

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, 2024

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City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Annual Financial Report
Table of Contents
For the Years Ended December 31, 2024 and 2023

	<u>Page No.</u>
Introductory Section	
Elected and Appointed Officials	7
Financial Section	
Independent Auditor's Report	11
Basic Financial Statements	
Fund Financial Statements - Proprietary Funds	
Statements of Net Position	16
Statements of Revenues, Expenses, and Changes in Net Position	18
Statements of Cash Flows	20
Notes to the Financial Statements	23
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	52
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	52
Notes to the Required Supplementary Information - General Employees Retirement Fund	53
Schedule of Changes in the Board's Total OPEB Liability and Related Ratios	55
Supplementary Information	
Schedule of Property, Plant and Equipment	58
Schedules of Other Operating Revenues	60
Schedules of Production and Purchased Power Expense - Electric Utility	62
Schedules of Distribution Expense - Operations	64
Schedules of Distribution Expense - Maintenance	65
Schedules of Customer Accounts Expense	66
Schedules of Administration and General Expense	67
Schedules of Other Nonoperating Revenues	68
Other Required Reports	
Independent Auditor's Report on Minnesota Legal Compliance	71
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 <i>Government Auditing Standards</i>	73
Schedule of Findings and Responses	75

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INTRODUCTORY SECTION

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

FOR THE YEAR ENDED
DECEMBER 31, 2024

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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, 2024

Appointed

Name	Title
Richard Rentz	Chair
Bill Finley	Vice-Chair
Bobbie Osterberg	Member
Jason Bachman	Member
Matt Fischer	Member

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FINANCIAL SECTION
CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES - DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Alexandria 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 2024 and 2023, 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 2024 and 2023, 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

Change in Accounting Principle

The Board adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended December 31, 2024. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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 52 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 Board'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 April 10, 2025, 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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April 10, 2025



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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, 2024 AND 2023

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Statements of Net Position
Proprietary Funds
December 31, 2024 and 2023

	Enterprise Funds			
	Electric Utility		Water Utility	
	2024	2023	2024	2023
Assets				
Current Assets				
Cash and temporary investments	\$ 28,912,051	\$ 18,895,682	\$ 4,409,529	\$ 4,410,893
Restricted debt service reserve deposits	1,666,806	866,318	-	-
Interest receivable	49,002	39,622	12,064	8,639
Customer accounts receivable, net	1,070,686	984,348	64,725	62,953
Due from the City of Alexandria	14,055	21,451	4,006	833
Special assessments receivable	-	-	704	10,224
Inventories	2,717,893	2,825,777	491,074	1,203,594
Prepaid items	57,354	82,956	220,834	231,374
Total Current Assets	<u>34,487,847</u>	<u>23,716,154</u>	<u>5,202,936</u>	<u>5,928,510</u>
Noncurrent Assets				
Capital assets				
Land and land rights	1,182,477	64,669	383,736	383,736
Service territory acquired	255,813	255,813	-	-
Buildings and structures	2,492,099	2,492,099	406,757	406,757
Transmission plant	2,763,581	2,763,581	-	-
Distribution plant	64,674,766	60,124,007	48,729,373	45,625,970
General equipment	4,751,352	4,564,528	2,096,506	2,098,857
Construction in progress	5,232,901	4,797,875	329,934	1,956,142
Less accumulated depreciation	<u>(36,433,784)</u>	<u>(35,431,698)</u>	<u>(19,348,396)</u>	<u>(18,845,312)</u>
Total capital assets (net of accumulated depreciation)	<u>44,919,205</u>	<u>39,630,874</u>	<u>32,597,910</u>	<u>31,626,150</u>
Total Assets	<u>79,407,052</u>	<u>63,347,028</u>	<u>37,800,846</u>	<u>37,554,660</u>
Deferred Outflows of Resources				
Deferred pension resources	225,030	479,481	44,953	95,815
Deferred other postemployment benefit resources	1,675	1,889	182	210
Total Deferred Outflows of Resources	<u>226,705</u>	<u>481,370</u>	<u>45,135</u>	<u>96,025</u>
Liabilities				
Current Liabilities				
Accounts payable	2,591,190	1,618,086	76,418	29,654
Due to other governments	81,427	83,224	14,670	3,613
Due to the City of Alexandria	165,385	177,920	508,927	488,111
Due to Alexandria Lakes Area Sanitary District (ALASD)	917,426	792,193	-	-
Accrued interest payable	65,760	18,715	9,473	13,148
Accrued wages payable	51,199	137,564	8,844	35,127
Compensated absences payable	192,432	321,033	28,801	47,538
Other current liabilities	-	-	241,826	163,394
Customer meter deposits payable	388,558	339,735	8,350	-
Bonds and notes payable - current portion	790,000	605,000	204,000	199,000
Total Current Liabilities	<u>5,243,377</u>	<u>4,093,470</u>	<u>1,101,309</u>	<u>979,585</u>
Noncurrent Liabilities				
Other postemployment benefits payable	26,277	23,283	2,920	2,587
Compensated absences payable	343,721	278,747	105,171	69,981
Net pension liability	1,170,108	1,831,601	233,767	366,011
Bonds and notes payable - net of current maturities	15,413,484	5,376,370	868,000	1,072,000
Total Noncurrent Liabilities	<u>16,953,590</u>	<u>7,510,001</u>	<u>1,209,858</u>	<u>1,510,579</u>
Total Liabilities	<u>22,196,967</u>	<u>11,603,471</u>	<u>2,311,167</u>	<u>2,490,164</u>
Deferred Inflows of Resources				
Deferred pension resources	853,809	664,790	170,596	132,846
Deferred other postemployment benefit resources	35,849	48,170	3,983	5,352
Total Deferred Inflows of Resources	<u>889,658</u>	<u>712,960</u>	<u>174,579</u>	<u>138,198</u>
Net Position				
Net investment in capital assets	34,124,262	33,649,504	31,525,910	30,355,150
Restricted for debt service	1,666,806	866,318	-	-
Unrestricted	20,756,064	16,996,145	3,834,325	4,667,173
Total Net Position	<u>\$ 56,547,132</u>	<u>\$ 51,511,967</u>	<u>\$ 35,360,235</u>	<u>\$ 35,022,323</u>

