Annual Financial Report

City of Alexandria Board of Public Utilities DBA ALP Utilities, a Component Unit of the City

Alexandria, Minnesota

For the year ended December 31, 2022

Abdo
Lighting the path forward

Edina Office
5201 Eden Avenue, Ste 250
Edina, MN 55436
P 952.835.9090

Mankato Office
100 Warren Street, Ste 600
Mankato, MN 56001
P 507.625.2727

Scottsdale Office
14500 N Northsight Blvd, Ste 233
Scottsdale, AZ 85260
P 480.864.5579

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City of Alexandria, Minnesota
Board of Public Utilities
DBA ALP Utilities
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of Alexandria, Minnesota
Board of Public Utilities
DBA ALP Utilities
Elected and Appointed Officials
For the Year Ended December 31, 2022

Appointed

Name	Title
Richard Rentz	Chair
Bill Finley	Vice-Chair
Bobbie Osterberg	Member
Sara Carlson	Member
Jason Bachman	Member

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FINANCIAL SECTION

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Public Utilities
DBA ALP Utilities
Alexandria, Minnesota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Board of Public Utilities DBA ALP Utilities (the Board), a component unit of the City of Alexandria, Minnesota, as of and for the years ended December 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the Board's OPEB Liability and Related Ratios, starting on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the Board'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 Board'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 Board's internal control over financial reporting and compliance.

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May 1, 2023

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FUND FINANCIAL STATEMENTS -
PROPRIETARY FUNDS

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Statements of Net Position
Proprietary Funds
December 31, 2022 and 2021

	Enterprise Funds			
	Electric Utility		Water Utility	
	2022	2021	2022	2021
Assets				
Current Assets				
Cash and temporary investments	$ 14,368,960	$ 13,225,401	$ 5,051,290	$ 6,122,408
Interest receivable	8,370	4,959	4,877	3,981
Customer accounts receivable, net of allowance for doubtful accounts of $68,317 and $62,650, respectively	1,028,564	855,113	84,886	61,303
Due from the City of Alexandria	20,724	13,761	-	-
Special assessments receivable	-	-	2,544	3,684
Inventories	2,415,174	1,439,515	784,007	115,876
Prepaid items	21,685	38,751	159,002	1,900
Restricted debt service reserve deposits	866,295	865,523	-	-
Total Current Assets	18,729,772	16,443,023	6,086,606	6,309,152
Noncurrent Assets				
Capital assets				
Land and land rights	64,669	64,669	66,807	66,807
Service territory acquired	255,813	255,813	-	-
Buildings and structures	2,492,099	2,475,273	384,375	384,375
Transmission plant	2,763,581	2,763,581	-	-
Distribution plant	56,488,332	54,733,504	45,622,598	44,987,870
General equipment	4,431,039	4,184,709	1,910,727	1,858,944
Construction in progress	3,062,956	1,790,749	678,843	26,620
Less accumulated depreciation	(34,228,770)	(32,614,215)	(17,802,735)	(16,761,017)
Total capital assets (net of accumulated depreciation)	35,329,719	33,654,083	30,860,615	30,563,599
Total Assets	54,059,491	50,097,106	36,947,221	36,872,751
Deferred Outflows of Resources				
Deferred pension resources	737,370	1,042,946	153,284	183,404
Deferred other postemployment benefit resources	2,542	2,887	296	336
Total Deferred Outflows of Resources	739,912	1,045,833	153,580	183,740
Liabilities				
Current Liabilities				
Accounts payable	1,541,814	1,577,814	50,504	55,133
Due to other governments	78,520	74,972	2,913	2,689
Due to the City of Alexandria	166,796	192,198	-	3,715
Due to Alexandria Lakes Area Sanitary District (ALASD)	794,817	632,858	-	-
Accrued interest payable	18,680	18,682	13,148	15,496
Accrued wages payable	109,259	94,045	20,849	21,000
Compensated absences payable	223,688	239,386	35,872	51,552
Other current liabilities	-	-	217,542	-
Customer meter deposits payable	387,180	387,620	-	-
Bonds and notes payable - current portion	590,000	565,000	195,000	261,000
Total Current Liabilities	3,910,754	3,782,575	535,828	410,585
Noncurrent Liabilities				
Other postemployment benefits payable	37,374	33,722	4,346	3,921
Compensated absences payable	272,270	435,961	62,415	70,182
Net pension liability	2,544,542	1,491,365	528,958	262,259
Bonds and notes payable - net of current maturities	6,009,201	6,627,034	1,271,000	1,466,000
Total Noncurrent Liabilities	8,863,387	8,588,082	1,866,719	1,802,362
Total Liabilities	12,774,141	12,370,657	2,402,547	2,212,947
Deferred Inflows of Resources				
Deferred pension resources	86,235	1,371,025	17,927	241,097
Deferred other postemployment benefit resources	38,198	47,384	4,442	5,510
Total Deferred Inflows of Resources	124,433	1,418,409	22,369	246,607
Net Position				
Net investment in capital assets	28,730,518	26,462,049	29,394,615	28,836,599
Restricted for debt service	866,295	865,523	-	-
Unrestricted	12,304,016	10,026,301	5,281,270	5,760,338
Total Net Position	$ 41,900,829	$ 37,353,873	$ 34,675,885	$ 34,596,937

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

Enterprise Funds			
Fiber Utility		Totals	
2022	2021	2022	2021
$ 1,774,140	$ 1,775,782	$ 21,194,390	$ 21,123,591
1,604	1,429	14,851	10,369
5,850	4,665	1,119,300	921,081
-	-	20,724	13,761
-	-	2,544	3,684
15,543	20,748	3,214,724	1,576,139
2,988	6,960	183,675	47,611
-	-	866,295	865,523
1,800,125	1,809,584	26,616,503	24,561,759
-	-	131,476	131,476
-	-	255,813	255,813
-	-	2,876,474	2,859,648
-	-	2,763,581	2,763,581
-	-	102,110,930	99,721,374
2,281,069	2,268,963	8,622,835	8,312,616
58,470	26,616	3,800,269	1,843,985
(1,605,165)	(1,534,217)	(53,636,670)	(50,909,449)
734,374	761,362	66,924,708	64,979,044
2,534,499	2,570,946	93,541,211	89,540,803
29,685	39,894	920,339	1,266,244
118	134	2,956	3,357
29,803	40,028	923,295	1,269,601
4,033	15	1,596,351	1,632,962
-	-	81,433	77,661
-	743	166,796	196,656
-	-	794,817	632,858
-	-	31,828	34,178
5,160	4,275	135,268	119,320
6,748	7,402	266,308	298,340
-	-	217,542	-
-	-	387,180	387,620
-	-	785,000	826,000
15,941	12,435	4,462,523	4,205,595
1,738	1,568	43,458	39,211
15,286	27,821	349,971	533,964
102,433	57,046	3,175,933	1,810,670
-	-	7,280,201	8,093,034
119,457	86,435	10,849,563	10,476,879
135,398	98,870	15,312,086	14,682,474
3,473	52,443	107,635	1,664,565
1,777	2,203	44,417	55,097
5,250	54,646	152,052	1,719,662
734,374	761,362	58,859,507	56,060,010
-	-	866,295	865,523
1,689,280	1,696,096	19,274,566	17,482,735
$ 2,423,654	$ 2,457,458	$ 79,000,368	$ 74,408,268

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

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Statements of Revenues, Expenses and Changes in Net Position
Continued on the Following Pages
Proprietary Funds
For the Years Ended December 31, 2022 and 2021

