

CITY OF BENSON, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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CITY OF BENSON, MINNESOTA

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CITY OF BENSON, MINNESOTA
 ELECTED AND APPOINTED OFFICIALS
 DECEMBER 31, 2024

| <u>Name</u> | <u>Position</u> | <u>Term of Office Expires</u> |
|-------------------|--|-------------------------------|
| Jack Evenson | Mayor | December 31, 2024 |
| Mark Schreck | Council Member Resigned July 1, 2024 | July 1, 2024 |
| Dan Enderson | Council Member | December 31, 2026 |
| Chris Carruth | Council Member Resigned November 4, 2024 | November 4, 2024 |
| Gary Landmark | Council Member Appointed July 1, 2024 | December 31, 2024 |
| Nancy Maanum | Council Member | December 31, 2024 |
| Kyle Harris | City Administrator Terminated September 23, 2024 | |
| Robert Wolfington | City Administrator Appointed September 23, 2024 | |
| Lisa Kent | Director of Finance | |
| Donald Wilcox | City Attorney Appointed January 2, 2024 Resigned July 15, 2024 | |
| Stephen Kowal | Assistant City Attorney Appointed January 2, 2024 | |
| | City Attorney Appointed July 15, 2024 | |
| Danielle Olson | Prosecuting Attorney Appointed January 2, 2024 | |

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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, 2024, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Economic Development Authority Special Revenue Fund and TIF District No. 8 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.

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Morris Office
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Litchfield Office
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Litchfield, MN 55355
(320) 693-7975

Sartell Office
Ste 110
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Sartell, MN 56377
(320) 252-7565
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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.

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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2025 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, Deuth & Schmiesing, PLLP

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

June 2, 2025

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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, 2024. 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 \$47.4 million for the year ended 2024. Of this amount, \$22.1 million may be used to meet the government's ongoing obligations to citizens and creditors in 2024.
- The City's total net position increased by \$112,153.
- The City's governmental funds reported combined ending fund balances of \$18,737,275 in 2024, which is a decrease of \$1,192,880 from the prior year. Of this total amount, approximately 12% is available for spending at the City's discretion. The General Fund fund balance increased by \$404,814 with revenues received \$472,095 over budget, expenditures \$82,544 under budget and other financing sources and uses \$149,825 under budget.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,351,800, or 67% of total General Fund expenditures of \$3,484,262. The General Fund budgeted for no change. The actual result was an increase of \$404,814.

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, 2024

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 19-25 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 26-29 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 30-71 of this report.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Statement of Net Position

The City's net position decreased 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 | | | |
|--|-------------------------|----------------------|-----------------------|
| | Governmental Activities | | Change |
| | 2024 | 2023 | |
| Current Assets and Other Assets | \$ 19,068,288 | \$ 20,101,763 | \$ (1,033,475) |
| Net Capital Assets | 12,949,714 | 12,651,163 | 298,551 |
| Total Assets | <u>32,018,002</u> | <u>32,752,926</u> | (734,924) |
| Deferred Outflows of Resources | <u>1,107,783</u> | <u>1,435,370</u> | (327,587) |
| Total Assets and Deferred Outflows of Resources | <u>\$ 33,125,785</u> | <u>\$ 34,188,296</u> | <u>\$ (1,062,511)</u> |
| Current and Other Liabilities | \$ 131,869 | \$ 65,289 | \$ 66,580 |
| Long-Term Liabilities | 2,689,964 | 3,288,263 | (598,299) |
| Total Liabilities | <u>2,821,833</u> | <u>3,353,552</u> | (531,719) |
| Deferred Inflows of Resources | 1,456,793 | 1,393,758 | 63,035 |
| Net Position | | | |
| Net Investment in Capital Assets | 11,495,504 | 10,958,454 | 537,050 |
| Restricted | 602,517 | 640,743 | (38,226) |
| Unrestricted | 16,749,138 | 17,841,789 | (1,092,651) |
| Total Net Position | <u>28,847,159</u> | <u>29,440,986</u> | (593,827) |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 33,125,785</u> | <u>\$ 34,188,296</u> | <u>\$ (1,062,511)</u> |

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Statement of Net Position (Cont'd)

| | <u>Business-Type Activities</u> | | Change |
|--|---------------------------------|----------------------|---------------------|
| | <u>2024</u> | <u>2023</u> | |
| Current and Other Assets | \$ 6,305,088 | \$ 6,424,367 | \$ (119,279) |
| Net Capital Assets | 17,616,304 | 17,883,055 | (266,751) |
| Total Assets | <u>23,921,392</u> | <u>24,307,422</u> | (386,030) |
| Deferred Outflows of Resources | 48,300 | 108,841 | (60,541) |
| Total Assets and Deferred Outflows of Resources | <u>\$ 23,969,692</u> | <u>\$ 24,416,263</u> | <u>\$ (446,571)</u> |
| Current and Other Liabilities | \$ 391,146 | \$ 530,744 | \$ (139,598) |
| Long-Term Liabilities | 4,887,068 | 5,973,975 | (1,086,907) |
| Total Liabilities | <u>5,278,214</u> | <u>6,504,719</u> | (1,226,505) |
| Deferred Inflows of Resources | 220,040 | 146,086 | 73,954 |
| Net Position | | | |
| Net Investment in Capital Assets | 13,120,033 | 12,420,284 | 699,749 |
| Unrestricted | 5,351,405 | 5,345,174 | 6,231 |
| Total Net Position | <u>18,471,438</u> | <u>17,765,458</u> | 705,980 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 23,969,692</u> | <u>\$ 24,416,263</u> | <u>\$ (446,571)</u> |

Governmental Activities

Net position of the City's governmental activities decreased by \$593,827. The main reason for this reduction was transfers from the XCEL account to cover expenses for capital projects and rising costs of operations and personnel costs. Table 3 presents the key elements to this reduction.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Business-Type Activities

The net position of our business-type activities increased by \$705,980. A comparison of the 2024 and 2023 changes in net position is as follows:

| | <u>2024</u> | <u>2023</u> | <u>Increase (Decrease)</u> |
|------------|-------------------|---------------------|--------------------------------|
| Water | \$ 195,879 | \$ 1,057,614 | \$ (861,735) |
| Sewer | 99,455 | 302,695 | (203,240) |
| Electric | 351,861 | 103,520 | 248,341 |
| Liquor | 66,471 | 31,911 | 34,560 |
| Sanitation | <u>(7,686)</u> | <u>(17,301)</u> | <u>9,615</u> |
| | <u>\$ 705,980</u> | <u>\$ 1,478,439</u> | <u>\$ (772,459)</u> |

Water Fund - The decrease in the Water fund change in net position can be attributed to reduced transfers from XCEL to cover the cost of capital projects and increased operating costs.

Sewer Fund - The decrease in the Sewer Fund change in net position can be attributed to reduced transfers from XCEL to cover the cost of capital projects, additional contracting costs for reporting and operations expenses.

Electric Fund - The increase in the Electric Fund change in net position can be attributed to positive investment market adjustments and a decrease in transfers to the General Fund.

Liquor Fund - The increase in the Liquor Fund change in net position can be attributed to a decrease in transfers to the General Fund.

Sanitation - The increase in the Sanitation Fund change in net position can be attributed to increased revenues to better cover the rising cost of refuse disposal cost.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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 |
| | 2024 | 2023 | |
| REVENUES | | | |
| Program Revenues | | | |
| Fees, Fines, and Charges for Services | \$ 534,324 | \$ 517,909 | \$ 16,415 |
| Operating Grants and Contributions | 675,021 | 735,978 | (60,957) |
| Capital Grants and Contributions | 173,546 | 86,855 | 86,691 |
| General Revenues | | | |
| Taxes | 1,950,896 | 1,784,919 | 165,977 |
| Grants and Contributions Not Restricted | 1,469,250 | 1,328,594 | 140,656 |
| Investment Income (Loss) | 789,187 | 771,287 | 17,900 |
| Gain on Disposal of Assets | 18,788 | 21,374 | (2,586) |
| Other | 129,649 | 162,769 | (33,120) |
| Total Revenues | 5,740,661 | 5,409,685 | 330,975 |
| EXPENSES | | | |
| General Government | 501,264 | 533,470 | (32,206) |
| Public Safety | 1,772,881 | 1,622,289 | 150,592 |
| Public Works | 956,914 | 1,208,525 | (251,611) |
| Culture and Recreation | 856,087 | 870,598 | (14,511) |
| Airport, Public Transit and Cemetery | 237,402 | 234,050 | 3,352 |
| Urban Development | 411,162 | 371,044 | 40,118 |
| Economic Development | 1,311,014 | 804,312 | 506,702 |
| Interest on Long-Term Debt | 44,275 | 64,462 | (20,187) |
| Total Expenses | 6,090,999 | 5,708,750 | 382,249 |
| Change in Net Position Before Transfers | (350,338) | (299,065) | (51,273) |
| TRANSFERS | (243,489) | (943,100) | 699,611 |
| Change in Net Position | (593,827) | (1,242,165) | 648,338 |
| NET POSITION, BEGINNING OF YEAR | 29,440,986 | 30,683,151 | (1,242,165) |
| NET POSITION, END OF YEAR | \$ 28,847,159 | \$ 29,440,986 | \$ (593,827) |

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Statement of Activities (Cont'd)

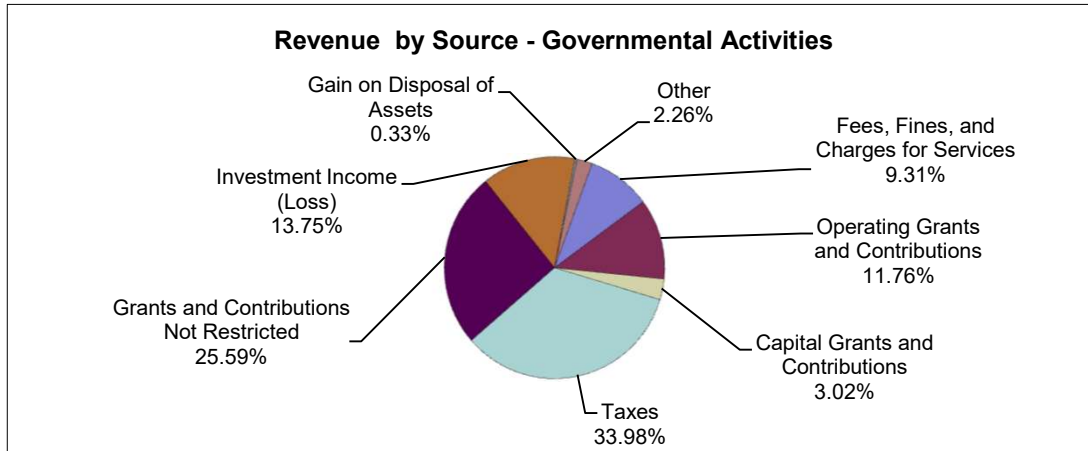
| Table 4 Comparative Condensed Statement of Activities | | | |
|--|--------------------------|----------------------|-------------------|
| | Business-Type Activities | | Change |
| | 2024 | 2023 | |
| REVENUES | | | |
| Program Revenues | | | |
| Fees, Fines, and Charges for Services | \$ 7,594,132 | \$ 7,538,241 | \$ 55,891 |
| Operating Grants and Contributions | | | |
| General Revenues | | | |
| Investment Income | 197,647 | 118,198 | 79,449 |
| Gain on Disposal of Assets | 1,885 | 38,490 | (36,605) |
| Other | 57,913 | 66,026 | (8,113) |
| Total Revenues | <u>7,851,577</u> | <u>7,760,955</u> | <u>90,621</u> |
| EXPENSES | | | |
| Water | 832,268 | 771,006 | 61,262 |
| Sewer | 1,095,706 | 949,740 | 145,966 |
| Electric | 3,835,332 | 3,913,152 | (77,820) |
| Liquor | 1,381,427 | 1,370,520 | 10,907 |
| Sanitation | 244,353 | 221,198 | 23,155 |
| Total Expenses | <u>7,389,086</u> | <u>7,225,616</u> | <u>163,470</u> |
| Change in Net Position Before Transfers | 462,491 | 535,339 | (72,848) |
| TRANSFERS | | | |
| Change in Net Position | <u>243,489</u> | <u>943,100</u> | <u>(699,611)</u> |
| Change in Net Position | 705,980 | 1,478,439 | (772,459) |
| NET POSITION, BEGINNING OF YEAR | <u>17,765,458</u> | <u>16,287,019</u> | <u>1,478,439</u> |
| NET POSITION, END OF YEAR | <u>\$ 18,471,438</u> | <u>\$ 17,765,458</u> | <u>\$ 705,980</u> |

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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 \$404,814 for 2024. The fund balance decreased to 67% of annual expenditures from 59% the previous year. Investment adjustments to market value, receipt of Small Cities Assistance aid of \$57,618 and increased interest earnings from money market investments can be attributed to this increase. This amount is still over the City's fund balance goal of 40% of annual expenditures.

Property taxes were raised by 10.5% for 2024. The final transfer from the EDA fund was made to help offset the difference in the loss of tax capacity from the XCEL Energy power plant closure.

Revenues came in higher than anticipated by \$472,095. The majority came from Other Intergovernmental Revenues including Small Cities Assistance aid, police and fire state aid and training reimbursements, in addition to an increase in investment income.

The \$404,814 increase in fund balance is more than budgeted. Many projects are in progress and will continue to progress in future years toward completion. The majority of the increase is due to higher revenues.

Economic Development Authority Fund - The change in the EDA's Fund balance was a decrease of \$1,093,450 for the current year. This was more than the budgeted decrease of \$938,490. A contract with CEDA was renewed. Transfers were made to water and sewer for final payments on capital outlay multi-year projects. There was also a loss recognized from the partial sale of Xcel land.

Revenues came in \$489,808 over budget due to adjusting investments to market value at year end and share payments from the CVEC investment.

TIF District No. 8 Fund - The change in the TIF District No. 8 Special Revenue Fund balance was a decrease of \$68,539 for the current year. This was more than the budgeted decrease of \$15,820. The decrease was a result of costs related to the Cottage Square Phase 3 addition coming in more than anticipated.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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

General Capital Outlay Fund - The change in the City's General Capital Outlay Fund balance was an decrease of \$495,110 for 2024. Renovations of the Armory are still in progress. An emergency siren was installed along with the purchase of new public safety radios for both police and fire. The fire truck was delivered in 2024. The Airport AWOS and layout plan projects were continued in 2024. The City also invested in electrical upgrades at the pool.

Special Revenue Funds - The special revenue fund balances - both major and nonmajor - decreased by \$1,161,526. This includes the decrease of \$1,093,450 in the Economic Development Authority Fund and the decrease of \$68,539 in the TIF District No. 8 Fund. The nonmajor funds saw an increase of \$463.

Capital Project Funds - The capital project fund balances - both major and nonmajor - decreased by \$402,352. This includes the decrease of \$495,110 in the General Capital Outlay Fund. The nonmajor funds saw an increase of \$92,758. The Concrete Projects Fund had a slightly less than normal maintenance year and increased its fund balance by \$40,293. The Storm Water Fund covered all of the maintenance costs for the year and increased its fund balance by \$52,465.

Debt Service Funds – The debt service fund balances decreased by \$33,816. This includes the decrease of \$38,609 in the G.O. Capital Equipment Notes, Series 2023A Fund which was the result of principal and interest costs exceeding property taxes received.

Water Fund – Revenues came in at \$858,272 and expenses at \$796,583 with an operating income of \$61,689 as compared to operating income in 2023 of \$84,031. Operating income is lower, however it is adequately covering expenses.

Sewer Fund - Revenues came in at \$1,108,282 and expenses at \$1,073,005 with total operating income of \$35,277 as compared to \$167,651 in 2023. Operating income is lower, however it is adequately covering expenses.

Electric Fund - Revenues came in at \$3,999,936 and expenses at \$3,699,637 with an operating income of \$300,299 as compared to operating income in 2023 of \$230,289. Purchased power costs were down from 2023.

Liquor Fund - Operating income was \$10,134 as compared to \$55,566 in 2023. Operating income is lower, however it is adequately covering expenses.

Factors affecting the City's proprietary funds for 2025 are as follows:

The City utilized the final transfer from the EDA fund in 2024 to help balance the General fund and reduce levy increases. The City will need to closely watch revenues to ensure they are adequate to cover operations expenses. Increases were made to water, sewer and garbage rates to help offset the inflationary costs of supplies and materials. An electric rate study is due to be completed to in 2025. Water and Sewer rate studies are planned to begin in late 2025. The City will issue bonds in 2025 to pay for planned projects such as the Armory remodel, Water Tower repainting, pool repairs, and street reconstruction plans. The City will also receive grant dollars toward the Armory and Flood Wall projects to reduce the cost to the City.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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 \$404,814. The difference was the result of receiving more state grants than budgeted and realizing positive market adjusts to investments.

Capital Assets

At year-end, the City had \$79,395,464 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 2025 General Capital Outlay plan has \$1,711,975 in the budget. The Armory project has not been completed and has budgeted a \$678,000 grant to match local funds for this project. The airport has a runway design and septic upgrades budgeted. The parks department has a mower replacement and upgrades to Ambush Park bathrooms budgeted. The police department has a new police vehicle budgeted. The street department has street repair projects and dump truck and pusher equipment purchases budgeted.

The Water Fund continues to make repairs to the distribution system with updates to a new AMI meter reading system. Repainting of the water tower is planned for 2026 at an approximate cost of \$800,000.

The Sewer Fund has plant improvements of \$45,000 budgeted along with \$30,000 for manhole lining and \$50,000 for lift station controls.

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 13 of a 20 year plan to completely bury its electric distribution system. A new AMI system will continue to be installed over the next year to improve the accuracy and efficiency of our meter reading and billing system. A utility billing and financial software upgrade will be completed in 2025. Lighting for the baseball field is budgeted at \$90,000 along with installation of lighting at the Cottage Square development.

Long-Term Liabilities

At year-end, the City had \$6,115,419 in bonds, notes, financed purchase 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.

CITY OF BENSON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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 2025 when the funds from the payments in lieu of taxes will no longer be available to help balance the budget. The City has been working to fill this void with new economic development. The General Fund has available reserves to help reduce the budget increases going forward. 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 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 was 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 Armory, Water Tower repainting, wastewater flood wall construction, swimming pool repairs, street reconstruction and underground electric distribution conversion. With appropriate planning and budgeting, these investments can continue while still maintaining a balanced budget.

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.