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

Enterprise Funds

Fiber Utility		Totals	
2024	2023	2024	2023
\$ -	\$ -	\$ 33,321,580	\$ 23,306,575
-	-	1,666,806	866,318
-	-	61,066	48,261
-	-	1,135,411	1,047,301
-	-	18,061	22,284
-	-	704	10,224
-	-	3,208,967	4,029,371
-	-	278,188	314,330
-	-	<u>39,690,783</u>	<u>29,644,664</u>
-	-	1,566,213	448,405
-	-	255,813	255,813
-	-	2,898,856	2,898,856
-	-	2,763,581	2,763,581
-	-	113,404,139	105,749,977
-	-	6,847,858	6,663,385
-	-	5,562,835	6,754,017
-	-	<u>(55,782,180)</u>	<u>(54,277,010)</u>
-	-	<u>77,517,115</u>	<u>71,257,024</u>
-	-	117,207,898	100,901,688
-	-	269,983	575,296
-	-	1,857	2,099
-	-	<u>271,840</u>	<u>577,395</u>
-	-	2,667,608	1,647,740
-	-	96,097	86,837
-	-	674,312	666,031
-	-	917,426	792,193
-	-	75,233	31,863
-	-	60,043	172,691
-	-	221,233	368,571
-	-	241,826	163,394
-	-	396,908	339,735
-	-	994,000	804,000
-	-	<u>6,344,686</u>	<u>5,073,055</u>
-	-	29,197	25,870
-	-	448,892	348,728
-	-	1,403,875	2,197,612
-	-	16,281,484	6,448,370
-	-	<u>18,163,448</u>	<u>9,020,580</u>
-	-	24,508,134	14,093,635
-	-	1,024,405	797,636
-	-	39,832	53,522
-	-	<u>1,064,237</u>	<u>851,158</u>
-	-	65,650,172	64,004,654
-	-	1,666,806	866,318
-	-	<u>24,590,389</u>	<u>21,663,318</u>
\$ -	\$ -	<u>\$ 91,907,367</u>	<u>\$ 86,534,290</u>