	Enterprise Funds			
	Electric Utility		Water Utility	
	2022	2021	2022	2021
Operating Revenues				
Sales	$ 26,310,161	$ 25,962,301	$ 2,958,179	$ 2,832,436
Other operating revenue	2,396,776	1,076,935	62,306	60,223
Total Operating Revenues	28,706,937	27,039,236	3,020,485	2,892,659
Operating Expenses				
Personal services	253,824	7,873	141,843	179,038
Production plant and purchased power	17,326,677	17,505,780	-	-
Transmission system - maintenance	141,676	202,315	-	-
Distribution system - operations	576,003	761,726	167,321	159,973
Distribution system - maintenance	730,730	619,819	713,936	561,509
Other operating	-	-	333,828	305,633
Customer accounts	1,027,213	939,192	94,562	76,328
Administration and general	1,002,606	947,304	218,851	176,297
Depreciation	1,729,575	1,640,570	1,046,703	1,062,864
Total Operating Expenses	22,788,304	22,624,579	2,717,044	2,521,642
Operating Income	5,918,633	4,414,657	303,441	371,017
Nonoperating Income (Expenses)				
Investment income (loss)	(340,894)	25,529	(189,253)	(24,420)
Other revenue	139,123	82,041	445	15,452
Special assessments	-	-	2,544	3,684
Amortization on bond premium	27,833	27,833	-	-
Interest and other	(226,370)	(240,306)	(40,542)	(47,268)
Pension revenue	11,126	3,666	2,313	645
Total Nonoperating Income (Expenses)	(389,182)	(101,237)	(224,493)	(51,907)
Income (Loss) Before Transfers	5,529,451	4,313,420	78,948	319,110
Transfers to City of Alexandria - Payment in Lieu of Taxes	(982,495)	(1,004,887)	-	-
Change in Net Position	4,546,956	3,308,533	78,948	319,110
Net Position - January 1	37,353,873	34,045,340	34,596,937	34,277,827
Net Position, December 31	$ 41,900,829	$ 37,353,873	$ 34,675,885	$ 34,596,937

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

Enterprise Funds			
Fiber Utility		Totals	
2022	2021	2022	2021
$ 451,485	$ 461,719	$ 29,719,825	$ 29,256,456
975	603	2,460,057	1,137,761
452,460	462,322	32,179,882	30,394,217
43,564	18,825	439,231	205,736
-	-	17,326,677	17,505,780
-	-	141,676	202,315
146,633	149,545	889,957	1,071,244
-	-	1,444,666	1,181,328
-	-	333,828	305,633
34,965	31,745	1,156,740	1,047,265
106,558	99,974	1,328,015	1,223,575
70,948	69,124	2,847,226	2,772,558
402,668	369,213	25,908,016	25,515,434
49,792	93,109	6,271,866	4,878,783
(88,140)	(12,151)	(618,287)	(11,042)
4,096	3,984	143,664	101,477
-	-	2,544	3,684
-	-	27,833	27,833
-	-	(266,912)	(287,574)
448	141	13,887	4,452
(83,596)	(8,026)	(697,271)	(161,170)
(33,804)	85,083	5,574,595	4,717,613
-	-	(982,495)	(1,004,887)
(33,804)	85,083	4,592,100	3,712,726
2,457,458	2,372,375	74,408,268	70,695,542
$ 2,423,654	$ 2,457,458	$ 79,000,368	$ 74,408,268

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

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Statements of Cash Flows
Proprietary Funds
For the Years Ended December 31, 2022 and 2021

	Enterprise Funds			
	Electric Utility		Water Utility	
	2022	2021	2022	2021
Cash Flows from Operating Activities				
Receipts from customers	$ 28,526,083	$ 27,145,185	$ 2,996,902	$ 2,876,197
Payments to suppliers and vendors	(21,607,408)	(20,834,371)	(2,144,309)	(1,378,266)
Payments to and on behalf of employees	(349,225)	(391,685)	(92,395)	(112,146)
Other receipts	150,249	85,707	6,442	16,325
Net Cash Provided by Operating Activities	6,719,699	6,004,836	766,640	1,402,110
Cash Flows from Noncapital and Related Financing Activities				
Transfers to City - payment in lieu of taxes	(982,495)	(1,004,887)	-	-
Cash Flows from Capital and Related Financing Activities				
Capital asset acquisitions	(3,457,196)	(3,213,981)	(1,343,719)	(703,109)
Principal paid on bonds and notes	(565,000)	(545,000)	(261,000)	(254,000)
Interest paid on long-term debt	(226,372)	(245,877)	(42,890)	(49,750)
Net Cash Used by Capital and Related Financing Activities	(4,248,568)	(4,004,858)	(1,647,609)	(1,006,859)
Cash Flows from Investing Activities				
Interest received on investments	(344,305)	35,340	(190,149)	(24,486)
Net Increase (Decrease) in Cash and Cash Equivalents	1,144,331	1,030,431	(1,071,118)	370,765
Cash and Cash Equivalents, January 1	14,090,924	13,060,493	6,122,408	5,751,643
Cash and Cash Equivalents, December 31	$ 15,235,255	$ 14,090,924	$ 5,051,290	$ 6,122,408
Reconciliation of Cash and Cash Equivalents				
Unrestricted	$ 14,368,960	$ 13,225,401	$ 5,051,290	$ 6,122,408
Restricted	866,295	865,523	-	-
Total Cash and Cash Equivalents	$ 15,235,255	$ 14,090,924	$ 5,051,290	$ 6,122,408
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	$ 5,918,633	$ 4,414,657	$ 303,441	$ 371,017
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	1,729,575	1,640,570	1,046,703	1,062,864
Other income related to operations	150,249	85,707	5,302	19,781
(Increase) decrease in assets				
Customer accounts receivable	(173,451)	62,427	(23,583)	(16,462)
Due from the City of Alexandria	(6,963)	11,701	-	-
Special asessments	-	-	1,140	(3,456)
Inventories	(975,659)	(36,011)	(668,131)	(5,998)
Prepaid items	17,066	(6,550)	(157,102)	426,273
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	305,576	(833,318)	30,120	(159,029)
Deferred other postemployment benefit resources	345	686	40	80
Increase (decrease) in liabilities				
Accounts payable	15,985	89,375	(4,629)	15,320
Due to other governments	3,548	(903)	224	36
Due to the City of Alexandria	(25,402)	32,918	(3,715)	(534,157)
Due to Alexandria Lakes Area Sanitary District (ALASD)	161,959	62,936	-	-
Accrued wages payable	15,214	(12,231)	(151)	3,477
Compensated absences payable	(179,389)	(107,042)	(23,447)	(14,216)
Other current liabilities	-	-	217,542	-
Net pension liability	1,053,177	(699,979)	266,699	7,455
Other postemployment benefits payable	3,652	(24,031)	425	(2,795)
Customer meter deposits payable	(440)	31,821	-	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(1,284,790)	1,269,840	(223,170)	229,331
Deferred other postemployment benefit resources	(9,186)	22,263	(1,068)	2,589
Net Cash Provided by Operating Activities	$ 6,719,699	$ 6,004,836	$ 766,640	$ 1,402,110
Noncash Capital and Financing Activities				
Capital assets acquired on account	$ 5,725	$ 57,710	$ -	$ -
Amortization of bond (premium) discount	$ (27,833)	$ (27,833)	$ -	$ -

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

Enterprise Funds			
Fiber Utility		Totals	
2022	2021	2022	2021
$ 451,275	$ 473,197	$ 31,974,260	$ 30,494,579
(271,608)	(278,234)	(24,023,325)	(22,490,871)
(49,482)	(48,248)	(491,102)	(552,079)
448	141	157,139	102,173
130,633	146,856	7,616,972	7,553,802
-	-	(982,495)	(1,004,887)
(43,960)	(87,231)	(4,844,875)	(4,004,321)
-	-	(826,000)	(799,000)
-	-	(269,262)	(295,627)
(43,960)	(87,231)	(5,940,137)	(5,098,948)
(88,315)	(13,433)	(622,769)	(2,579)
(1,642)	46,192	71,571	1,447,388
1,775,782	1,729,590	21,989,114	20,541,726
$ 1,774,140	$ 1,775,782	$ 22,060,685	$ 21,989,114
$ 1,774,140	$ 1,775,782	$ 21,194,390	$ 21,123,591
-	-	866,295	865,523
$ 1,774,140	$ 1,775,782	$ 22,060,685	$ 21,989,114
$ 49,792	$ 93,109	$ 6,271,866	$ 4,878,783
70,948	69,124	2,847,226	2,772,558
4,544	4,125	160,095	109,613
(1,185)	10,875	(198,219)	56,840
-	-	(6,963)	11,701
-	-	1,140	(3,456)
5,205	698	(1,638,585)	(41,311)
3,972	4,046	(136,064)	423,769
10,209	(30,144)	345,905	(1,022,491)
16	32	401	798
4,018	(6,441)	15,374	98,254
-	-	3,772	(867)
(743)	743	(29,860)	(500,496)
-	-	161,959	62,936
885	639	15,948	(8,115)
(13,189)	(2,730)	(216,025)	(123,988)
-	-	217,542	-
45,387	(44,875)	1,365,263	(737,399)
170	(1,117)	4,247	(27,943)
-	-	(440)	31,821
(48,970)	47,737	(1,556,930)	1,546,908
(426)	1,035	(10,680)	25,887
$ 130,633	$ 146,856	$ 7,616,972	$ 7,553,802
$ -	$ -	$ 5,725	$ 57,710
$ -	$ -	$ (27,833)	$ (27,833)