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF BENSON, MINNESOTA

STATEMENT OF NET POSITION
DECEMBER 31, 2024

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | |
| Assets | | | |
| Cash and Investments | \$ 13,773,731 | \$ 5,143,598 | \$ 18,917,329 |
| Receivables | | | |
| Accounts | 63,069 | 623,467 | 686,536 |
| Property Taxes | 63,262 | | 63,262 |
| Special Assessments | 27,283 | 23,758 | 51,041 |
| Notes (Net Allowance for Doubtful Accounts of \$41,008) | 491,931 | | 491,931 |
| Lease Receivables | 9,051 | | 9,051 |
| Interest | 14,629 | 5,841 | 20,470 |
| Other | 1,288,287 | | 1,288,287 |
| Inventories | 117,620 | 453,651 | 571,271 |
| Internal Balances | 12,388 | (12,388) | |
| Prepaid Items | | 67,161 | 67,161 |
| Investment in CVEC | 329,448 | | 329,448 |
| Land Held for Resale | 2,737,739 | | 2,737,739 |
| Capital Assets | | | |
| Capital and Right to Use Assets Not Being Depreciated or Amortized | 2,119,659 | 1,224,834 | 3,344,493 |
| Other Capital and Right to Use Assets, Net of Depreciation and Amortization | 10,830,055 | 16,391,470 | 27,221,525 |
| Net Pension Asset | 139,850 | | 139,850 |
| Total Assets | <u>32,018,002</u> | <u>23,921,392</u> | <u>55,939,394</u> |
| Deferred Outflows of Resources | <u>1,107,783</u> | <u>48,300</u> | <u>1,156,083</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 33,125,785</u> | <u>\$ 23,969,692</u> | <u>\$ 57,095,477</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | |
| Liabilities | | | |
| Accounts and Contracts Payable | \$ 116,641 | \$ 355,527 | \$ 472,168 |
| Accrued Interest Payable | 15,228 | 35,619 | 50,847 |
| Long-Term Liabilities | | | |
| Net Pension Liability | 884,073 | 247,018 | 1,131,091 |
| Total OPEB Liability | 224,754 | 105,768 | 330,522 |
| Other Long-Term Liabilities Due Within One Year | 319,876 | 880,866 | 1,200,742 |
| Other Long-Term Liabilities Due in More Than One Year | 1,261,261 | 3,653,416 | 4,914,677 |
| Total Liabilities | <u>2,821,833</u> | <u>5,278,214</u> | <u>8,100,047</u> |
| Deferred Inflows of Resources | 1,456,793 | 220,040 | 1,676,833 |
| Net Position | | | |
| Net Investment in Capital Assets | 11,495,504 | 13,120,033 | 24,615,537 |
| Restricted | | | |
| Debt Service | 448,824 | | 448,824 |
| Economic Development | 153,693 | | 153,693 |
| Unrestricted | 16,749,138 | 5,351,405 | 22,100,543 |
| Total Net Position | <u>28,847,159</u> | <u>18,471,438</u> | <u>47,318,597</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 33,125,785</u> | <u>\$ 23,969,692</u> | <u>\$ 57,095,477</u> |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|------------------|---|--|--|----------------------------|-----------------------------|---------------|
| | Expenses | Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| GOVERNMENTAL ACTIVITIES | | | | | | | |
| General Government | \$ 501,264 | \$ 124,745 | \$ | \$ | \$ (376,519) | \$ | \$ (376,519) |
| Public Safety | 1,772,881 | 136,906 | 227,682 | | (1,408,293) | | (1,408,293) |
| Public Works | 956,914 | 61,809 | | 57,618 | (837,487) | | (837,487) |
| Culture and Recreation | 856,087 | 94,611 | | | (761,476) | | (761,476) |
| Airport, Public Transit and Cemetery | 237,402 | 64,215 | 57,438 | 115,928 | 179 | | 179 |
| Urban Development | 411,162 | | 389,901 | | (21,261) | | (21,261) |
| Economic Development | 1,311,014 | 52,038 | | | (1,258,976) | | (1,258,976) |
| Interest on Long-Term Debt | 44,275 | | | | (44,275) | | (44,275) |
| Total Governmental Activities | 6,090,999 | 534,324 | 675,021 | 173,546 | (4,708,108) | 0 | (4,708,108) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Water | 832,268 | 858,272 | | | | 26,004 | 26,004 |
| Sewer | 1,095,706 | 1,108,282 | | | | 12,576 | 12,576 |
| Electric | 3,835,332 | 3,999,936 | | | | 164,604 | 164,604 |
| Liquor | 1,381,427 | 1,391,561 | | | | 10,134 | 10,134 |
| Sanitation | 244,353 | 236,081 | | | | (8,272) | (8,272) |
| Total Business-Type Activities | 7,389,086 | 7,594,132 | 0 | 0 | 0 | 205,046 | 205,046 |
| Total | \$ 13,480,085 | \$ 8,128,456 | \$ 675,021 | \$ 173,546 | (4,708,108) | 205,046 | (4,503,062) |
| GENERAL REVENUES | | | | | | | |
| Taxes | | | | | | | |
| Property Taxes | | | | | 1,706,425 | | 1,706,425 |
| Franchise Fees | | | | | 213,154 | | 213,154 |
| Lodging Tax | | | | | 31,317 | | 31,317 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 1,469,250 | | 1,469,250 |
| Investment Income (Loss) | | | | | 789,187 | 197,647 | 986,834 |
| Gain (Loss) on Disposal of Assets | | | | | 18,788 | 1,885 | 20,673 |
| Other | | | | | 129,649 | 57,913 | 187,562 |
| TRANSFERS | | | | | (243,489) | 243,489 | |
| Total General Revenues and Transfers | | | | | 4,114,281 | 500,934 | 4,615,215 |
| Change in Net Position | | | | | (593,827) | 705,980 | 112,153 |
| NET POSITION, BEGINNING OF YEAR | | | | | 29,440,986 | 17,765,458 | 47,206,444 |
| NET POSITION, END OF YEAR | | | | | \$ 28,847,159 | \$ 18,471,438 | \$ 47,318,597 |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

| | General | Economic Development Authority | (Formerly Nonmajor) TIF District No. 8 | General Capital Outlay | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------------|---|------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and Investments | \$ 1,947,824 | \$ 8,922,205 | \$ 28,572 | \$ 1,581,469 | \$ 1,293,661 | \$ 13,773,731 |
| Receivables | | | | | | |
| Accounts | 63,069 | | | | | 63,069 |
| Property Taxes | 51,756 | | | | 11,506 | 63,262 |
| Special Assessments | 3,421 | | | | 23,862 | 27,283 |
| Notes (Net of Allowance for Doubtful Accounts of \$41,008) | | 491,931 | | | | 491,931 |
| Lease Receivables | 9,051 | | | | | 9,051 |
| Interest | 4,498 | 10,131 | | | | 14,629 |
| Other | | 1,288,287 | | | | 1,288,287 |
| Inventories | | | | 117,620 | | 117,620 |
| Due from Other Funds | 9,890 | | | 1,320 | 4,677 | 15,887 |
| Advance to Other Funds | 373,353 | | | | | 373,353 |
| Investment in CVEC | | 329,448 | | | | 329,448 |
| Land Held for Resale | | 2,454,030 | 195,000 | | 88,709 | 2,737,739 |
| Total Assets | \$ 2,462,862 | \$ 13,496,032 | \$ 223,572 | \$ 1,700,409 | \$ 1,422,415 | \$ 19,305,290 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | | |
| Liabilities | | | | | | |
| Accounts and Contracts Payable | \$ 67,378 | \$ 2,750 | \$ | \$ 25,318 | \$ 21,195 | \$ 116,641 |
| Due to Other Funds | | | | | 3,499 | 3,499 |
| Advance From Other Funds | | | 373,353 | | | 373,353 |
| Total Liabilities | 67,378 | 2,750 | 373,353 | 25,318 | 24,694 | 493,493 |
| Deferred Inflows of Resources | | | | | | |
| Delinquent Property Taxes | 31,212 | | | | 6,976 | 38,188 |
| Special Assessments | 3,421 | | | | 23,862 | 27,283 |
| Leases | 9,051 | | | | | 9,051 |
| Total Deferred Inflows of Resources | 43,684 | 0 | 0 | 0 | 30,838 | 74,522 |
| Fund Balance | | | | | | |
| Restricted | | | | | 596,050 | 596,050 |
| Committed | | 13,493,282 | | | | 13,493,282 |
| Assigned | | | | 1,675,091 | 770,833 | 2,445,924 |
| Unassigned | 2,351,800 | | (149,781) | | | 2,202,019 |
| Total Fund Balance | 2,351,800 | 13,493,282 | (149,781) | 1,675,091 | 1,366,883 | 18,737,275 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 2,462,862 | \$ 13,496,032 | \$ 223,572 | \$ 1,700,409 | \$ 1,422,415 | \$ 19,305,290 |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024

| | |
|--|----------------------|
| Total Fund Balances - Governmental Funds | \$ 18,737,275 |
| 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 | 36,871,623 |
| Less: Accumulated Depreciation | (23,921,909) |
| Net Pension Asset | 139,850 |
| 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. | |
| Delinquent Property Taxes | 38,188 |
| Special Assessments | 27,283 |
| 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 | 1,100,441 |
| Deferred Inflows of Resources Related to Pensions | (1,447,742) |
| Deferred Outflows of Resources Related to OPEB | 7,342 |
| 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 | (1,220,000) |
| Financed Purchase | (221,482) |
| Bond Premiums | (6,151) |
| Compensated Absences | (133,504) |
| Accrued Interest Payable | (15,228) |
| Total OPEB Liability | (224,754) |
| Net Pension Liability | (884,073) |
| | <hr/> |
| Total Net Position - Governmental Activities | <u>\$ 28,847,159</u> |

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

| | General | Economic Development Authority | (Formerly Nonmajor) TIF District No. 8 | General Capital Outlay | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------------|---|------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | |
| Taxes | \$ 1,630,164 | \$ | \$ | \$ 77 | \$ 305,339 | \$ 1,935,580 |
| Special Assessments | | | | | 505 | 505 |
| Licenses and Permits | 69,882 | | | | | 69,882 |
| Intergovernmental | 1,756,601 | | | 115,928 | 389,901 | 2,262,430 |
| Charges for Services | 268,337 | | | | 55,959 | 324,296 |
| Fines and Forfeits | 25,523 | | | | | 25,523 |
| Investment Income (Loss) | 230,615 | 553,389 | | | 5,183 | 789,187 |
| Miscellaneous | | | | | | |
| Rents | 26,699 | 29,104 | | | | 55,803 |
| Refunds and Reimbursements | 129,170 | 2,397 | | | 35,295 | 166,862 |
| Donations | 23,267 | | | 100 | | 23,367 |
| Other | 11,670 | 49,587 | | | 1,080 | 62,337 |
| Total Revenues | <u>4,171,928</u> | <u>634,477</u> | <u>0</u> | <u>116,105</u> | <u>793,262</u> | <u>5,715,772</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General Government | 527,661 | | | | | 527,661 |
| Public Safety | 1,553,664 | | | | | 1,553,664 |
| Public Works | 639,810 | | | | 3,706 | 643,516 |
| Culture and Recreation | 540,795 | | | | 149,128 | 689,923 |
| Airport | 76,244 | | | | | 76,244 |
| Public Transit | 7,000 | | | | | 7,000 |
| Urban Development | | | | | 411,162 | 411,162 |
| Economic Development | 29,379 | 222,834 | 68,539 | | 945 | 321,697 |
| Cemetery | 17,908 | | | | | 17,908 |
| Capital Outlay | | | | 1,145,865 | 3,000 | 1,148,865 |
| Debt Service | 91,801 | | | | 204,878 | 296,679 |
| Total Expenditures | <u>3,484,262</u> | <u>222,834</u> | <u>68,539</u> | <u>1,145,865</u> | <u>772,819</u> | <u>5,694,319</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 687,666 | 411,643 | (68,539) | (1,029,760) | 20,443 | 21,453 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers In | 273,011 | | | 516,000 | 40,204 | 829,215 |
| Transfers Out | (556,000) | (515,462) | | | (1,242) | (1,072,704) |
| Sale of Assets | 137 | (989,631) | | 18,650 | | (970,844) |
| Total Other Financing Sources (Uses) | <u>(282,852)</u> | <u>(1,505,093)</u> | <u>0</u> | <u>534,650</u> | <u>38,962</u> | <u>(1,214,333)</u> |
| Net Change in Fund Balances | 404,814 | (1,093,450) | (68,539) | (495,110) | 59,405 | (1,192,880) |
| FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED | 1,946,986 | 14,586,732 | | 2,170,201 | 1,226,236 | 19,930,155 |
| Adjustment - Changes within Reporting Entity | | | (81,242) | | 81,242 | |
| FUND BALANCE, BEGINNING OF YEAR, AS RESTATED | <u>1,946,986</u> | <u>14,586,732</u> | <u>(81,242)</u> | <u>2,170,201</u> | <u>1,307,478</u> | <u>19,930,155</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 2,351,800</u> | <u>\$ 13,493,282</u> | <u>\$ (149,781)</u> | <u>\$ 1,675,091</u> | <u>\$ 1,366,883</u> | <u>\$ 18,737,275</u> |

See Accompanying Notes to the Financial Statements

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, 2024

Total Net Change in Fund Balances - Governmental Funds \$ (1,192,880)

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 | 1,146,003 |
| Depreciation Expense | (847,414) |
| Capital Asset Disposals | (68,544) |
| Accumulated Depreciation Related to Capital Asset Disposals | 68,506 |

Delinquent property taxes receivable 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.

| | |
|---------------------------|--------|
| Delinquent Property Taxes | 11,583 |
|---------------------------|--------|

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

| | |
|---------------------|-------|
| Special Assessments | 3,228 |
|---------------------|-------|

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 | (2,134) |
| Total OPEB Liability | (22,409) |
| Pension | 57,830 |

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 | 244,315 |
| Amortization of Bond Premium | 761 |
| Change in Interest Payable | 7,328 |

| | |
|--|--------------|
| Change in Net Position - Governmental Activities | \$ (593,827) |
|--|--------------|

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024

| | Budgeted Amounts | | Actual | Over (Under) Final Budget |
|--|------------------|------------------|---------------------|------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 1,636,626 | \$ 1,636,626 | \$ 1,630,164 | \$ (6,462) |
| Licenses and Permits | 39,000 | 39,000 | 69,882 | 30,882 |
| Intergovernmental | 1,578,347 | 1,578,347 | 1,756,601 | 178,254 |
| Charges for Services | 252,560 | 252,560 | 268,337 | 15,777 |
| Fines and Forfeits | 18,000 | 18,000 | 25,523 | 7,523 |
| Investment Income (Loss) | 25,000 | 25,000 | 230,615 | 205,615 |
| Miscellaneous | | | | |
| Rents | 27,800 | 27,800 | 26,699 | (1,101) |
| Refunds and Reimbursements | 107,000 | 107,000 | 129,170 | 22,170 |
| Donations | 5,500 | 5,500 | 23,267 | 17,767 |
| Other | 10,000 | 10,000 | 11,670 | 1,670 |
| Total Revenues | <u>3,699,833</u> | <u>3,699,833</u> | <u>4,171,928</u> | <u>472,095</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General Government | 468,025 | 468,025 | 527,661 | 59,636 |
| Public Safety | 1,541,355 | 1,541,355 | 1,553,664 | 12,309 |
| Public Works | 778,550 | 778,550 | 639,810 | (138,740) |
| Culture and Recreation | 552,175 | 552,175 | 540,795 | (11,380) |
| Airport | 81,900 | 81,900 | 76,244 | (5,656) |
| Public Transit | 10,000 | 10,000 | 7,000 | (3,000) |
| Economic Development | 30,000 | 30,000 | 29,379 | (621) |
| Cemetery | 13,000 | 13,000 | 17,908 | 4,908 |
| Debt Service | 91,801 | 91,801 | 91,801 | |
| Total Expenditures | <u>3,566,806</u> | <u>3,566,806</u> | <u>3,484,262</u> | <u>(82,544)</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 133,027 | 133,027 | 687,666 | 554,639 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 421,973 | 421,973 | 273,011 | (148,962) |
| Transfers Out | (556,000) | (556,000) | (556,000) | |
| Sale of Assets | 1,000 | 1,000 | 137 | (863) |
| Total Other Financing Sources (Uses) | <u>(133,027)</u> | <u>(133,027)</u> | <u>(282,852)</u> | <u>(149,825)</u> |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 404,814 | <u>\$ 404,814</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,946,986</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 2,351,800</u> | |

See Accompanying Notes to the Financial Statements

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, 2024

| | 2024 | | | |
|--|---------------------|---------------------|----------------------|------------------------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Investment Income (Loss) | \$ 101,000 | \$ 101,000 | \$ 553,389 | \$ 452,389 |
| Miscellaneous | | | | |
| Rents | 28,669 | 28,669 | 29,104 | 435 |
| Refunds and Reimbursements | | | 2,397 | 2,397 |
| Other | 15,000 | 15,000 | 49,587 | 34,587 |
| Total Revenues | <u>144,669</u> | <u>144,669</u> | <u>634,477</u> | <u>489,808</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Economic Development | 458,328 | 458,328 | 222,834 | (235,494) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (313,659) | (313,659) | 411,643 | 725,302 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | (624,831) | (624,831) | (515,462) | 109,369 |
| Sale of Assets | | | (989,631) | (989,631) |
| Total Other Financing Sources (Uses) | <u>(624,831)</u> | <u>(624,831)</u> | <u>(1,505,093)</u> | <u>(880,262)</u> |
| Net Change in Fund Balance | <u>\$ (938,490)</u> | <u>\$ (938,490)</u> | <u>(1,093,450)</u> | <u>\$ (154,960)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>14,586,732</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 13,493,282</u> | |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 TIF DISTRICT NO 8 SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2024

| | 2024 | | | |
|---------------------------------|--------------------|--------------------|---------------------|------------------------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 15,180 | \$ 15,180 | \$ | \$ (15,180) |
| EXPENDITURES | | | | |
| Current | | | | |
| Economic Development | 13,500 | 13,500 | 68,539 | 55,039 |
| Capital Outlay | | | | |
| Economic Development | 17,500 | 17,500 | | (17,500) |
| Total Expenditures | <u>31,000</u> | <u>31,000</u> | <u>68,539</u> | <u>37,539</u> |
| Net Change in Fund Balance | <u>\$ (15,820)</u> | <u>\$ (15,820)</u> | (68,539) | <u>\$ (52,719)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>(81,242)</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ (149,781)</u> | |

