				
OFF SALE				
Liquor and Wine	\$ 500,423	\$ 352,476	\$ 147,947	29.6 %
Beer	741,183	551,120	189,563	25.6
Total Off Sale	<u>1,241,606</u>	<u>904,096</u>	<u>337,510</u>	<u>27.2</u>
ON SALE				
Liquor and Wine	27,588	4,651	22,937	83.1
Beer	37,454	10,859	26,595	71.0
Total On Sale	<u>65,042</u>	<u>15,510</u>	<u>49,532</u>	<u>76.2</u>
MISCELLANEOUS				
Total	<u>32,000</u>	<u>20,502</u>	<u>11,498</u>	<u>35.9</u>
<u><u>\$ 1,338,648</u></u>	<u><u>\$ 940,108</u></u>	<u><u>\$ 398,540</u></u>	<u><u>29.8 %</u></u>	
2019				
OFF SALE				
Liquor and Wine	\$ 389,828	\$ 272,042	\$ 117,786	30.2 %
Beer	596,996	444,720	152,276	25.5
Total Off Sale	<u>986,824</u>	<u>716,762</u>	<u>270,062</u>	<u>27.4</u>
ON SALE				
Liquor and Wine	49,601	8,153	41,448	83.6
Beer	68,409	18,232	50,177	73.3
Total On Sale	<u>118,010</u>	<u>26,385</u>	<u>91,625</u>	<u>77.6</u>
MISCELLANEOUS				
Total	<u>43,157</u>	<u>28,416</u>	<u>14,741</u>	<u>34.2</u>
<u><u>\$ 1,147,991</u></u>	<u><u>\$ 771,563</u></u>	<u><u>\$ 376,428</u></u>	<u><u>32.8 %</u></u>	

	KW/H Sold	Gross Income	Income Per KW/H
2021			
Residential	13,454,321	\$ 1,363,120	10.13 Cents
Interruptible	1,706,176	68,025	3.99 Cents
Municipal	2,776,072	278,726	10.08 Cents
Commercial	3,351,867	344,776	10.29 Cents
Large Power	12,913,927	1,075,949	8.33 Cents
Totals	<u><u>34,202,363</u></u>	<u><u>\$ 3,131,596</u></u>	<u><u>9.16 Cents</u></u>
2020			
Residential	13,393,384	\$ 1,330,691	9.94 Cents
Interruptible	1,825,276	75,290	4.12 Cents
Municipal	2,704,673	278,527	10.30 Cents
Commercial	3,276,311	332,057	10.14 Cents
Large Power	11,469,322	942,156	8.21 Cents
Totals	<u><u>32,668,966</u></u>	<u><u>\$ 2,958,721</u></u>	<u><u>9.06 Cents</u></u>
2019			
Residential	13,223,837	\$ 1,327,668	10.04 Cents
Interruptible	2,169,360	90,875	4.19 Cents
Municipal	3,093,530	306,171	9.90 Cents
Commercial	4,014,655	398,545	9.95 Cents
Large Power	11,917,223	991,740	8.32 Cents
Totals	<u><u>34,418,605</u></u>	<u><u>\$ 3,115,999</u></u>	<u><u>9.05 Cents</u></u>
2018			
Residential	13,487,473	\$ 1,366,808	10.13 Cents
Interruptible	2,154,537	91,006	4.22 Cents
Municipal	2,934,030	290,184	9.89 Cents
Commercial	3,735,520	377,915	10.12 Cents
Large Power	12,514,459	1,023,035	8.17 Cents
Totals	<u><u>34,824,019</u></u>	<u><u>\$ 3,148,748</u></u>	<u><u>9.04 Cents</u></u>
2017			
Residential	12,720,703	\$ 1,243,841	9.78 Cents
Interruptible	1,742,718	71,846	4.12 Cents
Municipal	2,989,956	295,166	9.87 Cents
Commercial	3,379,006	338,491	10.02 Cents
Large Power	12,384,218	973,909	7.86 Cents
Totals	<u><u>33,216,601</u></u>	<u><u>\$ 2,923,253</u></u>	<u><u>8.80 Cents</u></u>

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COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Members of the City Council
City of Benson
Benson, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benson, Minnesota as of and for the year ended December 31, 2021, 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 20, 2022.