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements include the operations of the City of Alexandria Electric Utility, Water Utility and Fiber Utility funds, which are reported as a discretely presented component unit of the City of Alexandria, Minnesota, (the City). The Board provides electric, water and fiber/internet services and currently serves the City and limited surrounding areas. The funds are governed by the Board of Public Utilities DBA ALP Utilities, a five member board, all of whom are appointed by the City Council.

The accounting policies of the Board conform to the requirements of the Uniform System of Accounts of the Federal Energy Regulatory Commission and are in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting policies. The policies outlined below include those that have a significant effect of the financial statements and are in addition to those outlined in other notes to the financial statements.

The Board considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The Board has no component units that meet the GASB criteria.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Board's financial statements are reported using the *accrual basis of accounting* in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on the flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheets. Net position (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include grants, entitlement and donations. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis.

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

Note 1: Summary of Significant Accounting Policies (Continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Board reports the following major proprietary funds:

The *Electric Utility fund* accounts for the costs associated with the Board's electric system and to ensure that user charges are sufficient to pay for those costs.

The *Water Utility fund* accounts for costs associated with the Board's water system and to ensure that user charges are sufficient to pay for those costs.

The *Fiber Utility fund* accounts for costs associated with the Board's fiber system and to ensure that user charges are sufficient to pay for those costs.

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 Board's enterprise funds are charges to customers for sales and services. The Board also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits and investments.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

Note 1: Summary of Significant Accounting Policies (Continued)

The Board may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated “A” or better; revenue obligations rated “AA” or better.

4. General obligations of the Minnesota Housing Finance Agency rated “A” or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a “depository” by the government Entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Board’s recurring fair value measurements are listed in detail on page 30 and are valued using quoted market prices (Level 1 inputs).

The Board has the following recurring fair value measurements as of December 31, 2022:

- United State treasuries of $1,621,020, respectively are valued using quoted market prices (Level 1 inputs)

- Negotiable certificates of deposit, Government agency securities and Municipal bonds of $906,355, $8,267,571 and $313,659, respectively are values using a matrix pricing model (Level 2 inputs)

Note 1: Summary of Significant Accounting Policies (Continued)

The Board had the following recurring fair value measurements as of December 31, 2021:

- Negotiable certificates of deposit and Government agency securities of $738,783 and $8,419,319, respectively are values using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Accounts Receivable

Accounts receivable of $1,119,300 and $921,081 are recorded net of the allowance for doubtful accounts of $68,317 and $62,250 as of December 31, 2022 and 2021, respectively. Accounts are considered past due based on how recently payments have been received. Accounts of customers who have terminated their electric service are considered uncollectible and charged-off if no payment has been received after 60 days.

Inventories and Prepaid Items

Inventories are generally used for construction, operation and maintenance work rather than for resale. They are valued at lower of cost or market utilizing the average cost method and charged to construction or expense when used.

Certain payments to vendors (such as service and maintenance agreements) reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Certain proceeds of the Board's electric revenue bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. The revenue bond debt service reserve account represents funds set aside to make up potential future deficiencies in the net revenues of the Electric fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Board maintains a threshold level of $1,500 or more for capitalization.

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

Major outlays for capital assets and improvements are capitalized as projects when put into service.

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment are depreciated in the proprietary funds of the Board using the straight-line method and composite rate method (which approximates the straight-line method) over the following estimated useful lives:

Assets	Years
Land Improvements	30 to 50
Buildings and Improvements	30 to 50
Machinery and Equipment	5 to 30

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the financial statements.

All full-time Board of Public Utilities' employees accumulate vacation hours for subsequent use or for payment upon termination or retirement.

Sick leave is accounted for in the following manner:

Sick leave is earned at a rate of one day per each calendar month of employment to a maximum of 120 days for both union and non-union employees. Upon leaving employment, employees will also have the option of having the Board apply their unused sick leave compensation toward their group health premiums until they reach age 65 or until the balance is depleted.

All employees will be paid for unused sick leave based on the lesser of a percentage of the unused balance determined by their years of service or 120 days of accumulated sick leave in the event of retirement, termination or death.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net position liability.

The total pension expense for the GERP for the years ended December 31, 2022 and 2021 was $398,623 and $15,694 respectively.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1: Summary of Significant Accounting Policies (Continued)

Payment in Lieu of Taxes

The Board is exempt from federal and state income taxes. However, the Board makes an annual payment in lieu of taxes to the City. That payment is reflected as a transfer on the statements of revenues, expenses and changes in net position.

Presentation of Sales Taxes

The State of Minnesota imposes a sales tax of 6.875 percent on the Board's sales to nonexempt customers. The Board collects that sales tax from customers and remits the entire amount to the state. The Board's accounting policy is to exclude the tax collected and remitted to the state from revenues and costs of sales. The Board also collects a local Douglas County tax of 0.5 percent.

Note 2: Detailed Notes on all Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the Board's deposits and investments may not be returned or the Board will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Board, the Board maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all Board deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government Entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government Entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Note 2: Detailed Notes on all Funds (Continued)

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government Entity.

At December 31, 2022, the Board's carrying amount of deposits was $10,814,465 and the bank balance was $10,926,790. Of the bank balance $1,241,903 was covered by federal depository insurance. The remaining balances were collateralized with securities held by the pledging financial institution's trust department in the Board's name.

At December 31, 2021, the Board's carrying amount of deposits was $12,495,329 and the bank balance was $12,580,490. Of the bank balance $1,240,220 was covered by federal depository insurance. The remaining balances were collateralized with securities held by the pledging financial institution's trust department in the Board's name.

Investments

The investments of the Board are subject to the following risks:

- *Credit Risk*. The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the Board's investments to the list on page 25 of the notes.

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Board typically limits its exposure by purchasing insured or registered investments.

- *Concentration of Credit Risk*. The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2022 and 2021, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the Board's investment.

- *Interest Rate Risk*. The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Note 2: Detailed Notes on all Funds (Continued)

As of December 31, 2022, the Board had the following investments that are insured or registered, or securities held by the Board or it's agent in the Board's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than one year	$ 5		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than one year	137,360		
Non-pooled Investments at Fair Value					
United State Treasuries	N/A	less than one year	1,621,020	$ 1,621,020	$ -
Government Agency Securities	AAA	less than one year	1,523,745	-	1,523,745
Government Agency Securities	AAA	1 to 5 years	5,398,080	-	5,398,080
Government Agency Securities	AA+	less than one year	120,589	-	120,589
Government Agency Securities	AA+	1 to 5 years	1,122,472	-	1,122,472
Government Agency Securities	AA+	5 to 10 years	102,685	-	102,685
Municipal Bonds	AAA/AA+	1 to 5 years	313,659	-	313,659
Negotiable certificates of deposit	N/A	less than one year	490,539	-	490,539
Negotiable certificates of deposit	N/A	1 to 5 years	415,816	-	415,816
Total Investments			$ 11,245,970	$ 1,621,020	$ 9,487,585

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

Note 2: Detailed Notes on all Funds (Continued)

As of December 31, 2021, the Board had the following investments that are insured or registered, or securities held by the Board or it's agent in the Board's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 6 months	$ 5		
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than 6 months	335,428		
Non-pooled Investments at Fair Value					
Government Agency Securities	AAA	1 to 5 years	7,652,319	$ -	$ 7,652,319
Government Agency Securities	AAA	1 to 5 years	221,345	-	221,345
Government Agency Securities	AAA	5 to 10 years	545,655	-	545,655
Negotiable certificates of deposit	N/A	1 to 5 years	738,783	-	738,783
Total Investments			$ 9,493,535	$ -	$ 9,158,102

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

Cash on Hand

Cash in the possession of the Board, consisting of petty cash and change funds, totaled $250 as of December 31, 2022 and 2021.