CITY OF BENSON, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2024

| | Business-Type Activities - Enterprise Funds | | | | | Totals |
|--|---|---------------------|---------------------|-------------------|------------------|----------------------|
| | Water | Sewer | Electric | Liquor | Sanitation | |
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and Investments | \$ 1,013,722 | \$ 231,717 | \$ 3,540,079 | \$ 303,341 | \$ 54,739 | \$ 5,143,598 |
| Receivables | | | | | | |
| Accounts | 79,481 | 107,076 | 408,444 | 4,355 | 24,111 | 623,467 |
| Special Assessments | 1,550 | 21,676 | | | 532 | 23,758 |
| Interest | | | 5,773 | 68 | | 5,841 |
| Inventories | 52,599 | 14,416 | 200,354 | 186,282 | | 453,651 |
| Due from Other Funds | | 3,499 | | | | 3,499 |
| Prepaid Items | | | 67,161 | | | 67,161 |
| Total Current Assets | 1,147,352 | 378,384 | 4,221,811 | 494,046 | 79,382 | 6,320,975 |
| Noncurrent Assets | | | | | | |
| Capital and Right to Use Assets, | | | | | | |
| Assets Not Being Depreciated or Amortized | 181,798 | 317,177 | 619,479 | 106,380 | | 1,224,834 |
| Other Capital and Right to Use Assets, | | | | | | |
| Net of Depreciation and Amortization | 6,688,132 | 4,769,239 | 4,898,300 | 35,799 | | 16,391,470 |
| Net Noncurrent Assets | 6,869,930 | 5,086,416 | 5,517,779 | 142,179 | 0 | 17,616,304 |
| Total Assets | 8,017,282 | 5,464,800 | 9,739,590 | 636,225 | 79,382 | 23,937,279 |
| Deferred Outflows of Resources | | | | | | |
| Related to OPEB | 864 | 864 | 864 | 864 | | 3,456 |
| Related to Pensions | 10,594 | 12,587 | 7,952 | 13,711 | | 44,844 |
| Total Deferred Outflows of Resources | 11,458 | 13,451 | 8,816 | 14,575 | 0 | 48,300 |
| Total Assets and Deferred Outflows of Resources | | | | | | |
| | \$ 8,028,740 | \$ 5,478,251 | \$ 9,748,406 | \$ 650,800 | \$ 79,382 | \$ 23,985,579 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | | | | |
| Liabilities | | | | | | |
| Current Liabilities | | | | | | |
| Accounts and Contracts Payable | \$ 899 | \$ 10,344 | \$ 312,441 | \$ 21,157 | \$ 10,686 | \$ 355,527 |
| Accrued Interest Payable | 12,819 | 5,102 | 17,698 | | | 35,619 |
| Due to Other Funds | 660 | 660 | 14,567 | | | 15,887 |
| Current Portion of Other Long-Term Liabilities | 236,895 | 86,509 | 548,831 | 8,631 | | 880,866 |
| Total Current Liabilities | 251,273 | 102,615 | 893,537 | 29,788 | 10,686 | 1,287,899 |
| Long-Term Liabilities | | | | | | |
| Note Payable | 1,183,000 | | | | | 1,183,000 |
| Bonds Payable, Net of Premium and Discount | 397,976 | 379,740 | 2,256,625 | | | 3,034,341 |
| Financed Purchase | | 166,211 | | | | 166,211 |
| Subscription Arrangements | | | 112,719 | | | 112,719 |
| Compensated Absences | 4,470 | 6,752 | 18,158 | 8,631 | | 38,011 |
| Total OPEB Liability | 26,442 | 26,442 | 26,442 | 26,442 | | 105,768 |
| Net Pension Liability | 58,355 | 69,333 | 43,804 | 75,526 | | 247,018 |
| Less Current Portion of Other Long-Term Liabilities | (236,895) | (86,509) | (548,831) | (8,631) | | (880,866) |
| Total Long-Term Liabilities | 1,433,348 | 561,969 | 1,908,917 | 101,968 | 0 | 4,006,202 |
| Total Liabilities | 1,684,621 | 664,584 | 2,802,454 | 131,756 | 10,686 | 5,294,101 |
| Deferred Inflows of Resources | | | | | | |
| Related to Pensions | 51,982 | 61,761 | 39,020 | 67,277 | | 220,040 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 5,288,954 | 4,540,465 | 3,148,435 | 142,179 | | 13,120,033 |
| Unrestricted | 1,003,183 | 211,441 | 3,758,497 | 309,588 | 68,696 | 5,351,405 |
| Total Net Position | 6,292,137 | 4,751,906 | 6,906,932 | 451,767 | 68,696 | 18,471,438 |
| Total Liabilities, Deferred Inflows of Resources and Net Position | | | | | | |
| | \$ 8,028,740 | \$ 5,478,251 | \$ 9,748,406 | \$ 650,800 | \$ 79,382 | \$ 23,985,579 |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2024

| | Business-Type Activities - Enterprise Funds | | | | | |
|---|---|---------------------|---------------------|-------------------|------------------|----------------------|
| | Water | Sewer | Electric | Liquor | Sanitation | Totals |
| OPERATING REVENUES | | | | | | |
| Sales and Charges for Services | \$ 858,272 | \$ 1,108,282 | \$ 3,942,317 | \$ 434,527 | \$ 236,047 | \$ 6,579,445 |
| Interfund | | | 33,735 | | | 33,735 |
| Other | | | 23,884 | 2,021 | 34 | 25,939 |
| Total Operating Revenues | <u>858,272</u> | <u>1,108,282</u> | <u>3,999,936</u> | <u>436,548</u> | <u>236,081</u> | <u>6,639,119</u> |
| OPERATING EXPENSES | | | | | | |
| Personal Services | 185,484 | 234,208 | 144,167 | 250,719 | | 814,578 |
| Supplies | 50,855 | 88,349 | 117,825 | 7,195 | 10,019 | 274,243 |
| Other Services and Charges | 159,512 | 314,307 | 3,000,683 | 163,375 | 234,334 | 3,872,211 |
| Interfund | 12,375 | 21,360 | | | | 33,735 |
| Depreciation | 388,357 | 414,781 | 436,962 | 5,125 | | 1,245,225 |
| Total Operating Expenses | <u>796,583</u> | <u>1,073,005</u> | <u>3,699,637</u> | <u>426,414</u> | <u>244,353</u> | <u>6,239,992</u> |
| Operating Income (Loss) | 61,689 | 35,277 | 300,299 | 10,134 | (8,272) | 399,127 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Investment Income (Loss) | 9,513 | 3,752 | 181,654 | 2,142 | 586 | 197,647 |
| Interest and Fiscal Charges | (36,208) | (23,133) | (71,979) | | | (131,320) |
| Rents | | | 3,718 | 54,195 | | 57,913 |
| Sale of Assets | | | 1,885 | | | 1,885 |
| Amortization | 523 | 432 | (63,716) | | | (62,761) |
| Total Nonoperating Revenues (Expenses) | <u>(26,172)</u> | <u>(18,949)</u> | <u>51,562</u> | <u>56,337</u> | <u>586</u> | <u>63,364</u> |
| Income (Loss) before Transfers | 35,517 | 16,328 | 351,861 | 66,471 | (7,686) | 462,491 |
| TRANSFERS | | | | | | |
| Transfers In | 160,362 | 83,127 | | | | 243,489 |
| Change in Net Position | <u>195,879</u> | <u>99,455</u> | <u>351,861</u> | <u>66,471</u> | <u>(7,686)</u> | <u>705,980</u> |
| NET POSITION, BEGINNING OF YEAR | <u>6,096,258</u> | <u>4,652,451</u> | <u>6,555,071</u> | <u>385,296</u> | <u>76,382</u> | <u>17,765,458</u> |
| NET POSITION, END OF YEAR | <u>\$ 6,292,137</u> | <u>\$ 4,751,906</u> | <u>\$ 6,906,932</u> | <u>\$ 451,767</u> | <u>\$ 68,696</u> | <u>\$ 18,471,438</u> |

See Accompanying Notes to the Financial Statements

CITY OF BENSON, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2024

| | Business-Type Activities - Enterprise Funds | | | | | Totals |
|---|---|-------------------|---------------------|-------------------|------------------|---------------------|
| | Water | Sewer | Electric | Liquor | Sanitation | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts From Customers | \$ 767,081 | \$ 1,000,378 | \$ 4,049,507 | \$ 1,389,940 | \$ 211,787 | \$ 7,418,693 |
| Payments Received From Other Sources | 11,939 | 109 | 99,404 | 2,021 | 34 | 113,507 |
| Payments to Suppliers | (263,184) | (410,203) | (3,021,472) | (1,120,910) | (233,667) | (5,049,436) |
| Payments to Employees | (193,249) | (217,219) | (148,843) | (241,179) | | (800,490) |
| Net Cash Provided (Used) by Operating Activities | 322,587 | 373,065 | 978,596 | 29,872 | (21,846) | 1,682,274 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers In | 160,362 | 83,127 | | | | 243,489 |
| Interfund Loans | 59,586 | 80,495 | (151,733) | | 15,958 | 4,306 |
| Rents | | | 3,718 | 54,195 | | 57,913 |
| Sale of Assets | | | 1,885 | | | 1,885 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 219,948 | 163,622 | (146,130) | 54,195 | 15,958 | 307,593 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Long-Term Debt Principal Payments | (228,000) | (347,591) | (483,000) | | | (1,058,591) |
| Principal Paid on Subscription-Based Arrangements | | | (70,312) | | | (70,312) |
| Interest Paid on Bonds | (41,808) | (29,143) | (90,437) | | | (161,388) |
| Acquisition and Construction of Capital Assets | (372,894) | (332,810) | (333,862) | | | (1,039,566) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (642,702) | (709,544) | (977,611) | 0 | 0 | (2,329,857) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Investment Income (Loss) | 9,513 | 3,752 | 183,575 | 2,203 | 586 | 199,629 |
| Net Increase (Decrease) in Cash and Cash Investments | (90,654) | (169,105) | 38,430 | 86,270 | (5,302) | (140,361) |
| CASH AND INVESTMENTS, BEGINNING OF YEAR | <u>1,104,376</u> | <u>400,822</u> | <u>3,501,649</u> | <u>217,071</u> | <u>60,041</u> | <u>5,283,959</u> |
| CASH AND INVESTMENTS, END OF YEAR | <u>\$ 1,013,722</u> | <u>\$ 231,717</u> | <u>\$ 3,540,079</u> | <u>\$ 303,341</u> | <u>\$ 54,739</u> | <u>\$ 5,143,598</u> |

CITY OF BENSON, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2024

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) | \$ 61,689 | \$ 35,277 | \$ 300,299 | \$ 10,134 | \$ (8,272) | \$ 399,127 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | |
| Depreciation | 388,357 | 414,781 | 436,962 | 5,125 | | 1,245,225 |
| Pension Related Adjustments | (8,006) | 16,644 | (7,410) | (4,324) | | (3,096) |
| OPEB Related Adjustments | 2,637 | 2,637 | 2,637 | 14,107 | | 22,018 |
| (Increase) Decrease in Assets | | | | | | |
| Receivables | (79,176) | (107,076) | 148,975 | 400 | (24,111) | (60,988) |
| Special Assessments | (76) | (719) | | | (149) | (944) |
| Inventories | (12,372) | 6,717 | 19,680 | 607 | | 14,632 |
| Prepaid Items | | | 19,930 | | | 19,930 |
| Increase (Decrease) in Liabilities | | | | | | |
| Accounts Payable | (28,070) | 7,096 | 57,426 | 4,066 | 10,686 | 51,204 |
| Compensated Absences | (2,396) | (2,292) | 97 | (243) | | (4,834) |
| Total Adjustments | <u>260,898</u> | <u>337,788</u> | <u>678,297</u> | <u>19,738</u> | <u>(13,574)</u> | <u>1,283,147</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 322,587</u> | <u>\$ 373,065</u> | <u>\$ 978,596</u> | <u>\$ 29,872</u> | <u>\$ (21,846)</u> | <u>\$ 1,682,274</u> |
| NONCASH FINANCING ACTIVITIES | | | | | | |
| Amortization of Premium on Bonds Payable | \$ (523) | \$ (432) | \$ (2,048) | \$ | \$ | \$ (3,003) |
| Amortization of Discount on Bonds Payable | | | 3,063 | | | 3,063 |
| Amortization of Subscription Arrangements | | | 61,922 | | | 61,922 |
| Issuance of Subscription Arrangements | | | 162,343 | | | 162,343 |

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CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 potential 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, 2024

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days 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, 2024

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 TIF District No. 8 Special Revenue Fund accounts for the financial resources to be used for the operations of the tax increment financing district.

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, 2024

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, money market accounts, cash held in investment accounts, 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 §270.2a-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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

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 on deposit 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 close 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, 2024

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.

Lease receivables represent amounts receivable from individuals, firms and corporations for the right to use of City assets. No substantial losses are anticipated from the present receivables balances and therefore, no allowance for uncollectible amounts is deemed necessary.

F. LAND HELD FOR RESALE

The City holds various other investments, such as land held for resale. These investments are reported at fair value, using the cost approach measurement using Level 2 inputs. The current quoted price for these investments are \$2,737,739.

G. 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.

H. INVENTORIES

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

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

I. 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.

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:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| 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.

J. 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 assets 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.

K. 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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

L. 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.

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.

M. 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.

N. 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, 2024, was \$186,800. The components of pension expense are noted in the plan summaries.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

O. 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.

P. 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 propriety fund Statement of Net Position and the governmental fund financial statements related to property taxes, special assessments, pensions, OPEB and leases.

Q. 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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

Q. FUND BALANCE (Cont'd)

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.

R. 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.

S. 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 deferred outflows of resources 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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

A. BUDGETARY INFORMATION (Cont'd)

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.

B. EXPENDITURES EXCEEDING BUDGET

The following funds had expenditures that exceeded budget:

| | Budget | Actual |
|-----------------------------|-----------|-----------|
| Major Governmental Funds | | |
| Special Revenue Fund | | |
| TIF District No. 8 | \$ 31,000 | \$ 68,539 |
| Nonmajor Governmental Funds | | |
| Special Revenue Fund | | |
| Library | 141,247 | 152,128 |
| 2009 Small Cities Grant | 600 | 21,169 |
| 2013 Small Cities Grant | | 92 |
| 2022 Small Cities Grant | | 389,901 |

C. FUND DEFICITS

The following fund had a deficit balance:

| | |
|---|--------------|
| TIF District No. 8 Special Revenue Fund | \$ (149,781) |
|---|--------------|

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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.

| | |
|---------------------------------------|--------------------------------|
| Checking | \$ 575,852 |
| Cash Held in Investment Accounts | 2,325,596 |
| Money Market Accounts at Depositories | <u>1,654,000</u> |
| Total Deposits | <u><u>\$ 4,555,448</u></u> |

B. INVESTMENTS

The City had the following investments:

| | Fair Value | Interest Rate Risk <u>Maturity Date</u> |
|----------------------------------|-----------------------------|---|
| Investments at Fair Value: | | |
| Brokered Certificates of Deposit | \$ 9,664,124 | 1-7 years |
| Government Securities | 4,690,219 | 1-6 years |
| CVEC | <u>329,448</u> | N/A |
| | <u><u>\$ 14,683,791</u></u> | |

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 | Fair Value Measurement Using | | |
|--|-------------------|------------------------------|--------------------------|-----------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments at Fair Value: | | | | |
| Brokered Certificates of Deposit | \$ 9,664,124 | \$ | \$ 9,664,124 | \$ |
| Government Securities | 4,690,219 | | 4,690,219 | |
| CVEC | <u>329,448</u> | | <u>329,448</u> | |
| Total Investments at Fair Value | \$ 14,683,791 | <u>\$ 0</u> | <u>\$ 14,683,791</u> | <u>\$ 0</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

| | |
|------------------------------------|----------------------|
| Investments at Amortized Cost: | |
| External Investment Pool - 4M Fund | 488 |
| | <hr/> |
| Total Investments | <u>\$ 14,684,279</u> |

The following is a summary of total deposits and investments:

| | |
|--------------------------------|----------------------|
| Deposits (Note 3.A.) | \$ 4,555,448 |
| Petty Cash | 7,050 |
| Investments (Note 3.B.) | <u>14,684,279</u> |
| | <hr/> |
| Total Deposits and Investments | <u>\$ 19,246,777</u> |

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

| | |
|----------------------------|----------------------|
| Statement of Net Position | |
| Governmental Activities | |
| Cash and Investments | \$ 13,773,731 |
| Investment in CVEC | 329,448 |
| Business-Type Activities | |
| Cash and Investments | <u>5,143,598</u> |
| | <hr/> |
| Total Cash and Investments | <u>\$ 19,246,777</u> |

NOTE 4. RECEIVABLES

A. RECEIVABLES

Receivables are as follows:

| | <u>Total Receivables</u> | <u>Amounts not Scheduled for Collection During the Subsequent Year</u> |
|--------------------------------|------------------------------|--|
| <u>Governmental Activities</u> | | |
| Accounts | \$ 63,069 | \$ |
| Property Taxes | 63,262 | |
| Special Assessments | 27,283 | 5,805 |
| Notes | 491,931 | 255,468 |
| Leases | 9,051 | 6,537 |
| Interest | 14,629 | |
| Other | <u>1,288,287</u> | <u>1,142,499</u> |
| | <hr/> | <hr/> |
| Total Governmental Activities | <u>\$ 1,957,512</u> | <u>\$ 1,410,309</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4. RECEIVABLES (Cont'd)

A. RECEIVABLES (Cont'd)

| | <u>Total Receivables</u> | <u>Amounts not Scheduled for Collection During the Subsequent Year</u> |
|---------------------------------|------------------------------|--|
| <u>Business-Type Activities</u> | | |
| Accounts | \$ 623,467 | \$ |
| Special Assessments | 23,758 | 20,074 |
| Interest | 5,841 | |
| | <u>5,841</u> | <u>20,074</u> |
| Total Business-Type Activities | <u>\$ 653,066</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.

B. LEASE RECEIVABLES

The City's leases are summarized as follows:

| | <u>Lease Receivable Balance</u> | <u>Lease Revenue</u> | <u>Lease Interest Revenue</u> |
|-------------------|---|--------------------------|-----------------------------------|
| Fast Ag Air, Inc. | <u>\$ 9,051</u> | <u>\$ 2,323</u> | <u>\$ 832</u> |

Fast Ag Air, Inc. - Airport Ground Lease - On May 1, 2023, the City entered into a five year lease agreement with Fast Air Ag, Inc. for the lease of 3 hanger lots and a community building at the airport. Based on this agreement, the City is receiving annual payments through 2028. The lease can automatically renew at the end of the term.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 | | | | |
| Land | \$ 1,563,567 | \$ | \$ | \$ 1,563,567 |
| Construction in Progress | 256,745 | 331,804 | (32,457) | 556,092 |
| Total Capital Assets, Not Being Depreciated | 1,820,312 | 331,804 | (32,457) | 2,119,659 |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 7,419,327 | | | 7,419,327 |
| Improvements Other than Buildings | 3,026,560 | 13,600 | | 3,040,160 |
| Infrastructure | 17,455,989 | 137 | | 17,456,126 |
| Machinery and Equipment | 6,071,976 | 832,919 | (68,544) | 6,836,351 |
| Total Capital Assets, Being Depreciated | 33,973,852 | 846,656 | (68,544) | 34,751,964 |
| Less Accumulated Depreciation for | | | | |
| Buildings | 2,942,751 | 162,021 | | 3,104,772 |
| Improvements Other than Buildings | 2,270,730 | 112,749 | | 2,383,479 |
| Infrastructure | 14,056,380 | 245,633 | | 14,302,013 |
| Machinery and Equipment | 3,873,140 | 327,011 | (68,506) | 4,131,645 |
| Total Accumulated Depreciation | 23,143,001 | 847,414 | (68,506) | 23,921,909 |
| Total Capital Assets, Being Depreciated, Net | 10,830,851 | (758) | (38) | 10,830,055 |
| Governmental Activities | | | | |
| Net Capital Assets | \$ 12,651,163 | \$ 331,046 | \$ (32,495) | \$ 12,949,714 |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS (Cont'd)

| | Beginning Balance | Increase | Decrease | Ending Balance |
|---|----------------------|---------------------|-----------------------|----------------------|
| <u>Business-Type Activities</u> | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 218,953 | \$ | \$ | \$ 218,953 |
| Construction in Progress | 5,190,142 | 209,813 | (4,394,074) | 1,005,881 |
| Total Capital Assets, Not Being Depreciated | 5,409,095 | 209,813 | (4,394,074) | 1,224,834 |
| Capital Assets, Being Depreciated | | | | |
| Buildings | 8,142,519 | | | 8,142,519 |
| Generator and Treatment Plant | 9,072,058 | 92,255 | | 9,164,313 |
| Improvements Other than Buildings | 15,854,291 | 4,657,566 | | 20,511,857 |
| Machinery and Equipment | 3,232,837 | 247,481 | | 3,480,318 |
| Total Capital Assets, Being Depreciated | 36,301,705 | 4,997,302 | 0 | 41,299,007 |
| Right to Use Assets, Being Amortized | | | | |
| Subscriptions | 45,596 | 227,355 | | 272,951 |
| Less Accumulated Depreciation for | | | | |
| Buildings | 6,167,625 | 142,623 | | 6,310,248 |
| Generator and Treatment Plant | 5,873,427 | 207,978 | | 6,081,405 |
| Improvements Other than Buildings | 9,806,665 | 721,149 | | 10,527,814 |
| Machinery and Equipment | 1,999,026 | 173,475 | | 2,172,501 |
| Total Accumulated Depreciation | 23,846,743 | 1,245,225 | 0 | 25,091,968 |
| Less Accumulated Amortization for | | | | |
| Subscriptions | 26,598 | 61,922 | | 88,520 |
| Total Capital Assets, Being Depreciated or Amortized, Net | 12,473,960 | 3,917,510 | 0 | 16,391,470 |
| Business-Type Activities | | | | |
| Net Capital Assets | <u>\$ 17,883,055</u> | <u>\$ 4,127,323</u> | <u>\$ (4,394,074)</u> | <u>\$ 17,616,304</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to functions/programs as follows:

| | | |
|---|--|---------------------|
| <u>Governmental Activities</u> | | |
| General Government | | \$ 7,428 |
| Public Safety | | 184,038 |
| Public Works | | 351,083 |
| Culture and Recreation | | 155,458 |
| Library | | 13,157 |
| Airport | | <u>136,250</u> |
| Total Depreciation Expense - Governmental Activities | | <u>\$ 847,414</u> |
| <u>Business-Type Activities</u> | | |
| Water | | \$ 388,357 |
| Sewer | | 414,781 |
| Electric | | 436,962 |
| Liquor | | <u>5,125</u> |
| Total Depreciation Expense - Business-Type Activities | | <u>\$ 1,245,225</u> |

NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

| <u>Advance to Other Funds</u> | <u>Advance from Other Fund</u> | <u>Amount</u> |
|-------------------------------|--------------------------------|-------------------|
| General | TIF District No. 8 | <u>\$ 373,353</u> |

The purpose of the above interfund balances was to cover long-term loan balances.