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-bid laws, depositories of public funds 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 and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Conway, Deuth & Schmiesing, PLLP

CONWAY DEUTH & SCHMIESING, PLLP
CPAs & ADVISORS
WILLMAR, MINNESOTA

June 20, 2022

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www.cdsapac.com Members: American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants				



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of the City Council
City of Benson
Benson, 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 Benson, Minnesota, as of and for the year ended December 31, 2021, 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 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we considered to be a material weakness.

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Members: American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
CPAS & ADVISORS
WILLMAR, MINNESOTA

June 20, 2022

CITY OF BENSON, MINNESOTA

SCHEDULE OF FINDINGS

DECEMBER 31, 2021

I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITTING STANDARDS

FINDING: 2021-001 LIMITED SEGREGATION OF DUTIES

Condition:	There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.		
Criteria:	The basic premise is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction. The lack of such controls could result in the occurrence of a material error or fraud in relation to the financial statements not being detected by management.		
Cause:	The City has assigned duties to staff based on a cost-benefit relationship to the City and the practicality of the level of staffing the City maintains.	Effect:	The lack of adequate segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.
Recommendation:	The City should continue to monitor and evaluate the job responsibilities assigned to staff to determine whether there is an unacceptable risk.	CORRECTIVE ACTION PLAN (CAP):	Actions Planned in Response to Finding: The City is aware of the limited segregation of duties and will continue to review internal controls and make changes when they can be made.
	Explanation of Disagreement with Audit Finding: None	Official Responsible for Ensuring CAP: Glen Peerson, Director of Finance	Planned Completion Date for CAP: December 31, 2022
		Plan to Monitor Completion of CAP: City Council	

CITY OF BENSON, MINNESOTA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2021

Finding Reference	Finding Title	Status	Year Finding Initially Occurred	If Not Corrected, Provide Planned Corrective Action or Other Explanation
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Financial Statement Findings:

2020-001	Limited Segregation of Duties	Not Corrected	2006	See current year finding 2021-001
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Minnesota Legal Compliance Findings:

None

APPENDIX B

FORM OF LEGAL OPINION

(See following pages)

PROPOSED FORM OF LEGAL OPINION

\$ _____
GENERAL OBLIGATION CAPITAL NOTES, SERIES 2023A
CITY OF BENSON
SWIFT COUNTY
MINNESOTA

We have acted as bond counsel in connection with the issuance by the City of Benson, Swift County, Minnesota (the "Issuer"), of its \$ _____ General Obligation Capital Notes, Series 2023A, bearing a date of original issue of March 23, 2023 (the "Notes"). 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 Notes, 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 Notes according to their terms under the Constitution, Charter of the Issuer and laws of the State of Minnesota now in force.

(2) The Notes 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 Notes 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 Notes to the original purchaser, the interest on the Notes 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; however, interest on the Notes is taken into account in determining "annual adjusted financial statement income" for the purpose of computing the federal alternative minimum tax imposed on certain corporations for tax years beginning after December 31, 2023. 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 Notes 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 Notes in gross income and taxable net income retroactive to the date of issuance of the Notes.

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

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur and be retroactive.

TAFT STETTINIUS & HOLLISTER LLP

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade 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. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. 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"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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. Beneficial Owners are, however, 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 Securities 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 interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities 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 the City or Agent, on 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, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City 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.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages)

[Appendix ____ to Official Statement]

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by the City of Benson, Minnesota (the "Issuer"), in connection with the issuance of its \$_____ General Obligation Capital Notes, Series 2023A (the "Notes"). The Notes are being issued pursuant to a Resolution adopted on March 6, 2023 (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 Notes, 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 4 of this Disclosure Undertaking.

"Official Statement" shall be the Official Statement dated _____, 2023, prepared in connection with the Notes.

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

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

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

"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, 2022, the Issuer shall, or shall cause the Dissemination Agent to provide, at least annually to the MSRB, by filing at www.emma.msrb.org, together with such identifying information as prescribed by the MSRB, its Audited Financial Statements for the most recent Fiscal Year, which is the only financial information or operating data which is customarily prepared by the Issuer and publicly available, by not later than December 31, 2023, and by December 31 of each year thereafter.

B. If the Issuer is unable to provide to the MSRB its Audited Financial Statements 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. Reporting of Significant Events. This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Notes:

- (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 Notes, or other material events affecting the tax status of the Notes;
- (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 Notes, 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, together with such identifying information as prescribed by the MSRB.