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statements of net position for the Board follows:

	2022	2021
Carrying Amount of Deposits	$ 10,814,465	$ 12,495,329
Investments	11,245,970	9,493,535
Cash on Hand	250	250
Total Cash and Temporary Investments	$ 22,060,685	$ 21,989,114
Cash and Cash Equivalents	$ 21,194,390	$ 21,123,591
Restricted Debt Service Reserve Deposits	866,295	865,523
Total	$ 22,060,685	$ 21,989,114

Note 2: Detailed Notes on all Funds (Continued)

B. Capital Assets

Capital asset activity for the Board for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land and land rights	$ 131,476	$ -	$ -	$ 131,476
Service territory acquired	255,813	-	-	255,813
Construction in progress	1,843,985	4,960,206	(3,003,922)	3,800,269
Total Capital Assets not Being Depreciated	2,231,274	4,960,206	(3,003,922)	4,187,558
Capital Assets Being Depreciated				
Buildings and structures	2,859,648	16,826	-	2,876,474
Transmission plant	2,763,581	-	-	2,763,581
Distribution plant	99,721,374	2,394,542	(4,986)	102,110,930
General equipment	8,312,616	425,238	(115,019)	8,622,835
Total Capital Assets Being Depreciated	113,657,219	2,836,606	(120,005)	116,373,820
Less Accumulated Depreciation for				
Buildings and structures	(2,256,980)	(57,900)	-	(2,314,880)
Transmission plant	(1,459,797)	(83,515)	-	(1,543,312)
Distribution plant	(41,493,169)	(2,291,493)	4,986	(43,779,676)
General equipment	(5,699,503)	(414,318)	115,019	(5,998,802)
Total Accumulated Depreciation	(50,909,449)	(2,847,226)	120,005	(53,636,670)
Total Capital Assets Being Depreciated, Net	62,747,770	(10,620)	-	62,737,150
Business-type Activities Capital Assets, Net	$ 64,979,044	$ 4,949,586	$ (3,003,922)	$ 66,924,708

Note 2: Detailed Notes on all Funds (Continued)

Capital asset activity for the Board for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land and land rights	$ 131,476	$ -	$ -	$ 131,476
Service territory acquired	255,813	-	-	255,813
Construction in progress	2,059,189	3,658,162	(3,873,366)	1,843,985
Total Capital Assets not Being Depreciated	2,446,478	3,658,162	(3,873,366)	2,231,274
Capital Assets Being Depreciated				
Buildings and structures	2,848,749	10,899	-	2,859,648
Transmission plant	2,763,581	-	-	2,763,581
Distribution plant	95,845,484	3,875,890	-	99,721,374
General equipment	8,078,326	329,735	(95,445)	8,312,616
Total Capital Assets Being Depreciated	109,536,140	4,216,524	(95,445)	113,657,219
Less Accumulated Depreciation for				
Buildings and structures	(2,199,787)	(57,193)	-	(2,256,980)
Transmission plant	(1,376,282)	(83,515)	-	(1,459,797)
Distribution plant	(39,247,480)	(2,245,689)	-	(41,493,169)
General equipment	(5,408,787)	(386,161)	95,445	(5,699,503)
Total Accumulated Depreciation	(48,232,336)	(2,772,558)	95,445	(50,909,449)
Total Capital Assets Being Depreciated, Net	61,303,804	1,443,966	-	62,747,770
Business-type Activities Capital Assets, Net	$ 63,750,282	$ 5,102,128	$ (3,873,366)	$ 64,979,044

Depreciation expense was charged to functions/programs of the Board is as follows:

	2022	2021
Business-type Activities		
Electric	$ 1,729,575	$ 1,640,570
Water	1,046,703	1,062,864
Fiber	70,948	69,124
Total Depreciation Expense - Business-type Activities	$ 2,847,226	$ 2,772,558

Note 2: Detailed Notes on all Funds (Continued)

C. Payment in Lieu of Taxes - City of Alexandria

The amount payable from the Board to the City of Alexandria for the payment in lieu of taxes for the period ending 2022 and 2021 totaled $982,495 and $1.004.887, respectively.

D. Long-term Debt

Revenue Bonds

The following bonds were issued to finance capital improvements in the Electric Utility fund. They will be retired from net revenues of the Electric Utility fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End 2022	Balance at Year End 2021
Electric Utility Revenue Bonds of 2015A	$ 5,395,000	2.00 - 3.25 %	12/30/15	12/01/35	$ 3,805,000	$ 4,040,000
Electric Utility Refunding Bonds of 2017A	1,685,000	2.20	10/16/17	12/01/24	395,000	585,000
Electric Utility Revenue Bonds of 2019A	2,680,000	4.00 - 5.00	06/19/19	12/01/33	2,090,000	2,230,000
Total Revenue Bonds					$ 6,290,000	$ 6,855,000

Annual requirements to maturity for Revenue Bonds is as follows:

Year Ending December 31,	Revenue Bonds Principal	Revenue Bonds Interest	Revenue Bonds Total
2023	$ 590,000	$ 209,645	$ 799,645
2024	605,000	192,955	797,955
2025	420,000	175,555	595,555
2026	435,000	161,568	596,568
2027	450,000	146,708	596,708
2028 - 2032	2,530,000	479,737	3,009,737
2033 - 2035	1,260,000	76,342	1,336,342
Total	$ 6,290,000	$ 1,442,510	$ 7,732,510

Note 2: Detailed Notes on all Funds (Continued)

G.O. Revenue Notes

The following notes were issued to finance capital improvements in the Water Utility fund. They will be retired from net revenues of the Water Utility fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End 2022	Balance at Year End 2021
G.O. Water Revenue Note of 2002	$ 1,050,116	3.38 %	07/30/02	08/20/22	$ -	$ 71,000
G.O. Drinking Water Revenue Note of 2009	3,765,480	2.445	09/01/09	08/20/29	1,466,000	1,656,000
Total G.O. Revenue Notes					$ 1,466,000	$ 1,727,000

Annual requirements to maturity for G.O. Revenue Notes is as follows:

Year Ending December 31,	G.O. Revenue Notes Principal	Interest	Total
2023	$ 195,000	$ 35,844	$ 230,844
2024	199,000	31,076	230,076
2025	204,000	26,210	230,210
2026	209,000	21,223	230,223
2027	214,000	16,113	230,113
2028 - 2029	445,000	16,381	461,381
Total	$ 1,466,000	$ 146,847	$ 1,612,847

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	2022 Electric Utility	2022 Water Utility	2021 Electric Utility	2021 Water Utility
Revenues	$ 28,706,937	$ 3,020,485	$ 27,039,236	$ 2,892,659
Principal and Interest	791,372	303,890	790,877	303,750
Percentage of Revenues	2.8%	10.1%	2.9%	10.5%

Note 2: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
Revenue bonds	$ 6,855,000	$ -	$ (565,000)	$ 6,290,000	$ 590,000
G.O. revenue notes	1,727,000	-	(261,000)	1,466,000	195,000
Bond premium	337,034	-	(27,833)	309,201	-
Total Bonds Payable	8,919,034	-	(853,833)	8,065,201	785,000
Compensated Absences Payable	832,304	341,320	(557,345)	616,279	266,308
Business-type Activity Long-term Liabilities	$ 9,751,338	$ 341,320	$ (1,411,178)	$ 8,681,480	$ 1,051,308

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance as Restated	Due Within One Year
Business-type activities					
Bonds Payable					
Revenue bonds	$ 7,400,000	$ -	$ (545,000)	$ 6,855,000	$ 565,000
G.O. revenue notes	1,981,000	-	(254,000)	1,727,000	261,000
Bond premium	364,867	-	(27,833)	337,034	-
Total Bonds Payable	9,745,867	-	(826,833)	8,919,034	826,000
Compensated Absences Payable	956,292	333,880	(457,868)	832,304	298,340
Business-type Activity Long-term Liabilities	$ 10,702,159	$ 333,880	$ (1,284,701)	$ 9,751,338	$ 1,124,340

E. Due to Alexandria Lakes Area Sanitary District (ALASD)

The Board collects revenue from customers of the Alexandria Lakes Area Sanitary District (ALASD). The collections are paid to ALASD monthly. Collections still owed by ALP Utilities to ALASD at December 31, 2022 and 2021 totaled $794,817 and $632,858, respectively.