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------|-----------------------|------------------|
| General | Electric | \$ 9,890 |
| General Capital Outlay | Water | 660 |
| General Capital Outlay | Sewer | 660 |
| Nonmajor Governmental | Electric | 4,677 |
| Sewer | Nonmajor Governmental | <u>3,499</u> |
| Total Interfund Balances | | <u>\$ 19,386</u> |

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

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

B. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

| Transfers Out | Transfers In | | Subtotal |
|--------------------------------------|-------------------|------------------------------|-------------------|
| | General | General Capital Outlay | |
| General | \$ | \$ 516,000 | \$ 516,000 |
| Economic Development Authority | 271,973 | | 271,973 |
| Nonmajor Governmental | 1,038 | | 1,038 |
| Total | <u>\$ 273,011</u> | <u>\$ 516,000</u> | <u>\$ 789,011</u> |

| Transfers Out | Transfers In | | | Total |
|--------------------------------------|-------------------|------------------|--------------------------|---------------------|
| | Water | Sewer | Nonmajor Governmental | |
| General | \$ | \$ | \$ 40,000 | \$ 556,000 |
| Economic Development Authority | 160,362 | 83,127 | | 515,462 |
| Nonmajor Governmental | | | 204 | 1,242 |
| Total | <u>\$ 160,362</u> | <u>\$ 83,127</u> | <u>\$ 40,204</u> | <u>\$ 1,072,704</u> |

The purpose of the above transfers was to provide funding for capital improvement projects, capital outlay and operating purposes.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

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.

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

| | <u>Interest Rates</u> | <u>Final Maturity Date</u> | <u>Balance Outstanding</u> |
|--|---------------------------|------------------------------------|--------------------------------|
| <u>Governmental Activities</u> | | | |
| G.O. Bonds | | | |
| G.O. Bonds, Series 2014A | 0.70-2.875% | 02/01/2030 | \$ 130,000 |
| G.O. CIP Bonds, Series 2017B | 2.00-3.00% | 02/01/2034 | 695,000 |
| G.O. Capital Notes, Series 2023A | 3.30-4.00% | 02/01/2033 | 395,000 |
| Financed Purchase - Fire Truck | 2.80% | 06/07/2027 | 221,482 |
| Unamortized Bond Premium | | | 6,151 |
| Compensated Absences | | | <u>133,504</u> |
| Total Governmental Activities | | | <u>\$ 1,581,137</u> |
| | | | |
| | <u>Interest Rates</u> | <u>Final Maturity Date</u> | <u>Balance Outstanding</u> |
| <u>Business-Type Activities</u> | | | |
| G.O. Bonds | | | |
| G.O. Bonds, Series 2014A - Water and Sewer Portion | 0.70-2.875% | 02/01/2030 | \$ 275,000 |
| G.O. Capital Notes, Series 2023A | 3.30-4.00% | 02/01/2033 | 1,555,000 |
| Revenue Bonds | | | |
| Electric Revenue Refunding Bonds, Series 2017A | 2.39% | 06/01/2027 | 1,189,000 |
| Notes | | | |
| 2011 G.O. Water Revenue Note (PFA) | 1.74% | 08/20/2030 | 1,183,000 |
| Financed Purchase - Sewer Vac Truck | 3.98% | 11/15/2028 | 166,211 |
| Unamortized Bond Premium | | | 24,273 |
| Unamortized Bond Discount | | | (8,932) |
| Subscription Arrangements | | | 112,719 |
| Compensated Absences | | | <u>38,011</u> |
| Total Business-Type Activities | | | <u>\$ 4,534,282</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

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

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 financed purchase.

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 | Governmental Activities | | | |
|----------------------------|-----------------------------|-----------------|---------------------------------|-------------------|
| | G.O. Bonds, Series 2014A | | G.O. CIP Bonds, Series 2017B | |
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 65,000 | \$ 2,421 | \$ 60,000 | \$ 18,445 |
| 2026 | 65,000 | 829 | 65,000 | 17,133 |
| 2027 | | | 65,000 | 15,638 |
| 2028 | | | 65,000 | 14,013 |
| 2029 | | | 70,000 | 12,149 |
| 2030-2034 | | | 370,000 | 28,500 |
| | <u>\$ 130,000</u> | <u>\$ 3,250</u> | <u>\$ 695,000</u> | <u>\$ 105,878</u> |

| Year Ending December 31 | Governmental Activities | | | |
|----------------------------|-------------------------------------|------------------|--------------------------------|-----------------|
| | G.O. Capital Notes, Series 2023A | | Financed Purchase - Fire Truck | |
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 35,000 | \$ 13,735 | \$ 86,707 | \$ 5,094 |
| 2026 | 40,000 | 12,235 | 89,166 | 2,635 |
| 2027 | 40,000 | 10,635 | 45,609 | 374 |
| 2028 | 40,000 | 9,035 | | |
| 2029 | 45,000 | 7,335 | | |
| 2030-2033 | 195,000 | 13,118 | | |
| | <u>\$ 395,000</u> | <u>\$ 66,093</u> | <u>\$ 221,482</u> | <u>\$ 8,103</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

C. MINIMUM DEBT PAYMENTS (Cont'd)

| Year Ending December 31 | Business-Type Activities | | | |
|----------------------------|---|------------------|-------------------------------------|-------------------|
| | G.O. Bonds, Series 2014A - Water and Sewer Portion | | G.O. Capital Notes, Series 2023A | |
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 45,000 | \$ 6,995 | \$ 145,000 | \$ 54,050 |
| 2026 | 45,000 | 5,893 | 150,000 | 48,150 |
| 2027 | 45,000 | 4,672 | 165,000 | 41,850 |
| 2028 | 45,000 | 3,378 | 170,000 | 35,120 |
| 2029 | 45,000 | 2,084 | 175,000 | 28,250 |
| 2030-2033 | 50,000 | 719 | 750,000 | 51,138 |
| | <u>\$ 275,000</u> | <u>\$ 23,741</u> | <u>\$ 1,555,000</u> | <u>\$ 258,558</u> |

| Year Ending December 31 | Business-Type Activities | | | |
|----------------------------|---|------------------|---------------------------------------|------------------|
| | Electric Revenue Refunding Bonds, Series 2017A | | 2011 G.O. Water Revenue Note (PFA) | |
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 387,000 | \$ 23,792 | \$ 189,000 | \$ 20,572 |
| 2026 | 395,000 | 14,447 | 192,000 | 17,285 |
| 2027 | 407,000 | 4,864 | 195,000 | 13,947 |
| 2028 | | | 199,000 | 10,556 |
| 2029 | | | 202,000 | 7,095 |
| 2030 | | | 206,000 | 3,583 |
| | <u>\$ 1,189,000</u> | <u>\$ 43,103</u> | <u>\$ 1,183,000</u> | <u>\$ 73,038</u> |

| Year Ending December 31 | Business-Type Activities | |
|----------------------------|--|------------------|
| | Financed Purchase - Sewer Vac Truck | |
| | Principal | Interest |
| 2025 | \$ 39,114 | \$ 5,907 |
| 2026 | 40,700 | 4,321 |
| 2027 | 42,350 | 2,672 |
| 2028 | 44,047 | 955 |
| | <u>\$ 166,211</u> | <u>\$ 13,855</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

D. CHANGES IN LONG-TERM LIABILITIES

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-------------------------|-----------------------|---------------------------|-------------------------|------------------------|
| <u>Governmental Activities</u> | | | | | |
| G.O. Bonds, Series 2014A | \$ 195,000 | \$ | \$ (65,000) | \$ 130,000 | \$ 65,000 |
| G.O. CIP Bonds, Series 2017B | 755,000 | | (60,000) | 695,000 | 60,000 |
| G.O. Capital Notes, Series 2023A | 430,000 | | (35,000) | 395,000 | 35,000 |
| Financed Purchase Unamortized Bond Premium | 305,797 | | (84,315) | 221,482 | 86,707 |
| | 6,912 | | (761) | 6,151 | |
| Compensated Absences * | 131,370 | 2,134 | | 133,504 | 73,169 |
| | <u>131,370</u> | <u>2,134</u> | | <u>133,504</u> | <u>73,169</u> |
| Total Governmental Activities | <u>\$ 1,824,079</u> | <u>\$ 2,134</u> | <u>\$ (245,076)</u> | <u>\$ 1,581,137</u> | <u>\$ 319,876</u> |
| <u>Business-Type Activities</u> | | | | | |
| G.O. Bonds, Series 2014A - Water and Sewer Portion | \$ 315,000 | \$ | \$ (40,000) | \$ 275,000 | \$ 45,000 |
| G.O. Capital Notes, Series 2023A | \$ 1,705,000 | | (150,000) | 1,555,000 | 145,000 |
| Electric Revenue Refunding Bonds, Series 2017A | 1,567,000 | | (378,000) | 1,189,000 | 387,000 |
| 2004 G.O. Sewer Revenue Note (PFA) | 268,000 | | (268,000) | | |
| 2011 G.O. Water Revenue Note (PFA) | 1,368,000 | | (185,000) | 1,183,000 | 189,000 |
| Financed Purchase | 203,802 | | (37,591) | 166,211 | 39,114 |
| Unamortized Bond Premium | 27,276 | | (3,003) | 24,273 | |
| Unamortized Bond Discount | (11,995) | | 3,063 | (8,932) | |
| Subscription Arrangements | 20,688 | 162,343 | (70,312) | 112,719 | 58,705 |
| Compensated Absences * | 42,845 | | (4,834) | 38,011 | 17,047 |
| | <u>42,845</u> | <u>162,343</u> | <u>(4,834)</u> | <u>38,011</u> | <u>17,047</u> |
| Total Business-Type Activities | <u>\$ 5,505,616</u> | <u>\$ 162,343</u> | <u>\$ (1,133,677)</u> | <u>\$ 4,534,282</u> | <u>\$ 880,866</u> |

* The change in compensated absences liability is presented as a net change.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

E. PLEDGED REVENUES

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

| <u>Bond Issue/ Use of Proceeds/ Type</u> | <u>Percent of Total Debt Service</u> | <u>Term of Pledge</u> | <u>Remaining Principal and Interest</u> | <u>Principal and Interest Paid</u> | <u>Pledged Revenue Received</u> |
|---|--|---------------------------|---|--|---|
| 2004 G.O. Sewer Revenue Note (PFA) Site Improvements Utility Charges | 100% | 2004-2024 | <u>\$ 0</u> | <u>\$ 273,306</u> | <u>\$ 1,108,282</u> |
| 2011 G.O. Water Revenue Note (PFA) Site Improvements Utility Charges | 100% | 2011-2030 | <u>\$ 1,256,038</u> | <u>\$ 208,790</u> | <u>\$ 858,272</u> |

NOTE 8. LONG-TERM SUBSCRIPTIONS

Subscription arrangement is summarized as follows:

| | <u>Origination Date</u> | <u>Payment Terms</u> | <u>Payment Amount</u> | <u>Interest Rate</u> |
|---|-------------------------------------|---|---------------------------|--------------------------------|
| Avenu Enterprise Solutions, LLC New Vision | 9/1/2021 | 4 years | Variable | 3.25% |
| Tyler Technologies | 5/1/2024 | 3 years | \$ 58,200 | 7.75% |
| | <u>Original Lease Liability</u> | <u>Current Year Additional Outflows</u> | <u>Impairments</u> | <u>Balance Outstanding</u> |
| Avenu Enterprise Solutions, LLC New Vision | \$ 45,596 | \$ 31,048 | \$ | \$ 8,576 |
| Tyler Technologies | <u>162,343</u> | <u>3,097</u> | | <u>104,143</u> |
| Total Subscription Arrangement | <u>\$ 207,939</u> | <u>\$ 34,145</u> | <u>\$ 0</u> | <u>\$ 112,719</u> |

On September 1, 2021, the City agreed to terms with Avenu Enterprise Solution, LLC for use of their Application Hosting Software. The lease term is 2 years at a fixed interest rate of 3.25%. The City extended the agreement for another 2 years. Ownership ends on August 31, 2025, at which point the City may chose to extend services for another year.

On November 14, 2023, the City agreed to terms with Tyler Technologies, Inc for use of their Application Hosting Software. The lease term started May 1, 2024, and is for 3 years at a fixed interest rate of 7.75%. Ownership ends on May 30, 2027, at which point the City may chose to extend services for another year at the current market cost.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8. LONG-TERM SUBSCRIPTIONS (Cont'd)

Annual requirement to amortize subscription obligation and related interest is follows:

| Year Ending December 31 | Avenu Enterprise Solutions, LLC New Vision | | Tyler Technologies, Inc. | |
|----------------------------|---|---------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 8,576 | \$ 105 | \$ 50,129 | \$ 8,071 |
| 2026 | | | 54,014 | 4,186 |
| | <u>\$ 8,576</u> | <u>\$ 105</u> | <u>\$ 104,143</u> | <u>\$ 12,257</u> |

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). These plan provisions are established and administered in accordance with *Minnesota Statutes*, Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. 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):

Membership in the General Plan includes employees of counties, cities, townships, schools in non-certified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10. DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION (Cont'd)

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

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

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. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

GERP Benefits:

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.20% of the highest average salary for each of the first 10 years of service and 1.70% for each additional year. Under the Level formula, General Plan members receive 1.70% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by 0.25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.50%. The 2024 annual increase was 1.50%. 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 prorated increase.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

B. BENEFITS PROVIDED (Cont'd)

PEPFP Benefits:

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. 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 prorated increase.

C. CONTRIBUTIONS

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

GERP Contributions:

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2024 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2024, were \$85,626. The City's contributions were equal to the required contributions as set by state statute.

PEPFP Contributions:

Police and Fire Plan member's were required to contribute 11.80% of their annual covered salary in fiscal year 2024 and the City was required to contribute 17.70% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2024, were \$115,874. The City's contributions were equal to the required contributions as set by state statute.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2024, the City reported a liability of \$538,904 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 \$13,935. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.0146% at the end of the measurement period and 0.0163% for the beginning of the period.

| | |
|---|--------------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 538,904 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City | <u>13,935</u> |
| Total | <u><u>\$ 552,839</u></u> |

There were no provision changes during the measurement period.

For the year ended December 31, 2024, the City recognized pension expense of \$27,595 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$374 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.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$24,795 for the year ended December 31, 2024 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 General Employees Fund.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

At December 31, 2024, the City reported its proportionate share of GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Economic Experience | \$ 52,773 | \$ |
| Changes in Actuarial Assumptions | 2,996 | 221,658 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 164,538 |
| Changes in Proportion | | 93,853 |
| Contributions Paid to GERP Subsequent to Measurement Date | <u>42,064</u> | |
| Totals | <u>\$ 97,833</u> | <u>\$ 480,049</u> |

The \$42,064 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31,</u> | <u>Pension Expense Amount</u> |
|--------------------------------|-------------------------------|
| 2025 | \$ (236,255) |
| 2026 | (54,697) |
| 2027 | (91,959) |
| 2028 | (41,369) |

PEPFP Pension Costs:

At December 31, 2024, the City reported a liability of \$592,187 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0450% at the end of the measurement period and 0.0420% for the beginning of the period.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

The State of Minnesota also contributed \$37.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation, additional one-time direct state aid contribution of \$19.4 million, and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million supplemental state aid was paid on October 1, 2024. 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% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$22,574.

| | |
|--|-------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 592,187 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City | <u>22,574</u> |
| Total | <u>\$ 614,761</u> |

For the year ended December 31, 2024, the City recognized pension expense of \$73,276 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$2,192 as grant revenue and pension expense 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 \$28.4 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$4,051 for the year ended December 31, 2024 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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

At December 31, 2024, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences Between Expected and Actual Economic Experience | \$ 222,027 | \$ |
| Changes in Actuarial Assumptions | 627,195 | 813,876 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 190,427 |
| Changes in Proportion | 48,881 | 58,629 |
| Contributions Paid to PEPFP Subsequent to Measurement Date | <u>57,229</u> | |
| Totals | <u>\$ 955,332</u> | <u>\$ 1,062,932</u> |

The \$57,229 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31,</u> | <u>Pension Expense Amount</u> |
|--------------------------------|-------------------------------|
| 2025 | \$ (27,331) |
| 2026 | 140,898 |
| 2027 | (81,991) |
| 2028 | (218,682) |
| 2029 | 22,277 |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Domestic Equity | 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 for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7%. The 7% 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 investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

Inflation is assumed to be 2.25% for the General Employees Plan and the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3% 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 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire was completed in 2024. PERA anticipates the experience study will be approved by the Legislative Commission on Pensions and Retirement and become effective with the July 1, 2025 actuarial valuation.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

F. ACTUARIAL METHODS AND ASSUMPTIONS (Cont'd)

The following changes in actuarial assumptions occurred in 2024:

GERP

Changes in Actuarial Assumptions:

Rates of merit and seniority were adjusted, resulting in slightly higher rates.

Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.

Minor increase in assumed withdrawals for males and females.

Lower rates of disability.

Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

Minor changes to form of payment assumptions for male and female retirees.

Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

PEPFP

Changes in Actuarial Assumptions:

There have been no changes since the prior valuation.

Changes in Plan Provisions:

The State contribution of \$9 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.

The additional \$9 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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

G. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2024 was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees and Police and Fire Plans 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>GERP</u> | | <u>PEFPF</u> |
|-----------------------|-------|--------------|-------|--------------|
| 1% Lower | 6.00% | \$ 1,177,053 | 6.00% | \$ 1,399,454 |
| Current Discount Rate | 7.00% | 538,904 | 7.00% | 592,187 |
| 1% Higher | 8.00% | 13,968 | 8.00% | (70,748) |

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 City's commercial insurance plans. There are 24 active participants and 1 retired participants. 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 \$330,522 was measured as of December 31, 2023, 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, 2024.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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:

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Beginning of Year | \$ 295,780 |
| Changes for the year: | |
| Service Cost | 33,990 |
| Interest | 12,909 |
| Differences Between Expected and Actual Experience | 1,623 |
| Changes of Assumptions or Other Inputs | 8,294 |
| Benefit Payments | <u>(22,074)</u> |
| Net Changes | <u>34,742</u> |
| End of Year | <u>\$ 330,522</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 4.05% in 2023 to 3.77% in 2024.