SECTION 5. 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 Notes.

SECTION 6. 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 Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 7. 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 8. 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 9. 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 10. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriters and Owners from time to time of the Notes, and shall create no rights in any other person or entity.

SECTION 11. 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 7 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: March 23, 2023.

CITY OF BENSON, MINNESOTA

By _____
Its Mayor

By _____
Its City Manager/Finance Director

APPENDIX E

TERMS OF PROPOSAL

\$2,180,000* GENERAL OBLIGATION CAPITAL NOTES, SERIES 2023A CITY OF BENSON, MINNESOTA

Proposals for the purchase of \$2,180,000* General Obligation Capital Notes, Series 2023A (the "Notes") of the City of Benson, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on March 6, 2023, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 5:30 P.M., Central Time, on the same date. The proposal offering to purchase the Notes upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Minnesota Statutes, Sections 410.32, 412.301, 475, Subd. 4 and Chapter 475, as amended, by the City, for the purpose of financing the acquisition of various capital equipment. The Notes are general obligations of the City, for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Notes will be dated March 23, 2023, will be issued as fully registered Notes in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2024	\$195,000	2028	\$210,000	2032	\$245,000
2025	190,000	2029	220,000	2033	250,000
2026	205,000	2030	225,000		
2027	205,000	2031	235,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Notes 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.

TERM NOTE OPTION

Proposals for the Notes may contain a maturity schedule providing for any combination of serial Notes and term Notes, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing February 1, 2024, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Notes will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Notes. So long as Cede & Co. is the registered owner of the Notes, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Notes.

PAYING AGENT

The City has selected U.S. Bank Trust Company, National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after February 1, 2030 shall be subject to optional redemption prior to maturity on February 1, 2029 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. 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 interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

DELIVERY

On or about March 23, 2023, the Notes will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Notes is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Notes must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion as to the validity of the Notes and the exemption from taxation of the interest thereon will be furnished by Taft Stettinius & Hollister LLP, Minneapolis, Minnesota, Bond Counsel to the City ("Bond Counsel"), and will be available at the time of delivery of the Notes. The legal opinion will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). See "FORM OF LEGAL OPINION" found in Appendix B.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$2,153,840 plus accrued interest on the principal sum of \$2,180,000 from date of original issue of the Notes to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$43,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Notes is adjourned, recessed, or continued to another date without award of the Notes having been made.

AWARD

The Notes will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Notes will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Notes are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Notes from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Notes are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Notes.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Notes. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Notes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Notes and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Notes may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Notes, as specified in this proposal.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Notes to the winning bidder. In such event, any proposal submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its proposal form to determine the issue price for the Notes. On its proposal form, each bidder must select one of the following two rules for determining the issue price of the Notes: (1) the first price at which 10% of a maturity of the Notes (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Notes (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

- (i) the agreement of each underwriter to comply with requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires,
- (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Notes have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Notes of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Notes, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a proposal, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Notes of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Notes of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Notes that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Notes to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Notes to any person that is a related party to an underwriter participating in the initial sale of the Notes to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the public),
- (iii) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Notes are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Notes prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Benson, Minnesota

PROPOSAL FORM

The City Council
City of Benson, Minnesota (the "City")

March 6, 2023

RE: \$2,180,000* General Obligation Capital Notes, Series 2023A (the "Notes")
DATED: March 23, 2023

For all or none of the above Notes, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$ _____ (not less than \$2,153,840) plus accrued interest to date of delivery for fully registered Notes bearing interest rates and maturing in the stated years as follows:

_____	% due	2024	_____	% due	2028	_____	% due	2032
_____	% due	2025	_____	% due	2029	_____	% due	2033
_____	% due	2026	_____	% due	2030			
_____	% due	2027	_____	% due	2031			

* The City reserves the right to increase or decrease the principal amount of the Notes 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.

The rate for any maturity may not be more than 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2024 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) All Notes of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$43,600 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. The City reserves the right to award the Notes to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Notes to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Notes to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about March 23, 2023.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Notes.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Underwriter (Syndicate Manager), we agree to provide the City with the reoffering price of the Notes within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Notes identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Notes.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from March 23, 2023 of the above proposal is \$ _____ and the true interest cost (TIC) is _____ %.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Benson, Minnesota, on March 6, 2023.

By: _____ By: _____
Title: _____ Title: _____