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, 2024 and 2023

	Enterprise Funds			
	Electric Utility		Water Utility	
	2024	2023	2024	2023
Operating Revenues				
Sales	\$ 27,965,092	\$ 27,183,650	\$ 3,344,587	\$ 3,203,982
Other operating revenue	1,131,650	1,083,025	92,206	80,966
Total Operating Revenues	<u>29,096,742</u>	<u>28,266,675</u>	<u>3,436,793</u>	<u>3,284,948</u>
Operating Expenses				
Personal services	8,306	223,130	59,287	94,613
Production plant and purchased power	16,942,913	17,430,586	-	-
Transmission system - maintenance	106,733	69,446	-	-
Distribution system - operations	906,887	795,660	152,279	199,270
Distribution system - maintenance	801,008	602,215	788,427	836,245
Other operating	-	-	409,789	408,164
Customer accounts	837,442	1,008,510	106,000	115,764
Administration and general	1,410,655	1,267,609	442,869	336,256
Depreciation	1,982,474	1,828,580	1,083,703	1,047,847
Total Operating Expenses	<u>22,996,418</u>	<u>23,225,736</u>	<u>3,042,354</u>	<u>3,038,159</u>
Operating Income (Loss)	<u>6,100,324</u>	<u>5,040,939</u>	<u>394,439</u>	<u>246,789</u>
Nonoperating Income (Expenses)				
Investment income	883,375	520,306	131,137	125,224
Other revenue	43,310	98,314	9,175	-
Special assessments	-	-	704	10,224
Gain (loss) on sale of capital assets	(637,422)	(22,990)	(180,791)	-
Amortization on bond premium	27,833	27,831	-	-
Bond issuance costs	(184,616)	-	-	-
Interest and other	(239,991)	(209,645)	(27,401)	(35,844)
Pension revenue	53,292	227	10,649	45
Total Nonoperating Income (Expenses)	<u>(54,219)</u>	<u>414,043</u>	<u>(56,527)</u>	<u>99,649</u>
Income (Loss) Before Capital Contributions, Special Items, and Transfers	6,046,105	5,454,982	337,912	346,438
Capital Contributions From (To) Other Funds	-	32,121	-	-
Transfers In	-	5,118,960	-	-
Transfers Out	-	-	-	-
Transfers to City of Alexandria - Payment in Lieu of Taxes	(1,010,940)	(994,925)	-	-
Special Item - Gain on Sale of Operations	-	-	-	-
Change in Net Position	5,035,165	9,611,138	337,912	346,438
Net Position - January 1	<u>51,511,967</u>	<u>41,900,829</u>	<u>35,022,323</u>	<u>34,675,885</u>
Net Position, December 31	<u>\$ 56,547,132</u>	<u>\$ 51,511,967</u>	<u>\$ 35,360,235</u>	<u>\$ 35,022,323</u>

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

Enterprise Funds

Fiber Utility		Totals	
2024	2023	2024	2023
\$ -	\$ 37,764	\$ 31,309,679	\$ 30,425,396
-	57	1,223,856	1,164,048
-	37,821	32,533,535	31,589,444
-	3,715	67,593	321,458
-	-	16,942,913	17,430,586
-	-	106,733	69,446
-	30,424	1,059,166	1,025,354
-	-	1,589,435	1,438,460
-	-	409,789	408,164
-	2,622	943,442	1,126,896
-	8,351	1,853,524	1,612,216
-	6,076	3,066,177	2,882,503
-	51,188	26,038,772	26,315,083
-	(13,367)	6,494,763	5,274,361
-	201,207	1,014,512	846,737
-	744	52,485	99,058
-	-	704	10,224
-	-	(818,213)	(22,990)
-	-	27,833	27,831
-	-	(184,616)	-
-	-	(267,392)	(245,489)
-	-	63,941	272
-	201,951	(110,746)	715,643
-	188,584	6,384,017	5,990,004
-	(32,121)	-	-
-	-	-	5,118,960
-	(5,118,960)	-	(5,118,960)
-	-	(1,010,940)	(994,925)
-	2,538,843	-	2,538,843
-	(2,423,654)	5,373,077	7,533,922
-	2,423,654	86,534,290	79,000,368
\$ -	\$ -	\$ 91,907,367	\$ 86,534,290