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 (2.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

| | <u>1.0% Decrease in Discount Rate (2.77%)</u> | <u>Discount Rate (3.77%)</u> | <u>1.0% Increase in Discount Rate (4.77%)</u> |
|----------------------|---|----------------------------------|---|
| Total OPEB Liability | \$ 362,042 | \$ 330,522 | \$ 301,944 |

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 2.90%) or 1-percentage-point higher (7.30% decreasing to 4.90%) than the current healthcare cost trend rates:

| | <u>1.0% Decrease (5.30% decreasing to 2.90%)</u> | <u>Healthcare Cost Trend Rates (6.30% decreasing to 3.90%)</u> | <u>1.0% Increase (7.30% decreasing to 4.90%)</u> |
|----------------------|--|--|--|
| Total OPEB Liability | \$ 287,028 | \$ 330,522 | \$ 383,818 |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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, 2024, the City recognized OPEB expense of \$44,429. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Contributions Paid Subsequent to Measurement Date | <u>\$ 10,798</u> | <u>\$ 0</u> |

\$10,798 reported as deferred outflows of resources related to OPEB resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2025.

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.50% |
| Salary Increases | Based on the most recently disclosed assumptions for the pension plan in which the employee participates. |
| Healthcare Cost Trend Rates | 6.30% for 2024, decreasing gradually over several decades to an ultimate rate of 3.90% for 2075 and later years. |
| Retiree's Share of Benefit-Related Costs | Assumed to increase with healthcare trend rates. |

A discount rate of 3.77% 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.

From the July 1, 2022 PERA of Minnesota General Employees' Retirement Plan actuarial valuation, Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

From the July 1, 2022 PERA of Minnesota Public Employees' Police & Fire Plan actuarial valuation, Pub-2010 Public Safety mortality tables with projected mortality improvements based on scale MP-2021, and other adjustments.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2023 - December 31, 2023.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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:

| | <u>General</u> | <u>Economic Development Authority</u> | <u>TIF District No. 8</u> | <u>General Capital Outlay</u> | <u>Subtotal</u> |
|------------------------------------|---------------------|---|-----------------------------------|-----------------------------------|----------------------|
| Restricted for | | | | | |
| Debt Service | \$ | \$ | \$ | \$ | \$ |
| Revolving Loans | | | | | |
| Total Restricted | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Committed | | | | | |
| Industrial Property Investments | | 13,493,282 | | | 13,493,282 |
| Assigned | | | | | |
| Fund Operations | | | | 1,675,091 | 1,675,091 |
| Unassigned | <u>2,351,800</u> | | <u>(149,781)</u> | | <u>2,202,019</u> |
| Total | <u>\$ 2,351,800</u> | <u>\$ 13,493,282</u> | <u>\$ (149,781)</u> | <u>\$ 1,675,091</u> | <u>\$ 17,370,392</u> |
| | | <u>Nonmajor Governmental Funds</u> | | | |
| | | | <u>Total</u> | | |
| Restricted for | | | | | |
| Debt Service | \$ 460,197 | \$ 460,197 | | | |
| Revolving Loans | 135,853 | 135,853 | | | |
| Total Restricted | <u>596,050</u> | <u>596,050</u> | | | |
| Committed | | | | | |
| Industrial Property Investments | | 13,493,282 | | | |
| Assigned | | | | | |
| Fund Operations | 770,833 | 2,445,924 | | | |
| Unassigned | | | | | <u>2,202,019</u> |
| Total | <u>\$ 1,366,883</u> | <u>\$ 18,737,275</u> | | | |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

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 \$532,939.

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 \$41,008.

The amount of these loans not scheduled for collection in the subsequent year is \$255,468.

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.

NOTE 15. 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 16. CITY OF BENSON'S FIREMAN'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, 2024, the plan covered 29 active firefighters and 1 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 \$46,227 in fire state aid to the fund for the year ended December 31, 2024. Required employer contributions are calculated annually based on statutory provisions.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 16. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

D. PENSION COSTS

At December 31, 2024, the City reported a net pension liability (asset) of \$(139,850) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2024. 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) |
|--|--------------------------------------|--|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Beginning Balance 12/31/2023 | \$ 562,399 | \$ 629,240 | \$ (66,841) |
| Changes for the Year: | | | |
| Service Cost | 17,981 | | 17,981 |
| Interest | 31,726 | | 31,726 |
| Changes in Benefit Terms | 86,503 | | 86,503 |
| Differences Between Expected and Actual Experience | (74,499) | | (74,499) |
| Contributions - State | | 46,227 | (46,227) |
| Net Investment Income | | 88,493 | (88,493) |
| Benefit Payments | (103,220) | (103,220) | |
| Net Changes | <u>(41,509)</u> | <u>31,500</u> | <u>(73,009)</u> |
| Balance End of Year 12/31/2024 | <u>\$ 520,890</u> | <u>\$ 660,740</u> | <u>\$ (139,850)</u> |

For the year ended December 31, 2024, the benefit level increased from \$1,500 to \$1,800.

For the year ended December 31, 2024, the City recognized pension expense of \$44,293.

At December 31, 2024, 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 |
|--|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences Between Expected and Actual Economic Experience | \$ 10,211 | \$ 69,863 |
| Net Differences Between Projected and Actual Investment Earnings | 26,971 | |
| Contributions Paid to Plan Subsequent to Measurement Date | 54,938 | |
| State Aid Received for the Plan Subsequent to Measurement Date | | 54,938 |
| Totals | <u>\$ 92,120</u> | <u>\$ 124,801</u> |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 16. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

D. PENSION COSTS (Cont'd)

\$54,938 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2025. \$54,938 reported as deferred inflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ended December 31,</u> | <u>Pension Expense Amount</u> |
|--------------------------------|-------------------------------|
| 2025 | \$ 2,638 |
| 2026 | 9,655 |
| 2027 | 10,213 |
| 2028 | (17,938) |
| 2029 | (7,450) |
| Thereafter | (29,799) |

E. ACTUARIAL ASSUMPTIONS

The total pension liability (asset) at December 31, 2024, 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 changes in 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.

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 16. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

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 it 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%) | Discount Rate (6.00%) | 1% Increase in Discount Rate (7.00%) |
|--------------------------------------|---|--------------------------|---|
| City's Net Pension Liability (Asset) | \$ (127,322) | \$ (139,850) | \$ (152,066) |

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 investment 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 | <u>100.00%</u> | |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 16. CITY OF BENSON'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

I. ASSET ALLOCATION (Cont'd)

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 2023 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, 2024, 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 17. 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, 2024, 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 18. 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 19. CONSTRUCTION COMMITMENTS

The City has the following projects in progress:

| <u>Project</u> | <u>Contract Amount</u> | <u>Remaining Commitment</u> |
|------------------|----------------------------|---------------------------------|
| AWOS Replacement | \$ 145,840 | \$ 20,863 |

CITY OF BENSON, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 20. 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------|---|--|
| Related to Pensions | \$ 1,145,285 | \$ 1,667,782 |
| Related to OPEB | 10,798 | |
| Related to Leases | | 9,051 |
| | <u> </u> | <u> </u> |
| Totals | <u>\$ 1,156,083</u> | <u>\$ 1,676,833</u> |

NOTE 21. SUBSEQUENT EVENTS

On April 7, 2025, the City approved a resolution to declare their intent to issue General Obligation Bonds, Series 2025A in the amount of \$4,125,000 for the purpose of financing the cost of street reconstruction projects.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
DECEMBER 31, 2024

| 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) (a) | State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Employer (b) | Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a+b) | Employer's Covered Payroll (c) | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll ((a+b)/c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|-----------------------|--|--|--|---|---|--|---|
| <u>Pensions</u> | | | | | | | |
| <u>GERP</u> | | | | | | | |
| June 30, 2024 | 0.0146% | \$ 538,904 | \$ 13,935 | \$ 552,839 | \$ 1,232,356 | 44.86% | 89.08% |
| June 30, 2023 | 0.0163% | 911,478 | 25,052 | 936,530 | 1,250,733 | 74.88% | 83.10% |
| June 30, 2022 | 0.0166% | 1,314,725 | 38,574 | 1,353,299 | 1,156,783 | 116.99% | 76.67% |
| 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 | 1,177,999 | 89.73% | 79.06% |
| June 30, 2019 | 0.0164% | 906,719 | 28,165 | 934,884 | 1,123,497 | 83.21% | 80.23% |
| June 30, 2018 | 0.0154% | 854,329 | 28,014 | 882,343 | 1,074,454 | 82.12% | 79.53% |
| June 30, 2017 | 0.0158% | 1,008,662 | 12,645 | 1,021,307 | 973,390 | 104.92% | 75.90% |
| 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% |
| <u>PEPFP</u> | | | | | | | |
| June 30, 2024 | 0.0450% | 592,187 | 22,574 | 614,761 | 623,304 | 98.63% | 90.17% |
| June 30, 2023 | 0.0420% | 725,285 | 29,154 | 754,439 | 551,010 | 136.92% | 86.47% |
| June 30, 2022 | 0.0434% | 1,888,597 | 82,512 | 1,971,109 | 508,469 | 387.66% | 70.53% |
| 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% | 89.26% |
| June 30, 2018 | 0.0454% | 483,917 | | 483,917 | 495,878 | 97.59% | 88.84% |
| June 30, 2017 | 0.0460% | 621,055 | | 621,055 | 450,511 | 137.86% | 85.43% |
| June 30, 2016 | 0.0450% | 1,805,928 | | 1,805,928 | 430,053 | 419.93% | 63.88% |
| June 30, 2015 | 0.0480% | 545,392 | | 545,392 | 435,380 | 125.27% | 86.61% |

See Accompanying Notes to the Required Supplementary Information

CITY OF BENSON, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
DECEMBER 31, 2024

| Fiscal Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | Covered Payroll (d) | Contributions as a Percentage of Covered Payroll (b/d) |
|-----------------------|--|---|---|---------------------------|--|
| <u>Pensions</u> | | | | | |
| <u>GERP</u> | | | | | |
| 12/31/2024 | \$ 85,626 | \$ 85,626 | \$ | \$ 1,141,680 | 7.50% |
| 12/31/2023 | 95,274 | 95,274 | | 1,270,313 | 7.50% |
| 12/31/2022 | 90,197 | 90,197 | | 1,202,630 | 7.50% |
| 12/31/2021 | 93,193 | 93,193 | | 1,242,550 | 7.50% |
| 12/31/2020 | 92,759 | 92,759 | | 1,237,271 | 7.50% |
| 12/31/2019 | 86,918 | 86,918 | | 1,159,437 | 7.50% |
| 12/31/2018 | 77,705 | 77,705 | | 1,036,062 | 7.50% |
| 12/31/2017 | 77,416 | 77,416 | | 1,032,206 | 7.50% |
| 12/31/2016 | 77,150 | 77,150 | | 1,028,658 | 7.50% |
| 12/31/2015 | 81,095 | 81,095 | | 1,081,262 | 7.50% |
| <u>PEPFP</u> | | | | | |
| 12/31/2024 | 115,874 | 115,874 | | 654,656 | 17.70% |
| 12/31/2023 | 100,960 | 100,960 | | 570,397 | 17.70% |
| 12/31/2022 | 94,045 | 94,045 | | 531,328 | 17.70% |
| 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% |

CITY OF BENSON, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
DECEMBER 31, 2024

| | Measurement Date | | | | | | | | | |
|--|------------------|-------------|-------------|--------------|--------------|--------------|-------------|-------------|------------|------------|
| | December 31, | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Service Cost | \$ 17,981 | \$ | \$ 17,981 | \$ 17,596 | \$ 17,083 | \$ 15,592 | \$ 15,967 | \$ 9,030 | \$ 9,030 | \$ 7,200 |
| Interest | 31,726 | | 32,308 | 28,727 | 23,500 | 21,839 | 22,881 | 19,618 | 21,654 | 21,724 |
| Changes in Benefit Terms | 86,503 | | | | 55,528 | | | | | |
| Differences Between Expected and Actual Experience | (74,499) | | (4,690) | 20,493 | 10,071 | 38,264 | (17,761) | | (33,722) | |
| Changes in Assumptions | | | | | | | | (2,458) | | |
| Benefit Payments, Including Refunds of Member Contributions | (103,220) | | (7,360) | (7,680) | (31,480) | (67,514) | (8,640) | (32,740) | (42,640) | (21,665) |
| Adjustment to Initial Asset Transfer | | | | | | | (23,447) | | | |
| Net Change in Total Pension Liability | (41,509) | 0 | 38,239 | 59,136 | 74,702 | 8,181 | (11,000) | (6,550) | (45,678) | 7,259 |
| Total Pension Liability - Beginning of Year | 562,399 | 562,399 | 524,160 | 465,024 | 390,322 | 382,141 | 393,141 | 399,691 | 445,369 | 438,110 |
| Total Pension Liability - End of Year | \$ 520,890 | \$ 562,399 | \$ 562,399 | \$ 524,160 | \$ 465,024 | \$ 390,322 | \$ 382,141 | \$ 393,141 | \$ 399,691 | \$ 445,369 |
| Contributions - Association | \$ | \$ | \$ | \$ | \$ | \$ | \$ 1,000 | \$ 3,074 | \$ 1,757 | \$ 2,363 |
| Contributions - Member | | | | | | | | 189 | 155 | 214 |
| Contributions - State of Minnesota | 46,227 | | 42,033 | 42,694 | 43,905 | 39,854 | 41,376 | 40,149 | 44,076 | 41,979 |
| Contributions - City of Benson | | | | | | | | 10,000 | 10,000 | 11,000 |
| Net Investment Income | 88,493 | | (103,517) | 59,597 | 76,233 | 83,867 | (18,626) | 32,465 | 17,869 | 1,975 |
| Benefit Payments, Including Refunds of Member Contributions | (103,220) | | (7,360) | (7,680) | (31,480) | (67,514) | (8,640) | (32,740) | (42,640) | (21,665) |
| Administrative Expense | | | (943) | (935) | (930) | (1,259) | (5,200) | (7,957) | (5,173) | (6,106) |
| Adjustment to Initial Asset Transfer | | | | | | | 2,686 | | | |
| Net Change in Plan Fiduciary Net Position | 31,500 | 0 | (69,787) | 93,676 | 87,728 | 54,948 | 12,596 | 45,180 | 26,044 | 29,760 |
| Total Plan Fiduciary Net Position - Beginning of Year | 629,240 | 629,240 | 699,027 | 605,351 | 517,623 | 462,675 | 450,079 | 404,899 | 378,855 | 349,095 |
| Total Plan Fiduciary Net Position - End of Year | \$ 660,740 | \$ 629,240 | \$ 629,240 | \$ 699,027 | \$ 605,351 | \$ 517,623 | \$ 462,675 | \$ 450,079 | \$ 404,899 | \$ 378,855 |
| City's Net Pension Liability (Asset) - Ending | \$ (139,850) | \$ (66,841) | \$ (66,841) | \$ (174,867) | \$ (140,327) | \$ (127,301) | \$ (80,534) | \$ (56,938) | \$ (5,208) | \$ 66,514 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 126.85% | 111.88% | 111.88% | 133.36% | 130.18% | 132.61% | 121.07% | 114.48% | 101.30% | 85.07% |

See Accompanying Notes to the Required Supplementary Information

CITY OF BENSON, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
DECEMBER 31, 2024

| | Measurement Date | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 12/31/2023 | 12/31/2022 | 12/31/2021 | 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 |
| Service Cost | \$ 33,990 | \$ 20,778 | \$ 19,642 | \$ 22,209 | \$ 19,292 | \$ 19,427 | \$ 17,510 |
| Interest | 12,909 | 3,994 | 4,570 | 6,696 | 8,703 | 7,652 | 8,283 |
| Differences Between Expected and Actual Experience | 1,623 | 149,961 | 211 | 36,527 | | 4,853 | |
| Changes in Assumptions | 8,294 | (56,667) | 2,585 | (42,891) | 10,294 | 584 | 5,481 |
| Benefit Payments | <u>(22,074)</u> | <u>(37,124)</u> | <u>(42,038)</u> | <u>(27,942)</u> | <u>(36,631)</u> | <u>(21,298)</u> | <u>(17,530)</u> |
| Net Change in Total OPEB Liability | 34,742 | 80,942 | (15,030) | (5,401) | 1,658 | 11,218 | 13,744 |
| Total OPEB Liability - Beginning of Year | <u>295,780</u> | <u>214,838</u> | <u>229,868</u> | <u>235,269</u> | <u>233,611</u> | <u>222,393</u> | <u>208,649</u> |
| Total OPEB Liability - End of Year | <u>\$ 330,522</u> | <u>\$ 295,780</u> | <u>\$ 214,838</u> | <u>\$ 229,868</u> | <u>\$ 235,269</u> | <u>\$ 233,611</u> | <u>\$ 222,393</u> |
| Covered Employee Payroll | \$ 1,863,457 | \$ 1,688,179 | \$ 1,626,936 | \$ 1,617,774 | \$ 1,962,357 | \$ 1,461,572 | \$ 1,719,403 |
| Total OPEB Liability as a % of Covered Employee Payroll | <u>17.74%</u> | <u>17.52%</u> | <u>13.21%</u> | <u>14.21%</u> | <u>11.99%</u> | <u>15.98%</u> | <u>12.93%</u> |

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

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2024 Changes:

The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes:

An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.

The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.

The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes:

There have been no changes since the prior valuation.

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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

2018 Changes: (Cont'd)

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.

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 fiduciary 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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEFPF)

2024 Changes:

The State contribution of \$9 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.

The additional \$9 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes:

Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.

Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years.

A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.

The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 Changes:

There have been no changes since the prior valuation.

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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

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.

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

2024 Changes:

The benefit level increased from \$1,500 to \$1,800.

2023 Changes:

There have been no changes since the prior valuation.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

2022 Changes:

There have been no changes since the prior valuation.

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.

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

2024 Changes:

There have been no changes since the prior valuation.

2023 Changes:

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

2022 Changes:

There have been no changes since the prior valuation.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

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)

2024 Changes:

Rates of merit and seniority were adjusted, resulting in slightly higher rates.

Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.

Minor increase in assumed withdrawals for males and females.

Lower rates of disability.

Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.

Minor changes to form of payment assumptions for male and female retirees.

Minor changes to assumptions made with respect to missing participant data.

2023 Changes:

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

2022 Changes:

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

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

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.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 Changes:

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

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

2018 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.

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)

2024 Changes:

There have been no changes since the prior valuation.

2023 Changes:

The investment return assumption was changed from 6.5 percent to 7.00 percent.

The single discount rate changed from 5.4 percent to 7.0 percent.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

2022 Changes:

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

The single discount rate changed from 6.5% to 5.4%.

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, 2024

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, 2024

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEFPF) (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 FIREMAN'S RELIEF ASSOCIATION

2024 Changes:

There have been no changes since the prior valuation.

2023 Changes:

Information was not available at the time the audit was completed and the City converted to a look back period for the year ended December 31, 2023.

2022 Changes:

There have been no changes since the prior valuation.

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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

2015 Changes:

There have been no changes since the prior valuation.

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

2024 Changes:

The discount rate was changed from 4.05% to 3.77% based on updated 20-year municipal bond rates.

2023 Changes:

The discount rate was changed from 1.84% to 4.05% 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.