Note 3: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

All full-time and certain part-time employees of the Board are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The Board's contributions to the General Employees Fund for the year ending December 31, 2022, 2021 and 2020 were $230,496, $224,225 and $227,803, respectively. The Board's contributions were equal to the required contributions for each year as set by state statute.

Note 3: Defined Benefit Pension Plan – Statewide (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2022, the Board reported a liability of $3,175,933 for its proportionate share of the General Employees Fund's net pension liability. The Board'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 Board totaled $92,938. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportionate share of the net pension liability was based on the Board's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The Board's proportion was 0.0401 percent at the end of the measurement period and 0.0424 percent for the beginning of the period.

Board's Proportionate Share of the Net Pension Liability	$ 3,175,933
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Board	92,938
Total	$ 3,268,871

For the year ended December 31, 2022, the Board recognized pension expense of $384,736 for its proportionate share of the General Employees Plan's pension expense. In addition, the Board recognized $13,887 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2022, the Board reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 26,528	$ 35,880
Changes in Actuarial Assumptions	758,753	13,690
Net Difference Between Projected and Actual Earnings on Plan Investments	-	7,455
Changes in Proportion	18,612	50,610
Contributions Paid to PERA Subsequent to the Measurement Date	116,446	-
Total	$ 920,339	$ 107,635

The $116,446 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Note 3: Defined Benefit Pension Plan - Statewide (Continued)

2023	$ 268,671
2024	264,782
2025	(124,411)
2026	287,216

At December 31, 2021, the Board reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 10,836	$ 55,427
Changes in Actuarial Assumptions	1,105,558	39,787
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,566,352
Changes in Proportion	38,780	2,999
Contributions Paid to PERA Subsequent to the Measurement Date	111,070	-
Total	$ 1,266,244	$ 1,664,565

The $111,070 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	$ (57,654)
2023	(10,071)
2024	(13,959)
2025	(427,707)

Note 3: Defined Benefit Pension Plan - Statewide (Continued)

E. Long-Term Expected Return on Investment

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic Equity	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
Total	100%	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service.

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

Actuarial assumptions used in the June 30, 2022 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019.

The following changes in actuarial assumptions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Note 3: Defined Benefit Pension Plan - Statewide (Continued)

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents the Board's proportionate share of the net pension liability for all plans it participates in for 2022, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Board'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:

	Board's Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	$ 5,016,553	$ 3,175,933	$ 1,666,341

The following presents the Board's proportionate share of the net pension liability for all plans it participates in for 2021, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Board'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:

	Board's Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	$ 3,692,842	$ 1,810,670	$ 266,233

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 4: Postemployment Benefits Other Than Pensions

A. Plan Description

The Board administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides healthcare insurance for eligible employees and their spouses through the Board's group health insurance plan. The Board engaged an actuary to determine the Board's liability for postemployment healthcare benefits other than pensions as of January 1, 2022. The Retiree Health Plan does not issue a publicly available financial report.

Note 4: Postemployment Benefits Other Than Pensions (Continued)

B. Funding Policy

The Board does not provide healthcare coverage for retired employees. Rather, it allows employees who separate from ALP Utilities employment due to retirement or disability, access to the coverage; however, that coverage is paid for at the former employees' expense.

C. Actuarial Methods and Assumptions

The Board's total OPEB liability of $43,458 was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2022.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.84%
20-Year Municipal Bond Yield	1.84%
Inflation Rate	2.25%
Medical Trend Rate	6.20% in 2021 grading to 3.70% in 2074

The discount rate used to measure the total OPEB liability was 1.84 percent. Expected benefit payments by year were discounted using the Fidelity20 -Year Municipal GOAA Index because it meets the GASB requirements and is based on a large amount of municipal security data.

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

Health care cost trend rates were developed using the Society of Actuaries "Getzen" model, with short-term rates set annually based on review of recent health care trend surveys and relevant client-specific experience.

D. Changes in the Total OPEB Liability

	2022 Total OPEB Liability (a)	2021 Total OPEB Liability (a)
Beginning Balances at December 31	$ 39,211	$ 67,154
Changes for the Year:		
Service cost	4,112	6,594
Interest	855	2,028
Differences between expected and actual experience	-	(26,987)
Changes in assumptions or other inputs	454	9,578
Benefit payments	(1,174)	-
Net Changes	4,247	(27,943)
Ending Balances at December 31	$ 43,458	$ 39,211

Note 4: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- Medical per capita claims were updated to reflect recent experience including an adjustment to reflect age/gender based risk scores published b the Society of Actuaries.

Since the prior measurement date, there were no changes in benefit terms.

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Board in 2022, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.84 percent) or 1-percentage-point higher (2.84 percent) than the current discount rate:

1 Percent Decrease (0.84%)	Current (1.84%)	1 Percent Increase (2.84%)
$ 46,294	$ 43,458	$ 40,630

The following presents the total OPEB liability of the Board in 2021, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage-point higher (3.00 percent) than the current discount rate:

1 Percent Decrease (1.00%)	Current (2.00%)	1 Percent Increase (3.00%)
$ 41,823	$ 39,211	$ 36,602

The following presents the total OPEB liability of the Board in 2022, as well as what the Board's total OPEB liability would be if it were calculated using a Healthcare Cost Trent Rates that is 1-percentage point lower (6.20 percent decreasing to 2.70 percent) or 1-percentage-point higher (7.20 percent decreasing to 4.70 percent) than the current discount rate:

1 Percent Decrease (5.20% Decreasing to 2.70%)	Healthcare Cost Trend Rates (6.20% Decreasing to 3.70%)	1 Percent Increase (7.20% Decreasing to 4.70%)
$ 37,900	$ 43,458	$ 50,125

Note 4: Postemployment Benefits Other Than Pensions (Continued)

The following presents the total OPEB liability of the Board in 2021, as well as what the Board's total OPEB liability would be if it were calculated using a Healthcare Cost Trent Rates that is 1-percentage point lower (5.20 percent decreasing to 2.70 percent) or 1-percentage-point higher (7.20 percent decreasing to 4.70 percent) than the current discount rate:

1 Percent Decrease (5.20% Decreasing to 2.70%)	Trend Rates (6.20% Decreasing to 3.70%)	1 Percent Increase (7.20% Decreasing to 4.70%)
$ 34,310	$ 39,211	$ 45,064

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

For the year ended December 31, 2022, the Board recognized OPEB expense of $6,032. At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 27,541
Changes in Actuarial Assumptions	2,956	16,876
Total	$ 2,956	$ 44,417

Deferred outflows of resources reported will be recognized in OPEB expense as follows:

Year Ended December 31	
2023	$ (9,820)
2024	(9,858)
2025	(10,121)
2026	(4,278)
2027	(4,777)
Thereafter	(2,607)

For the year ended December 31, 2021, the Board recognized OPEB expense of $1,258. At December 31, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 33,675
Changes in Actuarial Assumptions	3,357	21,422
Total	$ 3,357	$ 55,097

Note 4: Postemployment Benefits Other Than Pensions (Continued)

Deferred outflows of resources reported will be recognized in OPEB expense as follows:

2022	$	(9,880)
2023		(9,880)
2024		(9,918)
2025		(10,181)
2026		(4,338)
Thereafter		(7,543)

Note 5: Retirement Pay

The Board offers union and non-union employees a choice between two benefit options. Option 1, Matching Deferred Compensation is described in Note 6. Option 2, Retirement Pay is described below. Employees hired after January 1, 2000, are only eligible for Option 1. Those employees with dates of employment before January 1, 2000 may choose whichever option is more beneficial to them.