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, 2024 and 2023

	Enterprise Funds			
	Electric Utility		Water Utility	
	2024	2023	2024	2023
Cash Flows from Operating Activities				
Receipts from customers	\$ 29,066,623	\$ 28,262,719	\$ 3,440,198	\$ 3,306,048
Payments to suppliers and vendors	(21,003,294)	(21,471,724)	(1,576,777)	(2,325,604)
Payments to and on behalf of employees	(785,979)	(301,578)	(283,839)	(186,972)
Other receipts	96,602	98,541	30,048	2,589
Net Cash Provided (Used) by Operating Activities	<u>7,373,952</u>	<u>6,587,958</u>	<u>1,609,630</u>	<u>796,061</u>
Cash Flows from Noncapital and Related Financing Activities				
Transfers to City - payment in lieu of taxes	(1,010,940)	(994,925)	-	-
Transfers to (from) other funds	-	5,118,960	-	-
Proceeds from sale of operations	-	-	-	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(1,010,940)</u>	<u>4,124,035</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Capital asset acquisitions	(6,292,535)	(5,874,692)	(1,508,630)	(1,327,076)
Proceeds from bonds, net of premiums	10,854,947	-	-	-
Principal paid on bonds and notes	(605,000)	(590,000)	(199,000)	(195,000)
Issuance costs paid on bonds	(184,616)	-	-	-
Interest paid on bonds and notes	(192,946)	(209,610)	(31,076)	(35,844)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,579,850</u>	<u>(6,674,302)</u>	<u>(1,738,706)</u>	<u>(1,557,920)</u>
Cash Flows from Investing Activities				
Interest received on investments	873,995	489,054	127,712	121,462
Net Increase (Decrease) in Cash and Cash Equivalents	10,816,857	4,526,745	(1,364)	(640,397)
Cash and Cash Equivalents, January 1	19,762,000	15,235,255	4,410,893	5,051,290
Cash and Cash Equivalents, December 31	<u>\$ 30,578,857</u>	<u>\$ 19,762,000</u>	<u>\$ 4,409,529</u>	<u>\$ 4,410,893</u>
Reconciliation of Cash and Cash Equivalents				
Unrestricted	\$ 28,912,051	\$ 18,895,682	\$ 4,409,529	\$ 4,410,893
Restricted	1,666,806	866,318	-	-
Total Cash and Cash Equivalents	<u>\$ 30,578,857</u>	<u>\$ 19,762,000</u>	<u>\$ 4,409,529</u>	<u>\$ 4,410,893</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 6,100,324	\$ 5,040,939	\$ 394,439	\$ 246,789
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation expense	1,982,474	1,828,580	1,083,703	1,047,847
Other income related to operations	96,602	98,541	20,528	10,269
(Increase) decrease in assets				
Customer accounts receivable	(86,338)	44,216	(1,772)	21,933
Due from the City of Alexandria	7,396	(727)	(3,173)	(833)
Special assessments	-	-	9,520	(7,680)
Inventories	(789,371)	(410,603)	66,617	(419,587)
Prepaid items	25,602	(61,271)	10,540	(72,372)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	254,451	257,889	50,862	57,469
Deferred other postemployment benefit resources	214	653	28	86
Increase (decrease) in liabilities				
Accounts payable	254,667	(169,640)	(34,957)	(507,156)
Due to other governments	(1,797)	4,704	11,057	700
Due to the City of Alexandria	(12,535)	11,124	20,816	488,111
Due to Alexandria Lakes Area Sanitary District (ALASD)	125,233	(2,624)	-	-
Accrued wages payable	(86,365)	28,305	(26,283)	14,278
Compensated absences payable	(63,627)	103,822	16,453	19,232
Other current liabilities	-	-	78,432	(54,148)
Net pension liability	(661,493)	(712,941)	(132,244)	(162,947)
Other postemployment benefits payable	2,994	(14,091)	333	(1,759)
Customer meter deposits payable	48,823	(47,445)	8,350	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	189,019	578,555	37,750	114,919
Deferred other postemployment benefit resources	(12,321)	9,972	(1,369)	910
Net Cash Provided by Operating Activities	<u>\$ 7,373,952</u>	<u>\$ 6,587,958</u>	<u>\$ 1,609,630</u>	<u>\$ 796,061</u>
Noncash Capital and Financing Activities				
Book value of disposed/traded in capital assets	\$ 637,422	\$ 22,990	\$ 180,791	\$ -
Capital assets acquired on account	\$ 970,074	\$ 251,637	\$ 568,027	\$ 486,306
Capital assets contributed by (to) other funds	\$ -	\$ 32,121	\$ -	\$ -
Inventory transferred to capital assets	\$ 897,255	\$ -	\$ 645,903	\$ -
Amortization of bond (premium) discount	\$ (27,833)	\$ (27,831)	\$ -	\$ -