Withdrawal, mortality, and salary increase rates were updated from the rates used in the 7/1/2020 PERA General Employees Plan and 7/1/2020 PERA Police & Fire Plan valuations to the rates used in the 7/1/2022 valuations.

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

2022 Changes:

The discount rate was changed from 2.00% to 1.84% based on updated Fidelity 20-Year Municipal GO AA Index rate for 20-year, tax exempt municipal bonds.

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.

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.

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.

CITY OF BENSON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2024

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

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

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.

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SUPPLEMENTARY INFORMATION

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CITY OF BENSON, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

| | Special Revenue | Capital Projects | Debt Service | Total Nonmajor Governmental Funds |
|--|--------------------|---------------------|-------------------|--|
| ASSETS | | | | |
| Cash and Investments | \$ 336,704 | \$ 499,254 | \$ 457,703 | \$ 1,293,661 |
| Receivables | | | | |
| Property Taxes | 5,157 | | 6,349 | 11,506 |
| Special Assessments | 17,840 | 6,022 | | 23,862 |
| Due from Other Funds | | 4,677 | | 4,677 |
| Land Held for Resale | 88,709 | | | 88,709 |
| | <u>88,709</u> | <u> </u> | <u> </u> | <u>88,709</u> |
| Total Assets | <u>\$ 448,410</u> | <u>\$ 509,953</u> | <u>\$ 464,052</u> | <u>\$ 1,422,415</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Accounts and Contracts Payable | \$ 21,195 | \$ | \$ | \$ 21,195 |
| Due to Other Funds | | 3,499 | | 3,499 |
| Total Liabilities | <u>21,195</u> | <u>3,499</u> | <u>0</u> | <u>24,694</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable Revenues | | | | |
| Delinquent Property Taxes | 3,121 | | 3,855 | 6,976 |
| Special Assessments | 17,840 | 6,022 | | 23,862 |
| Total Deferred Inflows of Resources | <u>20,961</u> | <u>6,022</u> | <u>3,855</u> | <u>30,838</u> |
| Fund Balance | | | | |
| Restricted | 135,853 | | 460,197 | 596,050 |
| Assigned | 270,401 | 500,432 | | 770,833 |
| Total Fund Balance | <u>406,254</u> | <u>500,432</u> | <u>460,197</u> | <u>1,366,883</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 448,410</u> | <u>\$ 509,953</u> | <u>\$ 464,052</u> | <u>\$ 1,422,415</u> |

CITY OF BENSON, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

| | Special Revenue | Capital Projects | Debt Service | Total Nonmajor Governmental Funds |
|--|--------------------|---------------------|-------------------|--|
| REVENUES | | | | |
| Taxes | \$ 137,235 | \$ | \$ 168,104 | \$ 305,339 |
| Special Assessments | | 505 | | 505 |
| Intergovernmental | 389,901 | | | 389,901 |
| Charges for Services | | 55,959 | | 55,959 |
| Investment Income (Loss) | 1,280 | | 3,903 | 5,183 |
| Miscellaneous | | | | |
| Refunds and Reimbursements | 35,295 | | | 35,295 |
| Other | 1,080 | | | 1,080 |
| Total Revenues | <u>564,791</u> | <u>56,464</u> | <u>172,007</u> | <u>793,262</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Works | | 3,706 | | 3,706 |
| Culture and Recreation | 149,128 | | | 149,128 |
| Urban Development | 411,162 | | | 411,162 |
| Economic Development | | | 945 | 945 |
| Capital Outlay | | | | |
| Culture and Recreation | 3,000 | | | 3,000 |
| Debt Service | | | | |
| Principal | | | 160,000 | 160,000 |
| Interest and Fiscal Costs | | | 44,878 | 44,878 |
| Total Expenditures | <u>563,290</u> | <u>3,706</u> | <u>205,823</u> | <u>772,819</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,501 | 52,758 | (33,816) | 20,443 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 204 | 40,000 | | 40,204 |
| Transfers Out | (1,242) | | | (1,242) |
| Total Other Financing Sources (Uses) | <u>(1,038)</u> | <u>40,000</u> | <u>0</u> | <u>38,962</u> |
| Net Change in Fund Balances | 463 | 92,758 | (33,816) | 59,405 |
| FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED | | | | |
| | 324,549 | 407,674 | 494,013 | 1,226,236 |
| Adjustment - Changes within Reporting Entity | <u>81,242</u> | | | <u>81,242</u> |
| FUND BALANCE, BEGINNING OF YEAR, AS RESTATED | | | | |
| | <u>405,791</u> | <u>407,674</u> | <u>494,013</u> | <u>1,307,478</u> |
| FUND BALANCE, END OF YEAR | | | | |
| | <u>\$ 406,254</u> | <u>\$ 500,432</u> | <u>\$ 460,197</u> | <u>\$ 1,366,883</u> |

CITY OF BENSON, MINNESOTA

COMBINING BALANCE SHEET
SPECIAL REVENUE NONMAJOR FUNDS
DECEMBER 31, 2024

| | Library | Library Endowment | Cemetery Perpetual Care | Community Development Revolving Loan | 2005 Small Cities Grant | 2009 Small Cities Grant | 2011 Small Cities Grant | 2013 Small Cities Grant | 2017 Small Cities Grant | Development District | Totals |
|--|------------------|----------------------|-------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------|-------------------|
| ASSETS | | | | | | | | | | | |
| Cash and Investments | \$ 76,720 | \$ 19,534 | \$ 100,185 | \$ 320 | \$ 922 | \$ 40,913 | \$ 8,778 | \$ 26,257 | \$ 62,286 | \$ 789 | \$ 336,704 |
| Receivables | | | | | | | | | | | |
| Property Taxes | 5,157 | | | | | | | | | | 5,157 |
| Special Assessment | | | | | 17,840 | | | | | | 17,840 |
| Land Held for Resale | | | | 71,249 | 17,460 | | | | | | 88,709 |
| Total Assets | \$ 81,877 | \$ 19,534 | \$ 100,185 | \$ 71,569 | \$ 36,222 | \$ 40,913 | \$ 8,778 | \$ 26,257 | \$ 62,286 | \$ 789 | \$ 448,410 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | |
| Accounts and Contracts Payable | \$ 432 | \$ | \$ | \$ | \$ | \$ 20,763 | \$ | \$ | \$ | \$ | \$ 21,195 |
| Deferred Inflows of Resources | | | | | | | | | | | |
| Unavailable Revenues | | | | | | | | | | | |
| Delinquent Property Taxes | 3,121 | | | | | | | | | | 3,121 |
| Special Assessments | | | | | 17,840 | | | | | | 17,840 |
| Total Deferred Inflows of Resources | 3,121 | 0 | 0 | 0 | 17,840 | 0 | 0 | 0 | 0 | 0 | 20,961 |
| Fund Balance | | | | | | | | | | | |
| Restricted | | | | | 18,382 | 20,150 | 8,778 | 26,257 | 62,286 | | 135,853 |
| Assigned | 78,324 | 19,534 | 100,185 | 71,569 | | | | | | 789 | 270,401 |
| Total Fund Balance | 78,324 | 19,534 | 100,185 | 71,569 | 18,382 | 20,150 | 8,778 | 26,257 | 62,286 | 789 | 406,254 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 81,877 | \$ 19,534 | \$ 100,185 | \$ 71,569 | \$ 36,222 | \$ 40,913 | \$ 8,778 | \$ 26,257 | \$ 62,286 | \$ 789 | \$ 448,410 |

CITY OF BENSON, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE NONMAJOR FUNDS
YEAR ENDED DECEMBER 31, 2024

| | Library | Library Endowment | Cemetery Perpetual Care | Community Development Revolving Loan | 2005 Small Cities Grant | 2009 Small Cities Grant | 2011 Small Cities Grant | 2013 Small Cities Grant | 2017 Small Cities Grant | 2022 Small Cities Grant | (Formerly Nonmajor) TIF District No. 8 | Development District | Totals |
|--|------------|----------------------|-------------------------------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---|-------------------------|------------|
| REVENUES | | | | | | | | | | | | | |
| Taxes | \$ 137,235 | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 137,235 |
| Intergovernmental | | | | | | | | | | 389,901 | | | 389,901 |
| Investment Income (Loss) | | 204 | 1,038 | | | | | | 38 | | | | 1,280 |
| Miscellaneous | | | | | | | | | | | | | |
| Refunds and Reimbursements | 26,912 | | | | | | | | 8,383 | | | | 35,295 |
| Other | | | 1,080 | | | | | | | | | | 1,080 |
| Total Revenues | 164,147 | 204 | 2,118 | 0 | 0 | 0 | 0 | 0 | 8,421 | 389,901 | 0 | 0 | 564,791 |
| EXPENDITURES | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | |
| Culture and Recreation | | | | | | | | | | | | | |
| Supplies | 29,918 | | | | | | | | | | | | 29,918 |
| Utilities | 5,787 | | | | | | | | | | | | 5,787 |
| Contracted Services | 107,287 | | | | | | | | | | | | 107,287 |
| Other | 6,136 | | | | | | | | | | | | 6,136 |
| Urban Development | | | | | | | | | | | | | |
| Supplies | | | | | | 405 | | 92 | | | | | 497 |
| Other Services | | | | | | 20,764 | | | | 389,901 | | | 410,665 |
| Capital Outlay | | | | | | | | | | | | | |
| Culture and Recreation | 3,000 | | | | | | | | | | | | 3,000 |
| Total Expenditures | 152,128 | 0 | 0 | 0 | 0 | 21,169 | 0 | 92 | 0 | 389,901 | 0 | 0 | 563,290 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 12,019 | 204 | 2,118 | 0 | 0 | (21,169) | 0 | (92) | 8,421 | 0 | 0 | 0 | 1,501 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | |
| Transfers In | 204 | | | | | | | | | | | | 204 |
| Transfers Out | | (204) | (1,038) | | | | | | | | | | (1,242) |
| Total Other Financing Sources (Uses) | 204 | (204) | (1,038) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,038) |
| Net Change in Fund Balances | 12,223 | 0 | 1,080 | 0 | 0 | (21,169) | 0 | (92) | 8,421 | 0 | 0 | 0 | 463 |
| FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED | 66,101 | 19,534 | 99,105 | 71,569 | 18,382 | 41,319 | 8,778 | 26,349 | 53,865 | | (81,242) | 789 | 324,549 |
| Adjustment - Changes within Reporting Entity | | | | | | | | | | | 81,242 | | 81,242 |
| FUND BALANCE, BEGINNING OF YEAR, AS RESTATED | 66,101 | 19,534 | 99,105 | 71,569 | 18,382 | 41,319 | 8,778 | 26,349 | 53,865 | 0 | 0 | 789 | 405,791 |
| FUND BALANCE, END OF YEAR | \$ 78,324 | \$ 19,534 | \$ 100,185 | \$ 71,569 | \$ 18,382 | \$ 20,150 | \$ 8,778 | \$ 26,257 | \$ 62,286 | \$ 0 | \$ 0 | \$ 789 | \$ 406,254 |

CITY OF BENSON, MINNESOTA

COMBINING BALANCE SHEET
CAPITAL PROJECTS AND DEBT SERVICE NONMAJOR FUNDS
DECEMBER 31, 2024

| | Concrete Projects | Storm Water | Total Capital Projects | G.O. Bonds, Series 2014A | G.O. Capital Improvement Bonds, Series 2017B | G.O. Capital Equipment Notes, Series 2023A | Total Debt Service |
|--|----------------------|-------------------|------------------------------|-----------------------------|---|---|--------------------------|
| ASSETS | | | | | | | |
| Cash and Investments | \$ 136,232 | \$ 363,022 | \$ 499,254 | \$ 109,835 | \$ 84,041 | \$ 263,827 | \$ 457,703 |
| Receivables | | | | | | | |
| Property Taxes | | | | 2,735 | 3,186 | 428 | 6,349 |
| Special Assessments | | 6,022 | 6,022 | | | | |
| Due from Other Funds | | 4,677 | 4,677 | | | | |
| | | | | | | | |
| Total Assets | <u>\$ 136,232</u> | <u>\$ 373,721</u> | <u>\$ 509,953</u> | <u>\$ 112,570</u> | <u>\$ 87,227</u> | <u>\$ 264,255</u> | <u>\$ 464,052</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | | | |
| Liabilities | | | | | | | |
| Due to Other Funds | \$ | \$ 3,499 | \$ 3,499 | \$ | \$ | \$ | \$ |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable Revenue | | | | | | | |
| Delinquent Property Taxes | | | | 1,681 | 1,963 | 211 | 3,855 |
| Special Assessments | | 6,022 | 6,022 | | | | |
| Total Deferred Inflows of Resources | 0 | 6,022 | 6,022 | 1,681 | 1,963 | 211 | 3,855 |
| Fund Balance | | | | | | | |
| Restricted | | | | 110,889 | 85,264 | 264,044 | 460,197 |
| Assigned | 136,232 | 364,200 | 500,432 | | | | |
| Total Fund Balance | <u>136,232</u> | <u>364,200</u> | <u>500,432</u> | <u>110,889</u> | <u>85,264</u> | <u>264,044</u> | <u>460,197</u> |
| | | | | | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 136,232</u> | <u>\$ 373,721</u> | <u>\$ 509,953</u> | <u>\$ 112,570</u> | <u>\$ 87,227</u> | <u>\$ 264,255</u> | <u>\$ 464,052</u> |

CITY OF BENSON, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS AND DEBT SERVICE NONMAJOR FUNDS
 YEAR ENDED DECEMBER 31, 2024