The Board will make a retirement payment to those non-union employees who choose this option. The retirement payment will be $2,000 for each year of completed employment with the Board. Non-union employees will be eligible for this severance payment upon reaching the age of 55 and having 3 or more years of service or upon having 30 or more years of service regardless of age (if first hired prior to July 1, 1989).

Union employees will be eligible for this retirement payment upon reaching the age for full retirement benefits as defined by PERA. Retirement pay will be paid over a five-year period in 60 monthly installments. If a separated employee dies before all or a portion of the retirement pay has been disbursed, the balance due must be paid to a named beneficiary, or lacking one, to the decedent's estate.

Retirement pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay. Currently, no employee is eligible for the benefit once they retire or will be eligible for this benefit in the future.

Management has elected to record the liability at gross payout using the parameters discussed above. While this amount exceeds an actuarially computed liability which would include assumptions regarding employee retention through the date of eligibility and discounting the liability using present value calculations, the difference is immaterial to the financial statements.

A. Plan Description

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The amounts deferred by employees or related income on those amounts are not assets held in the Board's name and subject to the claims of the Board's creditors; thus the deferred compensation asset and related liability are not recorded on the Board's balance sheet.

Note 6: Deferred Compensation Plan

B. Matching Deferred Compensation

For employees choosing this benefit option the Board will contribute an amount matching the employee contribution to the deferred compensation account on a dollar for dollar basis, but not to exceed an employer contribution of $2,500 per year per employee for union employees and $2,500 for non-union employees. New employees will be vested at the rate of 20 percent per year for the first 5 years of participation becoming fully vested after the 5th year. The Board contributed $62,590 and $66,285 in matching funds to the plan for the years ended December 31, 2022 and 2021, respectively.

Note 7: Other Information

A. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

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

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage

Note 7: Other Information (Continued)

B. Commitments and Contingencies

The Board has contracts with two suppliers from which they purchase power, Western Area Power Administration (WAPA) and Missouri Basin Municipal Power Agency (MBMPA) dba Missouri River Energy Services (MRES). The WAPA contract expires in December 2050, while the MRES contract expires in January 2057. During 2022 and 2021, power purchased from WAPA and MBMPA was expensed as follows:

	WAPA		MBMPA	
	Amount	Kilowatt Hours	Amount	Kilowatt Hours
2022	$ 2,250,579	96,279,000	$ 11,912,962	205,952,504
2021	2,250,579	96,279,000	12,215,819	200,598,023

In addition to the power purchased through MRES, Alexandria Light and Power expensed $3,064,311 and $2,930,513 in wheeling charges for 2022 and 2021, respectively.

C. Concentrations

Approximately 49 percent of the Board's labor force is subject to a collective bargaining agreement, which expires December 2022.

Note 8: Unrestricted Net Position

ALP Utilities board formally approved the following future Electric and Water Utility Projects:

Electric Utility	
New Office Complex	$ 10,000,000
New Substation Construction	6,300,000
Underground system	11,000,000
AMI system	2,600,000
Total Electric Utility	29,900,000
Water Utility	
Land and water tower north project	5,000,000
AMI system	1,700,000
Water System Distribution Improvements	8,500,000
Total Water Utility	15,200,000
Total Future Projects	$ 45,100,000

Note 9: Subsequent Events

On January 18, 2023, a purchase agreement was entered into for the sale of ALP's fiber optic cable service, internet access and other telecommunications services in the amount of $3,250,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	Board's Proportion of the Net Pension Liability	Board's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Board (b)	Total (a+b)	Board's Covered Payroll (c)	Board's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0401 %	$ 3,175,933	$ 92,938	$ 3,268,871	$ 3,001,605	105.8 %	76.7 %
06/30/21	0.0424	1,810,670	55,174	1,865,844	3,049,341	59.4	87.0
06/30/20	0.0425	2,548,069	78,554	2,626,623	3,029,142	84.1	79.0
06/30/19	0.0413	2,283,384	70,997	2,354,381	2,920,727	78.2	80.2
06/30/18	0.0412	2,285,607	74,881	2,360,488	2,767,756	82.6	79.5
06/30/17	0.0421	2,687,636	33,825	2,721,461	2,714,643	99.0	75.9
06/30/16	0.0425	3,450,789	45,116	3,495,905	2,638,344	130.8	68.9
06/30/15	0.0419	2,171,475	-	2,171,475	2,421,840	89.7	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Board's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	$ 230,496	$ 230,496	$ -	$ 3,073,276	7.5 %
12/31/21	224,225	224,225	-	2,989,663	7.5
12/31/20	227,803	227,803	-	3,037,375	7.5
12/31/19	227,298	227,298	-	3,030,635	7.5
12/31/18	209,286	209,286	-	2,790,474	7.5
12/31/17	207,978	207,978	-	2,773,043	7.5
12/31/16	200,269	200,269	-	2,670,258	7.5
12/31/15	193,803	193,803	-	2,584,036	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

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

2021- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

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

Changes in Plan Provisions

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

2021 - There were no changes in plan provisions since the previous valuation.

2020 - Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals $16,000,000 in 2017 and 2018, and $6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from $21,000,000 to $31,000,000 in calendar years 2019 to 2031. The state's contribution changed from $16,000,000 to $6,000,000 in calendar years 2019 to 2031.

2016 – There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised

City of Alexandria, Minnesota
Board of Public Utilities
DBA ALP Utilities
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the Board's Total OPEB Liability and Related Ratios

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	$ 4,112	$ 6,594	$ 5,537	$ 6,842
Interest	855	2,028	2,277	3,099
Differences between expected and actual experience	-	(26,987)	-	(17,950)
Changes in assumptions	454	(9,578)	3,511	(22,942)
Benefit payments	(1,174)	-	-	-
Net Change in Total OPEB Liability	4,247	(27,943)	11,325	(30,951)
Total OPEB Liability - Beginning	39,211	67,154	55,829	86,780
Total OPEB Liability - Ending	$ 43,458	$ 39,211	$ 67,154	$ 55,829
Covered - Employee Payroll	$ 3,149,142	$ 3,147,961	$ 3,056,470	$ 2,934,724
Board's total OPEB liability as a percentage of covered employee payroll	1.38 %	1.25 %	2.20 %	1.90 %

Changes in Benefits

2022 - No changes in benefits

2021 - No changes in benefits

2020 - No changes in benefits

2019 - No changes in benefits

2018 - No changes in benefits

Schedule of Changes in the Board's Total OPEB Liability and Related Ratios (Continued)

Changes in Assumptions

2022 - The discount rate was changed from 2.00% to 1.84% based on updated 20-year municipal bond rates.

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

Medical per capita claims were updated to reflect recent experience including an adjustment to reflect age/gender based risk scores published b the Society of Actuaries.

2021 – 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 were updated to reflect recent experience including an adjustment to reflect age/gender based risk scores published b the Society of Actuaries.

Withdrawal, retirement, mortality, and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan valuation to the rates used in the 7/1/2021 valuation

The percent of future retirees assumed to elect coverage at retirement changed from 40% to 30% to reflect plan experience

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

2020 - The discount rate was changed from 3.75% to 2.75% based on updated 20-year municipal bond rates.

Healthcare trend rates were updated to exclude the Affordable Care Act's Excise Tax on high-cost health insurance plan due to its repeal.

2019 - 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.

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

Mortality and salary increase rates were updated from the rates use in the 7/1/2016 PERA General Employees Retirement Plan to the rates used in the 7/1/2018 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 - The health care trend rates were changed to better anticipate short term and long term medical increases due to per capital claims costs and plan premiums.

Index rate for 20-year, tax exempt municipal bonds changed from 3.81% to 3.31%.

The discount rate was changed from 3.81% to 3.31%.