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

Enterprise Funds

Fiber Utility		Totals	
2024	2023	2024	2023
\$ -	\$ 43,671	\$ 32,506,821	\$ 31,612,438
-	(38,464)	(22,580,071)	(23,835,792)
-	(110,527)	(1,069,818)	(599,077)
-	744	126,650	101,874
-	(104,576)	8,983,582	7,279,443
-	-	(1,010,940)	(994,925)
-	(5,118,960)	-	-
-	3,250,000	-	3,250,000
-	(1,868,960)	(1,010,940)	2,255,075
-	(3,415)	(7,801,165)	(7,205,183)
-	-	10,854,947	-
-	-	(804,000)	(785,000)
-	-	(184,616)	-
-	-	(224,022)	(245,454)
-	(3,415)	1,841,144	(8,235,637)
-	202,811	1,001,707	813,327
-	(1,774,140)	10,815,493	2,112,208
-	1,774,140	24,172,893	22,060,685
\$ -	\$ -	\$ 34,988,386	\$ 24,172,893
\$ -	\$ -	\$ 33,321,580	\$ 23,306,575
-	-	1,666,806	866,318
\$ -	\$ -	\$ 34,988,386	\$ 24,172,893
\$ -	\$ (13,367)	\$ 6,494,763	\$ 5,274,361
-	6,076	3,066,177	2,882,503
-	744	117,130	109,554
-	5,850	(88,110)	71,999
-	-	4,223	(1,560)
-	-	9,520	(7,680)
-	3,978	(722,754)	(826,212)
-	2,988	36,142	(130,655)
-	29,685	305,313	345,043
-	118	242	857
-	(4,033)	219,710	(680,829)
-	-	9,260	5,404
-	-	8,281	499,235
-	-	125,233	(2,624)
-	(5,160)	(112,648)	37,423
-	(22,034)	(47,174)	101,020
-	-	78,432	(54,148)
-	(102,433)	(793,737)	(978,321)
-	(1,738)	3,327	(17,588)
-	-	57,173	(47,445)
-	(3,473)	226,769	690,001
-	(1,777)	(13,690)	9,105
\$ -	\$ (104,576)	\$ 8,983,582	\$ 7,279,443
\$ -	\$ 731,713	\$ 818,213	\$ 754,703
\$ -	\$ -	\$ 1,538,101	\$ 737,943
\$ -	\$ (32,121)	\$ -	\$ -
\$ -	\$ -	\$ 1,543,158	\$ -
\$ -	\$ -	\$ (27,833)	\$ (27,831)

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

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City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements include the operations of the ALP Utilities of the 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 and water services and currently serves the City and limited surrounding areas. The Board also provided fiber/internet services until operations were discontinued in January of 2023. 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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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. This fund was discontinued in 2023.

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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024:

- United States treasuries of \$672,306, respectively are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities and Municipal bonds of \$1,183,555, \$13,171,649 and \$405,428, respectively are values using a matrix pricing model (Level 2 inputs)

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

The Board had the following recurring fair value measurements as of December 31, 2023:

- United States treasuries of \$1,538,247, respectively are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit, Government agency securities and Municipal bonds of \$1,777,468, \$11,217,823 and \$346,098, 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 \$1,135,411 and \$1,047,301 are recorded net of the allowance for doubtful accounts of \$44,754 and \$41,303 as of December 31, 2024 and 2023, 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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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 assets 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 Other Post Employment Benefits 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 December 31, 2023.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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, 2024 and 2023 was:

2024

	GERP
Board's proportionate share	\$ 53,294
Proportionate share of State's contribution	(697)
Total pension expense	\$ 52,597

2023

	GERP
Board's proportionate share	\$ 294,285
Proportionate share of State's contribution	272
Total pension expense	\$ 294,557

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 assets 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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

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.