| | Concrete Projects | Storm Water | Total Capital Projects | G.O. Bonds, Series 2014A | G.O. Capital Improvement Bonds, Series 2017B | G.O. Capital Equipment Notes, Series 2023A | Total Debt Service |
|--|----------------------|----------------|------------------------------|-----------------------------|---|---|--------------------------|
| REVENUES | | | | | | | |
| Taxes | \$ | \$ | \$ | \$ 71,056 | \$ 82,383 | \$ 14,665 | \$ 168,104 |
| Special Assessments | 500 | 5 | 505 | | | | |
| Charges for Services | | 55,959 | 55,959 | | | | |
| Investment Income (Loss) | | | | 739 | 447 | 2,717 | 3,903 |
| Total Revenues | 500 | 55,964 | 56,464 | 71,795 | 82,830 | 17,382 | 172,007 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| Public Works | | | | | | | |
| Supplies | 207 | 3,499 | 3,706 | | | | |
| Economic Development | | | | | | | |
| Contracted Services | | | | 315 | 630 | | 945 |
| Debt Service | | | | | | | |
| Principal | | | | 65,000 | 60,000 | 35,000 | 160,000 |
| Interest and Fiscal Costs | | | | 4,212 | 19,675 | 20,991 | 44,878 |
| Total Expenditures | 207 | 3,499 | 3,706 | 69,527 | 80,305 | 55,991 | 205,823 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 293 | 52,465 | 52,758 | 2,268 | 2,525 | (38,609) | (33,816) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 40,000 | | 40,000 | | | | |
| Net Change in Fund Balances | 40,293 | 52,465 | 92,758 | 2,268 | 2,525 | (38,609) | (33,816) |
| FUND BALANCE, BEGINNING OF YEAR | 95,939 | 311,735 | 407,674 | 108,621 | 82,739 | 302,653 | 494,013 |
| FUND BALANCE, END OF YEAR | \$ 136,232 | \$ 364,200 | \$ 500,432 | \$ 110,889 | \$ 85,264 | \$ 264,044 | \$ 460,197 |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|-----------------------------------|------------------|------------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | | | | | |
| Property Taxes | \$ 1,397,626 | \$ 1,397,626 | \$ 1,385,693 | \$ (11,933) | \$ 1,246,503 |
| Franchise Fees | 217,000 | 217,000 | 213,154 | (3,846) | 213,154 |
| Lodging Tax | 22,000 | 22,000 | 31,317 | 9,317 | 44,793 |
| Total Taxes | 1,636,626 | 1,636,626 | 1,630,164 | (6,462) | 1,504,450 |
| Special Assessments | | | | | 23 |
| Licenses and Permits | | | | | |
| Business | 7,500 | 7,500 | 7,260 | (240) | 7,110 |
| Non-business | 31,500 | 31,500 | 62,622 | 31,122 | 17,827 |
| Total Licenses and Permits | 39,000 | 39,000 | 69,882 | 30,882 | 24,937 |
| Intergovernmental | | | | | |
| Local Government Aid | 1,445,676 | 1,445,676 | 1,445,676 | | 1,257,602 |
| Market Value Credit | | | 307 | 307 | 308 |
| Airport Maintenance | 27,445 | 27,445 | 57,438 | 29,993 | 35,854 |
| Other | 105,226 | 105,226 | 253,180 | 147,954 | 395,534 |
| Total Intergovernmental | 1,578,347 | 1,578,347 | 1,756,601 | 178,254 | 1,689,298 |
| Charges for Services | | | | | |
| Weed and Tree Removal | 7,000 | 7,000 | 2,481 | (4,519) | 5,141 |
| Park Fees | 25,000 | 25,000 | 38,480 | 13,480 | 32,214 |
| Swimming Pool | 56,000 | 56,000 | 53,650 | (2,350) | 60,004 |
| Police Services | 48,500 | 48,500 | 57,576 | 9,076 | 35,283 |
| Fire Contracts | 88,560 | 88,560 | 76,582 | (11,978) | 84,824 |
| Fire and Rescue Calls | 22,000 | 22,000 | 32,606 | 10,606 | 48,504 |
| Other Charges | 5,500 | 5,500 | 6,962 | 1,462 | 7,454 |
| Total Charges for Services | 252,560 | 252,560 | 268,337 | 15,777 | 273,424 |
| Fines and Forfeits | 18,000 | 18,000 | 25,523 | 7,523 | 28,749 |
| Investment Income (Loss) | 25,000 | 25,000 | 230,615 | 205,615 | 216,685 |
| Miscellaneous | | | | | |
| Rent | 27,800 | 27,800 | 26,699 | (1,101) | 26,042 |
| Refunds and Reimbursements | 107,000 | 107,000 | 129,170 | 22,170 | 120,617 |
| Donations | 5,500 | 5,500 | 23,267 | 17,767 | 21,958 |
| Other | 10,000 | 10,000 | 11,670 | 1,670 | 10,812 |
| Total Miscellaneous | 150,300 | 150,300 | 190,806 | 40,506 | 179,429 |
| Total Revenues | 3,699,833 | 3,699,833 | 4,171,928 | 472,095 | 3,916,995 |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|--|------------------|----------|----------|------------------------------|----------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General Government | | | | | |
| Mayor and Council | | | | | |
| Personal Services | \$ 9,350 | \$ 9,350 | \$ 6,986 | \$ (2,364) | \$ 8,897 |
| Supplies | 800 | 800 | 113 | (687) | 123 |
| Other Services | 8,500 | 8,500 | 3,536 | (4,964) | 8,288 |
| Other Charges | 11,350 | 11,350 | 6,307 | (5,043) | 9,898 |
| Total Mayor and Council | 30,000 | 30,000 | 16,942 | (13,058) | 27,206 |
| Administration and Finance | | | | | |
| Personal Services | 298,600 | 298,600 | 359,992 | 61,392 | 352,731 |
| Supplies | 20,500 | 20,500 | 25,083 | 4,583 | 17,677 |
| Other Services | 26,300 | 26,300 | 31,981 | 5,681 | 47,434 |
| Other Charges | 3,500 | 3,500 | 1,274 | (2,226) | 1,039 |
| Total Administration and Finance | 348,900 | 348,900 | 418,330 | 69,430 | 418,881 |
| Election and Voters' Registration | | | | | |
| Personal Services | 4,000 | 4,000 | 4,539 | 539 | 1,119 |
| Supplies | 8,000 | 8,000 | 1,779 | (6,221) | 2,168 |
| Total Election and Voters' Registration | 12,000 | 12,000 | 6,318 | (5,682) | 3,287 |
| Accounting and Auditing | 17,500 | 17,500 | 19,150 | 1,650 | 15,696 |
| Assessor | 22,000 | 22,000 | 23,086 | 1,086 | 21,303 |
| Legal | | | | | |
| Supplies | 250 | 250 | 6 | (244) | 577 |
| Other Services | 10,875 | 10,875 | 29,494 | 18,619 | 18,008 |
| Total Legal | 11,125 | 11,125 | 29,500 | 18,375 | 18,585 |
| Other | | | | | |
| Other Charges | 10,000 | 10,000 | 7,795 | (2,205) | 6,966 |
| City Buildings | | | | | |
| Supplies | 6,000 | 6,000 | (1,694) | (7,694) | (767) |
| Other Services | 10,500 | 10,500 | 8,234 | (2,266) | 10,624 |
| Total City Buildings | 16,500 | 16,500 | 6,540 | (9,960) | 9,857 |
| Total General Government | 468,025 | 468,025 | 527,661 | 59,636 | 521,781 |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|-------------------------------------|------------------|--------------|--------------|------------------------------|------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| EXPENDITURES (Cont'd) | | | | | |
| Current (Cont'd) | | | | | |
| Public Safety | | | | | |
| Police Department | | | | | |
| Personal Services | \$ 1,022,580 | \$ 1,022,580 | \$ 1,012,037 | \$ (10,543) | \$ 906,776 |
| Supplies | 86,500 | 86,500 | 69,470 | (17,030) | 71,941 |
| Other Services | 206,575 | 206,575 | 165,010 | (41,565) | 185,023 |
| Other Charges | 9,700 | 9,700 | 9,590 | (110) | 7,905 |
| Total Police Department | 1,325,355 | 1,325,355 | 1,256,107 | (69,248) | 1,171,645 |
| Fire Department | | | | | |
| Personal Services | 70,000 | 70,000 | 69,033 | (967) | 74,404 |
| Supplies | 22,500 | 22,500 | 64,084 | 41,584 | 16,380 |
| Other Services | 69,700 | 69,700 | 61,468 | (8,232) | 73,089 |
| Other Charges | 1,400 | 1,400 | 55,963 | 54,563 | 47,456 |
| Total Fire Department | 163,600 | 163,600 | 250,548 | 86,948 | 211,329 |
| Building, Planning and Zoning | | | | | |
| Supplies | 3,000 | 3,000 | 5,076 | 2,076 | 1,590 |
| Other Services | 49,400 | 49,400 | 41,933 | (7,467) | 22,971 |
| Total Building, Planning and Zoning | 52,400 | 52,400 | 47,009 | (5,391) | 24,561 |
| Total Public Safety | 1,541,355 | 1,541,355 | 1,553,664 | 12,309 | 1,407,535 |
| Public Works | | | | | |
| Highways, Streets, and Roads | | | | | |
| Personal Services | 454,100 | 454,100 | 367,856 | (86,244) | 410,995 |
| Supplies | 197,250 | 197,250 | 144,316 | (52,934) | 261,622 |
| Other Services | 124,800 | 124,800 | 124,234 | (566) | 121,446 |
| Other Charges | 2,400 | 2,400 | 3,404 | 1,004 | 3,053 |
| Total Highways, Streets, and Roads | 778,550 | 778,550 | 639,810 | (138,740) | 797,116 |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | 2023 | |
|------------------------------|------------------|------------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget | Actual |
| | Original | Final | | | |
| EXPENDITURES (Cont'd) | | | | | |
| Current (Cont'd) | | | | | |
| Culture and Recreation | | | | | |
| Organized Recreation | | | | | |
| Summer Recreation | \$ 20,000 | \$ 20,000 | \$ 16,773 | \$ (3,227) | \$ 19,886 |
| Senior Citizen Center | 10,400 | 10,400 | 8,583 | (1,817) | 8,863 |
| Total Organized Recreation | <u>30,400</u> | <u>30,400</u> | <u>25,356</u> | <u>(5,044)</u> | <u>28,749</u> |
| Swimming Pool | | | | | |
| Personal Services | 65,000 | 65,000 | 69,907 | 4,907 | 62,209 |
| Supplies | 42,000 | 42,000 | 75,744 | 33,744 | 35,765 |
| Other Services | 48,200 | 48,200 | 30,432 | (17,768) | 41,019 |
| Total Swimming Pool | <u>155,200</u> | <u>155,200</u> | <u>176,083</u> | <u>20,883</u> | <u>138,993</u> |
| Parks | | | | | |
| Personal Services | 155,675 | 155,675 | 146,668 | (9,007) | 167,629 |
| Supplies | 119,000 | 119,000 | 109,048 | (9,952) | 90,261 |
| Other Services | 76,900 | 76,900 | 68,640 | (8,260) | 58,738 |
| Other Charges | 15,000 | 15,000 | 15,000 | | 30,000 |
| Total Parks | <u>366,575</u> | <u>366,575</u> | <u>339,356</u> | <u>(27,219)</u> | <u>346,628</u> |
| Total Culture and Recreation | <u>552,175</u> | <u>552,175</u> | <u>540,795</u> | <u>(11,380)</u> | <u>514,370</u> |
| Airport | | | | | |
| Personal Services | 2,800 | 2,800 | 3,000 | 200 | 3,000 |
| Supplies | 53,000 | 53,000 | 44,281 | (8,719) | 41,801 |
| Other Services | 26,100 | 26,100 | 28,963 | 2,863 | 27,023 |
| Total Airport | <u>81,900</u> | <u>81,900</u> | <u>76,244</u> | <u>(5,656)</u> | <u>71,824</u> |
| Public Transit | | | | | |
| Other Services | 10,000 | 10,000 | 7,000 | (3,000) | 10,564 |
| Economic Development | | | | | |
| Tourism | 30,000 | 30,000 | 29,379 | (621) | 34,426 |
| Cemetery | | | | | |
| Supplies | 5,000 | 5,000 | 7,500 | 2,500 | 5,002 |
| Other Services | 8,000 | 8,000 | 10,408 | 2,408 | 5,702 |
| Total Cemetery | <u>13,000</u> | <u>13,000</u> | <u>17,908</u> | <u>4,908</u> | <u>10,704</u> |
| Total Current | <u>3,475,005</u> | <u>3,475,005</u> | <u>3,392,461</u> | <u>(82,544)</u> | <u>3,368,320</u> |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | 2023 | |
|--|------------------|------------------|---------------------|------------------------------|---------------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget | Actual |
| | Original | Final | | | |
| EXPENDITURES (Cont'd) | | | | | |
| Debt Service | | | | | |
| Principal | \$ 91,801 | \$ 91,801 | \$ 84,315 | \$ (7,486) | \$ 81,990 |
| Interest | | | 7,486 | 7,486 | 9,811 |
| Total Debt Service | <u>91,801</u> | <u>91,801</u> | <u>91,801</u> | <u>0</u> | <u>91,801</u> |
| Total Expenditures | <u>3,566,806</u> | <u>3,566,806</u> | <u>3,484,262</u> | <u>(82,544)</u> | <u>3,460,121</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 133,027 | 133,027 | 687,666 | 554,639 | 456,874 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 421,973 | 421,973 | 273,011 | (148,962) | 486,627 |
| Transfers Out | (556,000) | (556,000) | (556,000) | | (396,792) |
| Sale of Assets | <u>1,000</u> | <u>1,000</u> | <u>137</u> | <u>(863)</u> | <u>155</u> |
| Total Other Financing Sources (Uses) | <u>(133,027)</u> | <u>(133,027)</u> | <u>(282,852)</u> | <u>(149,825)</u> | <u>89,990</u> |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 404,814 | <u>\$ 404,814</u> | 546,864 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>1,946,986</u> | | <u>1,400,122</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 2,351,800</u> | | <u>\$ 1,946,986</u> |

CITY OF BENSON, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LIBRARY SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|--|------------------|----------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | \$ 138,447 | \$ 138,447 | \$ 137,235 | \$ (1,212) | \$ 125,047 |
| Miscellaneous | | | | | |
| Refunds and Reimbursements | 2,000 | 2,000 | 26,912 | 24,912 | 2,439 |
| Donations | 500 | 500 | | (500) | 144 |
| Total Revenues | <u>140,947</u> | <u>140,947</u> | <u>164,147</u> | <u>23,200</u> | <u>127,630</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Culture and Recreation | | | | | |
| Supplies | 16,500 | 16,500 | 29,918 | 13,418 | 9,588 |
| Utilities | 8,000 | 8,000 | 5,787 | (2,213) | 6,507 |
| Contracted Services | 107,547 | 107,547 | 107,287 | (260) | 103,343 |
| Other | 6,200 | 6,200 | 6,136 | (64) | 6,020 |
| Capital Outlay | | | | | |
| Culture and Recreation | 3,000 | 3,000 | 3,000 | | 3,000 |
| Total Expenditures | <u>141,247</u> | <u>141,247</u> | <u>152,128</u> | <u>10,881</u> | <u>128,458</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (300) | (300) | 12,019 | 12,319 | (828) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | <u>300</u> | <u>300</u> | <u>204</u> | <u>(96)</u> | <u>204</u> |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 12,223 | <u>\$ 12,223</u> | (624) |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>66,101</u> | | <u>66,725</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 78,324</u> | | <u>\$ 66,101</u> |

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, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|--|------------------|-----------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Investment Income (Loss) | \$ 200 | \$ 200 | \$ 204 | \$ 4 | \$ 204 |
| EXPENDITURES | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 200 | 200 | 204 | 4 | 204 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers Out | (300) | (300) | (204) | 96 | (204) |
| Net Change in Fund Balance | <u>\$ (100)</u> | <u>\$ (100)</u> | 0 | <u>\$ 100</u> | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>19,534</u> | | <u>19,534</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 19,534</u> | | <u>\$ 19,534</u> |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|--|------------------|-----------------|-------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Investment Income (Loss) | \$ 1,000 | \$ 1,000 | \$ 1,038 | \$ 38 | \$ 1,023 |
| Miscellaneous | | | | | |
| Other | 1,500 | 1,500 | 1,080 | (420) | 2,010 |
| Total Revenues | <u>2,500</u> | <u>2,500</u> | <u>2,118</u> | <u>(382)</u> | <u>3,033</u> |
| EXPENDITURES | | | | | |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,500 | 2,500 | 2,118 | (382) | 3,033 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers Out | <u>(1,000)</u> | <u>(1,000)</u> | <u>(1,038)</u> | <u>(38)</u> | <u>(1,023)</u> |
| Net Change in Fund Balance | <u>\$ 1,500</u> | <u>\$ 1,500</u> | 1,080 | <u>\$ (420)</u> | 2,010 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>99,105</u> | | <u>97,095</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 100,185</u> | | <u>\$ 99,105</u> |

CITY OF BENSON, MINNESOTA

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

COMMUNITY DEVELOPMENT REVOLVING LOAN SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 0 | <u>\$ 0</u> | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>71,569</u> | | <u>71,569</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 71,569</u> | | <u>\$ 71,569</u> |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 0 | <u>\$ 0</u> | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>18,382</u> | | <u>18,382</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 18,382</u> | | <u>\$ 18,382</u> |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-----------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Urban Development | | | | | |
| Supplies | 600 | 600 | 405 | (195) | 600 |
| Other Services | | | 20,764 | 20,764 | |
| Total Expenditures | <u>600</u> | <u>600</u> | <u>21,169</u> | <u>20,569</u> | <u>600</u> |
| Net Change in Fund Balance | <u>\$ (600)</u> | <u>\$ (600)</u> | (21,169) | <u>\$ (20,569)</u> | (600) |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>41,319</u> | | <u>41,919</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 20,150</u> | | <u>\$ 41,319</u> |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------------|-----------------|------------------------------|-----------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 0 | <u>\$ 0</u> | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>8,778</u> | | <u>8,778</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 8,778</u> | | <u>\$ 8,778</u> |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------|-----------|------------------------------|-----------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Urban Development | | | | | |
| Supplies | | | 92 | 92 | |
| Net Change in Fund Balance | \$ 0 | \$ 0 | (92) | \$ (92) | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | 26,349 | | 26,349 |
| FUND BALANCE, END OF YEAR | | | \$ 26,257 | | \$ 26,349 |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | | 2023 |
|---------------------------------|------------------|-----------------|------------------|------------------------------|------------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Investment Income (Loss) | \$ 70 | \$ 70 | \$ 38 | \$ (32) | \$ 68 |
| Miscellaneous | | | | | |
| Refunds and Reimbursements | <u>2,200</u> | <u>2,200</u> | <u>8,383</u> | <u>6,183</u> | <u>2,177</u> |
| Total Revenues | <u>2,270</u> | <u>2,270</u> | <u>8,421</u> | <u>6,151</u> | <u>2,245</u> |
| EXPENDITURES | | | | | |
| Net Change in Fund Balance | <u>\$ 2,270</u> | <u>\$ 2,270</u> | 8,421 | <u>\$ 6,151</u> | 2,245 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>53,865</u> | | <u>51,620</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 62,286</u> | | <u>\$ 53,865</u> |

CITY OF BENSON, MINNESOTA

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

2022 SMALL CITIES GRANT SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------|------------|------------------------------|------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Intergovernmental | \$ | \$ | \$ 389,901 | \$ 389,901 | \$ 370,444 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Urban Development | | | | | |
| Other Services | | | 389,901 | 389,901 | 370,444 |
| Net Change in Fund Balance | \$ 0 | \$ 0 | 0 | \$ 0 | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | | | |
| FUND BALANCE, END OF YEAR | | | \$ 0 | | \$ 0 |

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, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | 2023 | |
|---|------------------|--------------|--------------|------------------------------|--------------|
| | Budgeted Amounts | | Actual | Over (Under) Final Budget | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Intergovernmental | \$ | \$ | \$ | \$ | \$ 20,334 |
| Investment Income (Loss) | 101,000 | 101,000 | 553,389 | 452,389 | 549,299 |
| Miscellaneous | | | | | |
| Rents | 28,669 | 28,669 | 29,104 | 435 | 26,493 |
| Refunds and Reimbursements | | | 2,397 | 2,397 | 3,800 |
| Other | 15,000 | 15,000 | 49,587 | 34,587 | 49,501 |
| Total Revenues | 144,669 | 144,669 | 634,477 | 489,808 | 649,427 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Economic Development | | | | | |
| Supplies | | | 2,268 | 2,268 | 16 |
| Advertising | 51,000 | 51,000 | 6,625 | (44,375) | 4,939 |
| Management Fees | 44,583 | 44,583 | 54,863 | 10,280 | 57,119 |
| Contracted Services | 125,530 | 125,530 | 121,639 | (3,891) | 98,659 |
| Consulting Services | 30,000 | 30,000 | 1,000 | (29,000) | 5,362 |
| Utilities | 12,000 | 12,000 | | (12,000) | 7,951 |
| Travel | 26,000 | 26,000 | 2,450 | (23,550) | 2,987 |
| Bad Debts | | | 4,668 | 4,668 | (15,741) |
| Miscellaneous | 169,215 | 169,215 | 29,321 | (139,894) | 579,133 |
| Total Expenditures | 458,328 | 458,328 | 222,834 | (235,494) | 740,425 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (313,659) | (313,659) | 411,643 | 725,302 | (90,998) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers Out | (624,831) | (624,831) | (515,462) | 109,369 | (1,452,786) |
| Sale of Assets | | | (989,631) | (989,631) | |
| Total Other Financing Sources (Uses) | (624,831) | (624,831) | (1,505,093) | (880,262) | (1,452,786) |
| Net Change in Fund Balance | \$ (938,490) | \$ (938,490) | (1,093,450) | \$ (154,960) | (1,543,784) |
| FUND BALANCE, BEGINNING OF YEAR | | | 14,586,732 | | 16,130,516 |
| FUND BALANCE, END OF YEAR | | | \$13,493,282 | | \$14,586,732 |

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, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|--------------------|--------------------|---------------------|------------------------------|--------------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | | | | | |
| Taxes | \$ 15,180 | \$ 15,180 | \$ | \$ (15,180) | \$ |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Economic Development | | | | | |
| Supplies | 2,500 | 2,500 | | (2,500) | |
| Other | 11,000 | 11,000 | 68,539 | 57,539 | 12,721 |
| Capital Outlay | | | | | |
| Economic Development | 17,500 | 17,500 | | (17,500) | 16,000 |
| Total Expenditures | <u>31,000</u> | <u>31,000</u> | <u>68,539</u> | <u>37,539</u> | <u>28,721</u> |
| Net Change in Fund Balance | <u>\$ (15,820)</u> | <u>\$ (15,820)</u> | (68,539) | <u>\$ (52,719)</u> | (28,721) |
| FUND BALANCE, BEGINNING OF YEAR | | | (81,242) | | (52,521) |
| FUND BALANCE, END OF YEAR | | | <u>\$ (149,781)</u> | | <u>\$ (81,242)</u> |

CITY OF BENSON, MINNESOTA

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

DEVELOPMENT DISTRICT SPECIAL REVENUE FUND

YEAR ENDED DECEMBER 31, 2024

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | 2024 | | | Over (Under) Final Budget | 2023 |
|---------------------------------|------------------|-------------|---------------|------------------------------|---------------|
| | Budgeted Amounts | | Actual | | Actual |
| | Original | Final | | | |
| REVENUES | \$ | \$ | \$ | \$ | \$ |
| EXPENDITURES | | | | | |
| Net Change in Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | 0 | <u>\$ 0</u> | 0 |
| FUND BALANCE, BEGINNING OF YEAR | | | <u>789</u> | | <u>789</u> |
| FUND BALANCE, END OF YEAR | | | <u>\$ 789</u> | | <u>\$ 789</u> |