SUPPLEMENTARY INFORMATION

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedule of Property, Plant and Equipment
For the Year Ended December 31, 2022

	Cost			
	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Electric Utility				
Steam production plant				
Land and land rights	$ 16,606	$ -	$ -	$ 16,606
Service territory acquired	255,813	-	-	255,813
Structures and improvements	424,468	-	-	424,468
Turbogenerator units	33,904	-	-	33,904
Miscellaneous power plant equipment	28,108	-	-	28,108
Total Steam Production Plant	758,899	-	-	758,899
Internal combustion plant				
Structures and improvements	818,066	-	-	818,066
Fuel holders and accessories	32,177	-	-	32,177
Generators	1,437,949	-	-	1,437,949
Accessory electrical equipment	21,910	-	-	21,910
Miscellaneous power plant equipment	22,785	-	-	22,785
Total Internal Combustion Plant	2,332,887	-	-	2,332,887
Transmission plant				
Station equipment	2,325,722	-	-	2,325,722
Poles and fixtures	437,859	-	-	437,859
Total Transmission Plant	2,763,581	-	-	2,763,581
Distribution plant				
Land and land rights	17,634	-	-	17,634
Structures and improvements	180,121	-	-	180,121
Tools and fixtures	6,335,226	-	-	6,335,226
Poles, towers and fixtures	2,976,271	-	-	2,976,271
Overhead conductors and devices	3,449,287	-	-	3,449,287
Underground conduit, conductors and devices	25,293,429	1,305,462	-	26,598,891
Line transformers	9,527,161	340,498	-	9,867,659
Services	524,018	-	-	524,018
Meters	1,617,810	8,991	-	1,626,801
Installation customer premises	46,824	-	-	46,824
Street lights and signal system	2,666,622	99,877	-	2,766,499
Load management	646,616	-	-	646,616
Total Distribution Plant	53,281,019	1,754,828	-	55,035,847
General plant				
Land and land rights	30,429	-	-	30,429
Structures and improvements	1,052,618	16,826	-	1,069,444
Office furniture	1,231,662	39,187	(4,216)	1,266,633
Transportation equipment	1,409,493	308,631	(105,010)	1,613,114
Stores equipment	2,252	-	-	2,252
Tools, shop and garage equipment	271,473	11,550	(5,793)	277,230
Laboratory equipment	112,150	1,981	-	114,131
Power operated equipment	791,953	-	-	791,953
Communications equipment	123,615	-	-	123,615
Miscellaneous equipment	169,308	-	-	169,308
Total General Plant	5,194,953	378,175	(115,019)	5,458,109

Accumulated Depreciation				
Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022	Net Book Value
$ -	$ -	$ -	$ -	$ 16,606
-	-	-	-	255,813
(424,468)	-	-	(424,468)	-
(33,904)	-	-	(33,904)	-
(22,251)	(900)	-	(23,151)	4,957
(480,623)	(900)	-	(481,523)	277,376
(804,449)	(7,230)	-	(811,679)	6,387
(30,571)	(1,073)	-	(31,644)	533
(1,304,162)	(11,805)	-	(1,315,967)	121,982
(16,873)	(450)	-	(17,323)	4,587
(22,785)	-	-	(22,785)	-
(2,178,840)	(20,558)	-	(2,199,398)	133,489
(1,204,814)	(70,253)	-	(1,275,067)	1,050,655
(254,983)	(13,262)	-	(268,245)	169,614
(1,459,797)	(83,515)	-	(1,543,312)	1,220,269
-	-	-	-	17,634
(110,185)	(6,564)	-	(116,749)	63,372
(4,327,042)	(142,235)	-	(4,469,277)	1,865,949
(2,598,840)	(34,299)	-	(2,633,139)	343,132
(2,589,589)	(78,194)	-	(2,667,783)	781,504
(7,744,713)	(725,374)	-	(8,470,087)	18,128,804
(3,807,070)	(245,906)	-	(4,052,976)	5,814,683
(393,120)	(9,170)	-	(402,290)	121,728
(860,172)	(41,829)	-	(902,001)	724,800
(40,307)	(224)	-	(40,531)	6,293
(1,474,223)	(79,331)	-	(1,553,554)	1,212,945
(611,232)	(8,382)	-	(619,614)	27,002
(24,556,493)	(1,371,508)	-	(25,928,001)	29,107,846
-	-	-	-	30,429
(764,966)	(28,436)	-	(793,402)	276,042
(954,980)	(62,668)	4,216	(1,013,432)	253,201
(1,024,567)	(79,797)	105,010	(999,354)	613,760
(2,252)	-	-	(2,252)	-
(222,806)	(13,538)	5,793	(230,551)	46,679
(107,147)	(2,610)	-	(109,757)	4,374
(436,329)	(63,725)	-	(500,054)	291,899
(123,615)	-	-	(123,615)	-
(155,590)	(2,319)	-	(157,909)	11,399
(3,792,252)	(253,093)	115,019	(3,930,326)	1,527,783

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedule of Property, Plant and Equipment (Continued)
For the Year Ended December 31, 2022

	Cost			
	Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022
Internet, WAN	$ 146,210	$ -	$ -	$ 146,210
Construction work-in-progress				
Electric	1,790,749	4,083,251	(2,811,044)	3,062,956
Total Electric Utility	66,268,298	6,216,254	(2,926,063)	69,558,489
Water Utility				
Water property				
Land and land rights	66,807	-	-	66,807
Structures and improvements	384,375	-	-	384,375
Pumping equipment	1,446,305	20,924	-	1,467,229
Treatment facilities	7,782,762	130,963	(4,986)	7,908,739
Production plant facilities	69,534	-	-	69,534
Distribution mains and hydrants	33,608,442	103,143	-	33,711,585
Water services	235,726	-	-	235,726
Water meters	1,109,993	67,214	-	1,177,207
Water storage reservoirs, towers and standpipes	2,181,413	338,394	-	2,519,807
Miscellaneous equipment	90,160	21,926	-	112,086
Transportation equipment	215,151	8,933	-	224,084
Power operated equipment	107,328	-	-	107,328
Total Water Property	47,297,996	691,497	(4,986)	47,984,507
Construction work-in-progress				
Water	26,620	831,011	(178,788)	678,843
Total Water Utility	47,324,616	1,522,508	(183,774)	48,663,350
Fiber Utility				
Fiber equipment and cable	2,192,303	12,106	-	2,204,409
BPL equipment	76,660	-	-	76,660
Construction work-in-progress				
Fiber	26,616	45,944	(14,090)	58,470
Total Fiber Utility	2,295,579	58,050	(14,090)	2,339,539
Totals	$ 115,888,493	$ 7,796,812	$ (3,123,927)	$ 120,561,378

Accumulated Depreciation				
Balance January 1, 2022	Increases	Decreases	Balance December 31, 2022	Net Book Value
$ (146,210)	$ -	$ -	$ (146,210)	$ -
-	-	-	-	3,062,956
(32,614,215)	(1,729,574)	115,019	(34,228,770)	35,329,719
-	-	-	-	66,807
(152,912)	(15,670)	-	(168,582)	215,793
(897,419)	(75,118)	-	(972,537)	494,692
(3,314,978)	(200,574)	4,986	(3,510,566)	4,398,173
(53,544)	(8,015)	-	(61,559)	7,975
(9,914,213)	(656,957)	-	(10,571,170)	23,140,415
(120,886)	(4,715)	-	(125,601)	110,125
(501,084)	(43,410)	-	(544,494)	632,713
(1,627,309)	-	-	(1,627,309)	892,498
(63,334)	(6,161)	-	(69,495)	42,591
(97,450)	(25,351)	-	(122,801)	101,283
(17,888)	(10,733)	-	(28,621)	78,707
(16,761,017)	(1,046,704)	4,986	(17,802,735)	30,181,772
-	-	-	-	678,843
(16,761,017)	(1,046,704)	4,986	(17,802,735)	30,860,615
(1,474,965)	(69,600)	-	(1,544,565)	659,844
(59,252)	(1,348)	-	(60,600)	16,060
-	-	-	-	58,470
(1,534,217)	(70,948)	-	(1,605,165)	734,374
$ (50,909,449)	$ (2,847,226)	$ 120,005	$ (53,636,670)	$ 66,924,708