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, 2024, the Board's carrying amount of deposits was \$9,306,858 and the bank balance was \$10,532,795. Of the bank balance \$1,246,887 was covered by federal depository insurance. A portion of the remaining balances were collateralized with securities held by the pledging financial institution's trust department in the Board's name. However, the remaining \$32,322 balance at Vikings Savings Bank was undercollateralized.

At December 31, 2023, the Board's carrying amount of deposits was \$9,145,637 and the bank balance was \$9,277,085. Of the bank balance \$1,244,265 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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

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, 2024 and 2023, 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.

As of December 31, 2024, 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	Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than one year	\$ 10,222,814	\$ -	\$ -
Non-pooled Investments at Amortized Costs					
Money Market Funds	N/A	less than one year	25,526	-	-
Non-pooled Investments at Fair Value					
United States Treasuries	N/A	less than one year	672,306	672,306	-
Government Agency Securities	AAA	less than one year	3,321,786	-	3,321,786
Government Agency Securities	AA+	less than one year	1,588,179	-	1,588,179
Government Agency Securities	AA+	1 to 5 years	7,843,149	-	7,843,149
Government Agency Securities	AA+	5 to 10 years	418,535	-	418,535
Municipal Bonds	AAA/AA+	less than one year	216,733	-	216,733
Municipal Bonds	AAA/AA+	1 to 5 years	147,339	-	147,339
Municipal Bonds	AAA/AA+	5 to 10 years	41,356	-	41,356
Negotiable Certificates of Deposit	N/A	less than one year	1,183,555	-	1,183,555
Total Investments			\$ 25,681,278	\$ 672,306	\$ 14,760,632

(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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

As of December 31, 2023, 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	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	147,365	-	-
Non-pooled Investments at Fair Value					
United State Treasuries	N/A	less than one year	1,538,247	1,538,247	-
Government Agency Securities	AAA	less than one year	2,423,745	-	2,423,745
Government Agency Securities	AAA	1 to 5 years	6,458,322	-	6,458,322
Government Agency Securities	AA+	less than one year	380,590	-	380,590
Government Agency Securities	AA+	1 to 5 years	1,822,472	-	1,822,472
Government Agency Securities	AA+	5 to 10 years	132,694	-	132,694
Municipal Bonds	AAA/AA+	1 to 5 years	346,098	-	346,098
Negotiable certificates of deposit	N/A	less than one year	902,640	-	902,640
Negotiable certificates of deposit	N/A	1 to 5 years	874,828	-	874,828
Total Investments			<u>\$ 15,027,006</u>	<u>\$ 1,538,247</u>	<u>\$ 13,341,389</u>

(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, 2024 and 2023.

Cash and Investments Summary

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

	2024	2023
Carrying Amount of Deposits	\$ 9,306,858	\$ 9,145,637
Investments	25,681,278	15,027,006
Cash on Hand	250	250
Total Cash and Temporary Investments	<u>\$ 34,988,386</u>	<u>\$ 24,172,893</u>
Cash and Cash Equivalents	\$ 33,321,580	\$ 23,306,575
Restricted Debt Service Reserve Deposits	1,666,806	866,318
Total	<u>\$ 34,988,386</u>	<u>\$ 24,172,893</u>