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | Water | Sewer | Electric | Liquor | Sanitation | Totals | |
|------------------------------------|---------|-----------|-----------|--------------|------------|--------------|--------------|
| | | | | | | 2024 | 2023 |
| OPERATING REVENUES | | | | | | | |
| Sales and Cost of Sales | | | | | | | |
| Sales | \$ | \$ | \$ | \$ 1,389,540 | \$ | \$ 1,389,540 | \$ 1,423,300 |
| Cost of Sales | | | | (955,013) | | (955,013) | (978,066) |
| Gross Profit | 0 | 0 | 0 | 434,527 | 0 | 434,527 | 445,234 |
| Other Revenues | | | | | | | |
| Charges for Services | 846,333 | 1,108,173 | 3,900,532 | | 236,047 | 6,091,085 | 6,020,969 |
| Outside Charges | 10,000 | | 14,400 | | | 24,400 | 24,400 |
| Interfund | | | 33,735 | | | 33,735 | 33,735 |
| Refunds and Reimbursements | 1,939 | 109 | 27,385 | | | 29,433 | 14,001 |
| Miscellaneous Revenue | | | 23,884 | 2,021 | 34 | 25,939 | 21,836 |
| Total Other Revenues | 858,272 | 1,108,282 | 3,999,936 | 2,021 | 236,081 | 6,204,592 | 6,114,941 |
| Total Operating Revenues | 858,272 | 1,108,282 | 3,999,936 | 436,548 | 236,081 | 6,639,119 | 6,560,175 |
| OPERATING EXPENSES | | | | | | | |
| Freight | | | | 4,776 | | 4,776 | 4,725 |
| Salaries | 144,286 | 155,470 | 98,431 | 195,394 | | 593,581 | 599,175 |
| Earned Benefits | 241 | 344 | 2,734 | 13,864 | | 17,183 | 1,638 |
| Pension | 15,830 | 39,588 | 8,003 | 27,037 | | 90,458 | 85,204 |
| Supplies | 11,475 | 7,500 | 18,709 | 5,626 | 10,019 | 53,329 | 44,316 |
| Contracted Services | 4,775 | 84,729 | 740,561 | 10,581 | 128,232 | 968,878 | 837,340 |
| Load Management | | | 5,785 | | | 5,785 | 14,318 |
| Purchased Electricity and Wheeling | | | 1,647,757 | | | 1,647,757 | 1,766,932 |
| Utilities | 33,859 | 77,392 | 48,950 | 13,930 | | 174,131 | 189,465 |
| System Maintenance | 26,027 | 37,876 | 56,237 | | | 120,140 | 155,183 |
| Building Repair and Maintenance | 2,740 | 7,763 | 12,908 | 17,083 | | 40,494 | 38,335 |
| Equipment Repair and Maintenance | 3,134 | 11,959 | 108,977 | | | 124,070 | 129,155 |
| Insurance | 26,199 | 17,354 | 103,094 | 18,665 | | 165,312 | 157,353 |
| Depreciation | 388,357 | 414,781 | 436,962 | 5,125 | | 1,245,225 | 991,385 |
| Interdepartmental Charges | 12,375 | 21,360 | | | | 33,735 | 33,735 |
| Management Fees | 52,397 | 67,991 | 235,248 | 34,780 | 10,109 | 400,525 | 402,548 |
| Bad Debts | 398 | 1,029 | 8,172 | (262) | 562 | 9,899 | 11,075 |
| Gas and Oil | 3,631 | 5,883 | 28,268 | | | 37,782 | 20,718 |
| Travel and Training | 4,518 | 5,985 | 17,491 | | | 27,994 | 69,989 |
| Office Supplies | 582 | 338 | 70,848 | 1,569 | | 73,337 | 57,534 |
| Miscellaneous | 5,465 | 2,229 | 10,137 | 60,306 | | 78,137 | 64,961 |
| Health and Life Insurance | 25,127 | 38,806 | 34,999 | 14,424 | | 113,356 | 138,957 |
| Lab Supplies and Chemicals | 35,167 | 74,628 | | | | 109,795 | 133,374 |
| Advertising | | | 5,366 | 3,516 | | 8,882 | 8,627 |
| Refuse Disposal | | | | | 95,431 | 95,431 | 84,635 |
| Total Operating Expenses | 796,583 | 1,073,005 | 3,699,637 | 426,414 | 244,353 | 6,239,992 | 6,040,677 |
| Operating Income (Loss) | 61,689 | 35,277 | 300,299 | 10,134 | (8,272) | 399,127 | 519,498 |

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2024
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2023

| | Water | Sewer | Electric | Liquor | Sanitation | Totals | |
|---|--------------|--------------|--------------|------------|------------|---------------|---------------|
| | | | | | | 2024 | 2023 |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | |
| Investment Income (Loss) | \$ 9,513 | \$ 3,752 | \$ 181,654 | \$ 2,142 | \$ 586 | \$ 197,647 | \$ 118,198 |
| Interest and Fiscal Charges | (36,208) | (23,133) | (71,979) | | | (131,320) | (194,415) |
| Rent | | | 3,718 | 54,195 | | 57,913 | 66,026 |
| Sale of Assets | | | 1,885 | | | 1,885 | 38,490 |
| Amortization | 523 | 432 | (63,716) | | | (62,761) | (12,458) |
| Total Nonoperating Revenues (Expenses) | (26,172) | (18,949) | 51,562 | 56,337 | 586 | 63,364 | 15,841 |
| Income (Loss) Before Transfers | 35,517 | 16,328 | 351,861 | 66,471 | (7,686) | 462,491 | 535,339 |
| TRANSFERS | | | | | | | |
| Transfers In | 160,362 | 83,127 | | | | 243,489 | 1,156,731 |
| Transfers Out | | | | | | | (213,631) |
| Total Transfers | 160,362 | 83,127 | 0 | 0 | 0 | 243,489 | 943,100 |
| Change in Net Position | 195,879 | 99,455 | 351,861 | 66,471 | (7,686) | 705,980 | 1,478,439 |
| NET POSITION, BEGINNING OF YEAR | 6,096,258 | 4,652,451 | 6,555,071 | 385,296 | 76,382 | 17,765,458 | 16,287,019 |
| NET POSITION, END OF YEAR | \$ 6,292,137 | \$ 4,751,906 | \$ 6,906,932 | \$ 451,767 | \$ 68,696 | \$ 18,471,438 | \$ 17,765,458 |

CITY OF BENSON, MINNESOTA

STATEMENT OF NET POSITION
ELECTRIC FUND
DECEMBER 31, 2024

ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES

| | |
|--|---------------------|
| Capital Assets | |
| Electric Production Plant | \$ 4,622,715 |
| Electric Transmission Plant | 676,121 |
| Electric Distribution System | 11,366,916 |
| Electric Transportation and General | 621,404 |
| Total Capital Assets | <u>17,287,156</u> |
| Less: Accumulated Depreciation | <u>11,769,377</u> |
| Net Capital Assets | 5,517,779 |
| Current Assets | |
| Cash and Investments | 3,540,079 |
| Receivables | |
| Accounts | 408,444 |
| Interest | 5,773 |
| Inventories | 200,354 |
| Prepaid Items | 67,161 |
| Total Current Assets | <u>4,221,811</u> |
| Deferred Outflows of Resources | |
| Related to OPEB | 864 |
| Related to Pensions | 7,952 |
| Total Deferred Outflows of Resources | <u>8,816</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 9,748,406</u> |

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND NET POSITION

| | |
|--|---------------------|
| Long Term Debt | |
| Bonds Payable | \$ 2,256,625 |
| Subscription Arrangements | 112,719 |
| Less Current Portion | <u>(545,705)</u> |
| Total Long Term Debt | 1,823,639 |
| Current Liabilities | |
| Current Portion of Long-Term Liabilities | 548,831 |
| Accounts and Contracts Payable | 312,441 |
| Accrued Interest Payable | 17,698 |
| Due to Other Funds | 14,567 |
| Total Current Liabilities | <u>893,537</u> |
| Other Long-Term Liabilities | |
| Compensated Absences | 18,158 |
| Total OPEB Liability | 26,442 |
| Net Pension Liability | 43,804 |
| Less Current Portion | <u>(3,126)</u> |
| Total Other Long-Term Liabilities | <u>85,278</u> |
| Total Liabilities | 2,802,454 |
| Deferred Inflows of Resources | |
| Related to Pensions | 39,020 |
| Net Position | |
| Net Investment in Capital Assets | 3,148,435 |
| Unrestricted | 3,758,497 |
| Total Net Position | <u>6,906,932</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 9,748,406</u> |

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ELECTRIC FUND
YEAR ENDED DECEMBER 31, 2024

| | |
|--|----------------|
| Total Operating Revenues | \$ 3,999,936 |
| Operating Expense | |
| Power Production | |
| Operation Supervision Salary | 8,612 |
| Fuel Expense | 20,847 |
| Utilities | 36,128 |
| Management Fees | 23,569 |
| Building Maintenance | 8,667 |
| Maintenance of Generating Equipment | 83,102 |
| Maintenance of Generating Equipment Salary | 16,933 |
| Total Power Production | <u>197,858</u> |
| Purchased Power Supply | 1,647,757 |
| Transmission | |
| Operation Supervision Salary | 3,899 |
| Management Fees | 23,569 |
| Total Transmission | <u>27,468</u> |
| Distribution | |
| Fuel Expense-Vehicles | 7,421 |
| Equipment Maintenance | 25,875 |
| Maintenance of Lines | 31,225 |
| Maintenance of Street Lighting | 25,012 |
| Building Maintenance | 4,241 |
| Management Fees | 70,695 |
| Office Supplies | 33,974 |
| Operating Supplies | 18,709 |
| Station Salary | 42,348 |
| Equipment Maintenance Salary | 60,980 |
| Street Lights Salary | 44,715 |
| Meter Salary | 97,561 |
| Maintenance Supervision Salary | 5,669 |
| Maintenance Lines Salary | 259,325 |
| Other Contracted Services | 7,326 |
| Telephone | 2,433 |
| Travel and Meals | 6,036 |
| Education/Training | 9,165 |
| Utilities | 4,927 |
| Total Distribution | <u>757,637</u> |

CITY OF BENSON, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ELECTRIC FUND
YEAR ENDED DECEMBER 31, 2024

| | |
|--|-------------------|
| Operating Expense (Cont'd) | |
| Demand Side Management | |
| Conservation Rebates | \$ 10,137 |
| Other Contracted Services | 24,919 |
| Management Fees | 11,677 |
| Load Management Salary | 19,115 |
| Load Management | 5,785 |
| Total Demand Side Management | <u>71,633</u> |
| Customer Accounts and Service | |
| Customer Records and Collection Salary | 142,386 |
| Meter Reading Salary | 2,308 |
| Office Supplies | 27,540 |
| Postage | 2,102 |
| Management Fees | 23,569 |
| Data Processing Services | 40,213 |
| Bill Print Services | 17,833 |
| Travel and Meals | 116 |
| Training | 119 |
| Bad Debts | 8,172 |
| Total Customer Accounts and Service | <u>264,358</u> |
| Administration and General | |
| Advertising | 5,366 |
| Management Fees - Administration | 35,031 |
| Management Fees - Finance | 23,569 |
| Management Fees - Sales | 23,569 |
| Non Utility Salary | 79,933 |
| Other Contracted Services | 11,180 |
| Travel and Meals | 1,980 |
| Education/Training | 75 |
| Insurance | 102,567 |
| Dues, Fees, Memberships | 7,232 |
| Telephone | 5,462 |
| Total Administration and General | <u>295,964</u> |
| Depreciation | <u>436,962</u> |
| Total Operating Expense | <u>3,699,637</u> |
| Operating Income (Loss) | <u>300,299</u> |
| Nonoperating Revenues (Expenses) | |
| Investment Income | 181,654 |
| Interest Expense and Fiscal Charges | (71,979) |
| Rent | 3,718 |
| Sale of Assets | 1,885 |
| Amortization | (63,716) |
| Total Nonoperating Revenues (Expenses) | <u>51,562</u> |
| Change in Net Position | <u>\$ 351,861</u> |

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STATISTICAL SECTION

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CITY OF BENSON, MINNESOTA

TAX CAPACITY, TAX LEVY, AND TAX CAPACITY RATES

| | Budgeted Tax Levy | Total Capacity Rates |
|--|-------------------------|----------------------------|
| <u>2024 TAX CAPACITY \$2,169,863</u> | | |
| Revenue | \$ 455,046 | 20.972 % |
| Police Levy | 942,580 | 43.440 |
| Library Fund | 138,447 | 6.381 |
| G.O. Equipment Bonds 2014 (Street Garage) | 71,595 | 3.300 |
| G.O. Police Building | 83,029 | 3.827 |
| G.O. Equipment Bonds 2023 (Police) | 14,889 | 0.687 |
| Totals | \$ 1,705,586 | 78.607 % |
| <u>2023 TAX CAPACITY \$1,732,809</u> | | |
| Revenue | \$ 400,027 | 23.086 % |
| Police Levy | 860,290 | 49.648 |
| Library Fund | 126,200 | 7.283 |
| G.O. Equipment Bonds 2014 (Street Garage) | 73,096 | 4.219 |
| G.O. Police Building | 84,289 | 4.865 |
| Totals | \$ 1,543,902 | 89.101 % |
| <u>2022 TAX CAPACITY \$1,481,649</u> | | |
| Revenue | \$ 408,027 | 27.539 % |
| Police Levy | 779,973 | 52.644 |
| Library Fund | 123,724 | 8.351 |
| G.O. Equipment Bonds 2014 (Street Garage) | 69,169 | 4.669 |
| G.O. Police Building | 85,549 | 5.774 |
| Totals | \$ 1,466,442 | 98.977 % |
| <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 | \$ 1,423,910 | 88.564 % |
| <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 | \$ 1,892,734 | 91.583 % |

CITY OF BENSON, MINNESOTA

LIQUOR FUND
GROSS PROFIT SCHEDULE
FOR THE YEARS ENDED DECEMBER 31,

| 2024 | | | | |
|----------------------|--------------|---------------|--------------|--------|
| | Sales | Cost of Sales | Gross Profit | % |
| OFF SALE | | | | |
| Liquor and Wine | \$ 503,666 | \$ 337,764 | \$ 165,902 | 32.9 % |
| Beer | 742,988 | 561,541 | 181,447 | 24.4 |
| Total Off Sale | 1,246,654 | 899,305 | 347,349 | 27.9 |
| ON SALE | | | | |
| Liquor and Wine | 49,899 | 7,601 | 42,298 | 84.8 |
| Beer | 59,121 | 19,724 | 39,397 | 66.6 |
| Total On Sale | 109,020 | 27,325 | 81,695 | 74.9 |
| MISCELLANEOUS | | | | |
| | 33,866 | 28,383 | 5,483 | 16.2 |
| Total | \$ 1,389,540 | \$ 955,013 | \$ 434,527 | 31.3 % |
| 2023 | | | | |
| | Sales | Cost of Sales | Gross Profit | % |
| OFF SALE | | | | |
| Liquor and Wine | \$ 502,833 | \$ 350,663 | \$ 152,170 | 30.3 % |
| Beer | 766,727 | 566,787 | 199,940 | 26.1 |
| Total Off Sale | 1,269,560 | 917,450 | 352,110 | 27.7 |
| ON SALE | | | | |
| Liquor and Wine | 57,292 | 8,686 | 48,606 | 84.8 |
| Beer | 58,258 | 18,622 | 39,636 | 68.0 |
| Total On Sale | 115,550 | 27,308 | 88,242 | 76.4 |
| MISCELLANEOUS | | | | |
| | 38,190 | 33,308 | 4,882 | 12.8 |
| Total | \$ 1,423,300 | \$ 978,066 | \$ 445,234 | 31.3 % |
| 2022 | | | | |
| | Sales | Cost of Sales | Gross Profit | % |
| OFF SALE | | | | |
| Liquor and Wine | \$ 476,000 | \$ 331,575 | \$ 144,425 | 30.3 % |
| Beer | 768,310 | 567,766 | 200,544 | 26.1 |
| Total Off Sale | 1,244,310 | 899,341 | 344,969 | 27.7 |
| ON SALE | | | | |
| Liquor and Wine | 57,338 | 9,345 | 47,993 | 83.7 |
| Beer | 68,006 | 18,537 | 49,469 | 72.7 |
| Total On Sale | 125,344 | 27,882 | 97,462 | 77.8 |
| MISCELLANEOUS | | | | |
| | 39,228 | 33,411 | 5,817 | 14.8 |
| Total | \$ 1,408,882 | \$ 960,634 | \$ 448,248 | 31.8 % |

CITY OF BENSON, MINNESOTA

ELECTRIC FUND
FIVE-YEAR COMPARISON - GROSS INCOME PER KWH

| | <u>KWH Sold</u> | <u>Gross Income</u> | <u>Income Per KWH</u> |
|---------------|--------------------------|----------------------------|---------------------------|
| <u>2024</u> | | | |
| Residential | 13,508,074 | \$ 1,373,138 | 10.17 Cents |
| Interruptible | 1,596,932 | 73,002 | 4.57 Cents |
| Municipal | 2,849,210 | 294,779 | 10.35 Cents |
| Commercial | 3,501,079 | 369,420 | 10.55 Cents |
| Large Power | <u>12,739,172</u> | <u>1,118,236</u> | 8.78 Cents |
| Totals | <u><u>34,194,467</u></u> | <u><u>\$ 3,228,575</u></u> | 9.44 Cents |
| <u>2023</u> | | | |
| Residential | 13,579,446 | \$ 1,446,397 | 10.65 Cents |
| Interruptible | 1,942,774 | 90,810 | 4.67 Cents |
| Municipal | 3,090,638 | 315,657 | 10.21 Cents |
| Commercial | 3,543,911 | 377,585 | 10.65 Cents |
| Large Power | <u>13,315,099</u> | <u>1,134,753</u> | 8.52 Cents |
| Totals | <u><u>35,471,868</u></u> | <u><u>\$ 3,365,203</u></u> | 9.49 Cents |
| <u>2022</u> | | | |
| Residential | 13,635,455 | \$ 1,401,936 | 10.28 Cents |
| Interruptible | 2,091,619 | 90,648 | 4.33 Cents |
| Municipal | 2,975,720 | 300,828 | 10.11 Cents |
| Commercial | 3,465,926 | 358,403 | 10.34 Cents |
| Large Power | <u>13,473,947</u> | <u>1,125,029</u> | 8.35 Cents |
| Totals | <u><u>35,642,667</u></u> | <u><u>\$ 3,276,844</u></u> | 9.19 Cents |
| <u>2021</u> | | | |
| Residential | 13,454,321 | \$ 1,363,120 | 10.13 Cents |
| Interruptible | 1,706,176 | 68,025 | 3.99 Cents |
| Municipal | 2,776,072 | 279,726 | 10.08 Cents |
| Commercial | 3,351,867 | 344,776 | 10.29 Cents |
| Large Power | <u>12,913,927</u> | <u>1,075,949</u> | 8.33 Cents |
| Totals | <u><u>34,202,363</u></u> | <u><u>\$ 3,131,596</u></u> | 9.16 Cents |
| <u>2020</u> | | | |
| 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 | <u>11,469,322</u> | <u>942,156</u> | 8.21 Cents |
| Totals | <u><u>32,668,966</u></u> | <u><u>\$ 2,958,721</u></u> | 9.06 Cents |

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COMPLIANCE SECTION

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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, 2024, 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 2, 2025.

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 2, 2025

| | | | | |
|--|---|--|--|---|
| 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) 693-7975 | Sartell Office Ste 110 2351 Connecticut Ave Sartell, MN 56377 (320) 252-7565 (800) 862-1337 |
|--|---|--|--|---|

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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, 2024, 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 2, 2025.

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 2024-001 that we considered to be a material weakness.

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Morris Office

401 Atlantic Ave
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Litchfield Office

820 Sibley Ave N
Litchfield, MN 55355
(320) 693-7975

Sartell Office

Ste 110
2351 Connecticut Ave
Sartell, MN 56377
(320) 252-7565
(800) 862-1337

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 2, 2025

CITY OF BENSON, MINNESOTA

SCHEDULE OF FINDINGS
DECEMBER 31, 2024

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

FINDING: 2024-001 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):

Explanation of Disagreement with Audit Finding:
None

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.

Official Responsible for Ensuring CAP:
Lisa Kent, Director of Finance

Planned Completion Date for CAP:
December 31, 2025

Plan to Monitor Completion of CAP:
City Council

CITY OF BENSON, MINNESOTA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2024

| <u>Finding Reference</u> | <u>Finding Title</u> | <u>Status</u> | <u>Year Finding Initially Occurred</u> | <u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u> |
|--------------------------|----------------------|---------------|--|---|
|--------------------------|----------------------|---------------|--|---|

Financial Statement Findings:

| | | | | |
|----------|-------------------------------|---------------|------|-----------------------------------|
| 2023-001 | Limited Segregation of Duties | Not Corrected | 2006 | See current year finding 2024-001 |
|----------|-------------------------------|---------------|------|-----------------------------------|

Minnesota Legal Compliance Findings:

None