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Other Operating Revenues
For the Years Ended December 31, 2022 and 2021

	2022	2021
Electric Utility		
Penalties and forfeited discounts	$ 105,732	$ 45,139
Miscellaneous service revenues	17,454	7,800
Rental income - capacity purchase agreement	82,600	116,480
Rental income - utility poles	23,353	42,587
Administrative service billed to ALASD	121,961	120,874
Other electric revenue	2,043,101	741,405
NSF fees	2,575	2,650
Total Electric Utility	2,396,776	1,076,935
Water Utility		
Penalties and forfeited discounts	11,786	4,555
Rent from water property	27,995	27,995
Miscellaneous service revenues	22,525	27,673
Total Water Utility	62,306	60,223
Fiber Utility		
Penalties and forfeited discounts	975	603
Total Other Operating Revenues	$ 2,460,057	$ 1,137,761

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Production and Purchased Power Expense - Electric Utility
For the Years Ended December 31, 2022 and 2021

	2022	2021
Internal Combustion Engine Operation		
Fuel - oil	$ 5,337	$ 6,884
Other expenses	5,293	3,827
Total Internal Combustion Engine Operation	10,630	10,711
Power Supply		
Purchased power	17,227,954	17,396,910
System control and load dispatching	767	1,548
Total Power Supply	17,228,721	17,398,458
Internal Combustion Engine Maintenance		
Maintenance of structures	699	1,410
Maintenance of internal combustion engine, generators and switchgear	86,627	95,201
Total Internal Combustion Engine Maintenance	87,326	96,611
Total Production and Purchased Power Expense	$ 17,326,677	$ 17,505,780

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Distribution Expense - Operations
For the Years Ended December 31, 2022 and 2021

	2022	2021
Electric Utility		
Station	$ 16,728	$ 22,134
Overhead lines	182,244	184,689
Underground lines	66,786	153,210
Street lighting and signal system	1,716	3,126
Meter expenses - removing and resetting meters	9,614	9,881
Customer installation expense and service on premises	6,410	24,034
Load management	62,844	73,648
Miscellaneous distribution	73,190	104,033
Rent	2,987	7,303
Supplies	75,839	70,539
Safety supplies	77,645	109,129
Total Electric Utility	576,003	761,726
Water Utility		
Salary - superintendent	100,699	78,176
Station labor	(4,552)	(106)
Water locating	67,824	74,513
Well closure	3,350	7,390
Total Water Utility	167,321	159,973
Fiber Utility		
Fiber expense	146,633	149,545
Total Distribution Expense - Operations	$ 889,957	$ 1,071,244

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Distribution Expense - Maintenance
For the Years Ended December 31, 2022 and 2021

	2022	2021
Electric Utility		
Supervision	$ -	$ 15,416
Maintenance		
Station equipment	87,019	92,731
Overhead lines	279,282	163,231
Underground lines	140,814	122,931
Line transformers	4,775	5,736
Street lighting and signal system	34,299	69,060
Customer electric meters	53,714	65,462
Power operated equipment	131,541	84,538
Fiber	(714)	714
Total Electric Utility	730,730	619,819
Water Utility		
Maintenance		
Structures	12,839	24,080
Pumping equipment	1,309	-
Wells	25,424	26,686
Filter plant equipment	197,998	159,531
Distribution System		
Water mains	191,527	109,481
Water services	159,296	94,749
Customer water meters	27,464	49,889
Water hydrants	81,085	82,406
Storage facilities, tanks, etc.	16,994	14,687
Total Water Utility	713,936	561,509
Total Distribution Expense - Maintenance	$ 1,444,666	$ 1,181,328

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Customer Accounts Expense
For the Years Ended December 31, 2022 and 2021

	December 31, 2022			
	Electric Utility	Water Utility	Fiber Utility	Total
Meter Reading	$ 168,595	$ 2	$ -	$ 168,597
Collection Expense	139,305	6,898	1,362	147,565
Billing and Accounting Salaries	448,659	82,647	27,501	558,807
Uncollectible Accounts	18,505	3,079	(7)	21,577
Customer Conservation Consultant	94,101	-	-	94,101
Informational Advertising	138,190	1,936	6,109	146,235
Customer Assistance	19,858	-	-	19,858
Total Customer Accounts Expense	$ 1,027,213	$ 94,562	$ 34,965	$ 1,156,740

	December 31, 2021			
	Electric Utility	Water Utility	Fiber Utility	Total
Meter Reading	$ 193,173	$ 672	$ -	$ 193,845
Collection Expense	121,453	5,276	1,077	127,806
Billing and Accounting Salaries	397,336	70,444	23,426	491,206
Uncollectible Accounts	(4,148)	(823)	276	(4,695)
Customer Conservation Consultant	85,411	-	-	85,411
Informational Advertising	126,438	759	6,966	134,163
Customer Assistance	19,529	-	-	19,529
Total Customer Accounts Expense	$ 939,192	$ 76,328	$ 31,745	$ 1,047,265

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Administration and General Expense
For the Years Ended December 31, 2022 and 2021

	December 31, 2022			
	Electric Utility	Water Utility	Fiber Utility	Total
Administration Salaries - Manager	$ 356,572	$ 97,977	$ 36,576	$ 491,125
Office Supplies	135,169	17,638	3,903	156,710
Outside Services	62,450	62,694	1,887	127,031
Insurance	129,744	16,208	2,947	148,899
Employee Pension and Benefits	130,660	80,402	6,988	218,050
Employee School Expense	44,216	7,628	26	51,870
Regulatory Commission Expense	24,528	48,718	1,504	74,750
Miscellaneous	55,448	454	107	56,009
Maintenance of General Plant	314,750	28,462	96,184	439,396
Transportation expense	2,893	513	-	3,406
Total Administration and General Expense	$ 1,256,430	$ 360,694	$ 150,122	$ 1,767,246

	December 31, 2021			
	Electric Utility	Water Utility	Fiber Utility	Total
Administration Salaries - Manager	$ 360,375	$ 117,986	$ 45,797	$ 524,158
Office Supplies	97,302	9,126	1,405	107,833
Outside Services	112,001	46,088	767	158,856
Insurance	169,197	18,015	3,803	191,015
Employee Pension and Benefits	(203,610)	79,367	(26,972)	(151,215)
Employee School Expense	28,861	5,013	26	33,900
Employer Contribution - Deferred Compensation and Severance	2,748	(1,750)	(625)	373
Regulatory Commission Expense	24,717	58,321	-	83,038
Miscellaneous	53,010	421	436	53,867
Maintenance of General Plant	308,132	22,343	94,162	424,637
Transportation expense	2,444	405	-	2,849
Total Administration and General Expense	$ 955,177	$ 355,335	$ 118,799	$ 1,429,311

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Other Nonoperating Revenues
For the Years Ended December 31, 2022 and 2021

	2022	2021
Electric Utility		
Merchandising, jobbing and contract work	$ 700	$ -
Miscellaneous nonoperating income	138,423	82,041
Total Electric Utility	139,123	82,041
Water Utility		
Miscellaneous service revenue	445	15,452
Fiber Utility		
Merchandising, jobbing and contract work	4,096	3,984
Total Nonoperating Revenues	$ 143,664	$ 101,477

OTHER REQUIRED REPORTS

CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES
DBA ALP UTILITIES

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR"S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Members of the Board of Public Utilities
DBA ALP Utilities
Alexandria, 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 Board of Public Utilities DBA, ALP Utilities (the Board), a component unit of the City of Alexandria, Minnesota as of and for the year ended December 31, 2022, and the notes to the financial statements, and have issued our report thereon dated May 1, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Board failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions 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 Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo

Abdo
Mankato, Minnesota
May 1, 2023

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*

Members of the Board of Public Utilities
DBA ALP Utilities
Alexandria, 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 Board of Public Utilities DBA ALP Utilities (the Board), a component unit of the City of Alexandria, Minnesota as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated May 1, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo

Abdo
Mankato, Minnesota
May 1, 2023