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

B. Capital Assets

Capital asset activity for the Board for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital Assets not Being Depreciated					
Land and land rights	\$ 448,405	\$ 1,117,808	\$ -	\$ -	\$ 1,566,213
Service territory acquired	255,813	-	-	-	255,813
Construction in progress	6,754,017	11,225,728	(12,416,910)	-	5,562,835
Total Capital Assets not Being Depreciated	<u>7,458,235</u>	<u>12,343,536</u>	<u>(12,416,910)</u>	<u>-</u>	<u>7,384,861</u>
Capital Assets Being Depreciated					
Buildings and structures	2,898,856	-	-	-	2,898,856
Transmission plant	2,763,581	-	-	-	2,763,581
Distribution plant	105,749,977	9,997,296	(2,343,134)	-	113,404,139
General equipment	6,663,385	220,559	(36,086)	-	6,847,858
Total Capital Assets Being Depreciated	<u>118,075,799</u>	<u>10,217,855</u>	<u>(2,379,220)</u>	<u>-</u>	<u>125,914,434</u>
Less Accumulated Depreciation for					
Buildings and structures	(2,370,415)	(53,022)	-	-	(2,423,437)
Transmission plant	(1,626,827)	(83,515)	-	-	(1,710,342)
Distribution plant	(45,536,467)	(2,574,811)	1,524,921	-	(46,586,357)
General equipment	(4,743,301)	(354,829)	36,086	-	(5,062,044)
Total Accumulated Depreciation	<u>(54,277,010)</u>	<u>(3,066,177)</u>	<u>1,561,007</u>	<u>-</u>	<u>(55,782,180)</u>
Total Capital Assets Being Depreciated, Net	<u>63,798,789</u>	<u>7,151,678</u>	<u>(818,213)</u>	<u>-</u>	<u>70,132,254</u>
Business-type Activities Capital Assets, Net	<u>\$ 71,257,024</u>	<u>\$ 19,495,214</u>	<u>\$ (13,235,123)</u>	<u>\$ -</u>	<u>\$ 77,517,115</u>

Construction commitments for the Board for the year ended December 31, 2024 was as follows:

Project	Spent-to-Date	Remaining Commitment
ALP Operations Center	\$ 5,605,117	\$ 7,765,778
Electric Distribution Improvements 2024	1,047,180	742,066
Nokomis Street 18th to Lake St. Water Main Replacement	77,715	512,110
Total	<u>\$ 6,730,012</u>	<u>\$ 9,019,954</u>

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

Capital asset activity for the Board for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities					
Capital Assets not Being Depreciated					
Land and land rights	\$ 131,476	\$ 316,929	\$ -	\$ -	\$ 448,405
Service territory acquired	255,813	-	-	-	255,813
Construction in progress	3,800,269	7,996,478	(5,042,730)	-	6,754,017
Total Capital Assets not Being Depreciated	<u>4,187,558</u>	<u>8,313,407</u>	<u>(5,042,730)</u>	<u>-</u>	<u>7,458,235</u>
Capital Assets Being Depreciated					
Buildings and structures	2,876,474	22,382	-	-	2,898,856
Transmission plant	2,763,581	-	-	-	2,763,581
Distribution plant	102,110,930	4,167,621	(651,886)	123,312	105,749,977
General equipment	8,622,835	476,721	(2,312,859)	(123,312)	6,663,385
Total Capital Assets Being Depreciated	<u>116,373,820</u>	<u>4,666,724</u>	<u>(2,964,745)</u>	<u>-</u>	<u>118,075,799</u>
Less Accumulated Depreciation for					
Buildings and structures	(2,314,880)	(55,535)	-	-	(2,370,415)
Transmission plant	(1,543,312)	(83,515)	-	-	(1,626,827)
Distribution plant	(43,779,676)	(2,385,687)	628,896	-	(45,536,467)
General equipment	(5,998,802)	(357,766)	1,613,267	-	(4,743,301)
Total Accumulated Depreciation	<u>(53,636,670)</u>	<u>(2,882,503)</u>	<u>2,242,163</u>	<u>-</u>	<u>(54,277,010)</u>
Total Capital Assets Being Depreciated, Net	<u>62,737,150</u>	<u>1,784,221</u>	<u>(722,582)</u>	<u>-</u>	<u>63,798,789</u>
Business-type Activities Capital Assets, Net	<u>\$ 66,924,708</u>	<u>\$ 10,097,628</u>	<u>\$ (5,765,312)</u>	<u>\$ -</u>	<u>\$ 71,257,024</u>

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

	2024	2023
Business-type Activities		
Electric	\$ 1,982,474	\$ 1,828,580
Water	1,083,703	1,047,847
Fiber	-	6,076
Total Depreciation Expense - Business-type Activities	<u>\$ 3,066,177</u>	<u>\$ 2,882,503</u>

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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 2024 and 2023 totaled \$1,010,940 and \$944,925, 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	
					2024	2023
Electric Utility Revenue Bonds of 2015A	\$ 5,395,000	2.00 - 3.25 %	12/30/15	12/01/35	\$ 3,310,000	\$ 3,560,000
Electric Utility Refunding Bonds of 2017A	1,685,000	2.20	10/16/17	12/01/24	-	200,000
Electric Utility Revenue Bonds of 2019A	2,680,000	4.00 - 5.00	06/19/19	12/01/33	1,785,000	1,940,000
Electric Utility Revenue Bonds of 2024C	9,640,000	4.00 - 6.00	10/16/24	12/01/39	9,640,000	-
Total Revenue Bonds					<u>\$ 14,735,000</u>	<u>\$ 5,700,000</u>

Annual requirements to maturity for Revenue Bonds is as follows:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2025	\$ 790,000	\$ 731,193	\$ 1,521,193
2026	890,000	633,268	1,523,268
2027	935,000	591,108	1,526,108
2028	980,000	545,988	1,525,988
2029	1,030,000	497,488	1,527,488
2030 - 2034	5,675,000	1,735,568	7,410,568
2035 - 2039	4,435,000	563,585	4,998,585
Total	<u>\$ 14,735,000</u>	<u>\$ 5,298,198</u>	<u>\$ 20,033,198</u>

G.O. Revenue Notes

The following note was issued to finance capital improvements in the Water Utility fund. It 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	
					2024	2023
G.O. Drinking Water Revenue Note of 2009	\$ 3,765,480	2.445 %	09/01/09	08/20/29	<u>\$ 1,072,000</u>	<u>\$ 1,271,000</u>

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

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

Year Ending December 31,	G.O. Revenue Notes		
	Principal	Interest	Total
2025	\$ 204,000	\$ 26,210	\$ 230,210
2026	209,000	21,223	230,223
2027	214,000	16,113	230,113
2028	220,000	10,880	230,880
2029	225,000	5,501	230,501
Total	\$ 1,072,000	\$ 79,927	\$ 1,151,927

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

	2024		2023	
	Electric Utility	Water Utility	Electric Utility	Water Utility
Revenues	\$ 29,096,742	\$ 3,436,793	\$ 28,266,675	\$ 3,284,948
Principal and Interest	797,946	230,076	799,610	230,844
Percentage of Revenues	2.7%	6.7%	2.8%	7.0%

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type Activities					
Bonds Payable					
Revenue bonds	\$ 5,700,000	\$ 9,640,000	\$ (605,000)	\$ 14,735,000	\$ 790,000
G.O. revenue notes	1,271,000	-	(199,000)	1,072,000	204,000
Bond premium	281,370	1,214,947	(27,833)	1,468,484	-
Total Bonds Payable	<u>7,252,370</u>	<u>10,854,947</u>	<u>(831,833)</u>	<u>17,275,484</u>	<u>994,000</u>
Compensated Absences Payable*	<u>717,299</u>	<u>-</u>	<u>(47,174)</u>	<u>670,125</u>	<u>221,233</u>
Business-type Activity Long-term Liabilities	<u>\$ 7,969,669</u>	<u>\$ 10,854,947</u>	<u>\$ (879,007)</u>	<u>\$ 17,945,609</u>	<u>\$ 1,215,233</u>

*Change in compensated absences payable is shown net of increases and decreases

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 2: Detailed Notes on all Funds (Continued)

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance as Restated	Due Within One Year
Business-type activities					
Bonds Payable					
Revenue bonds	\$ 6,290,000	\$ -	\$ (590,000)	\$ 5,700,000	\$ 605,000
G.O. revenue notes	1,466,000	-	(195,000)	1,271,000	199,000
Bond premium	309,201	-	(27,831)	281,370	-
Total Bonds Payable	<u>8,065,201</u>	<u>-</u>	<u>(812,831)</u>	<u>7,252,370</u>	<u>804,000</u>
Compensated Absences Payable	<u>616,279</u>	<u>350,258</u>	<u>(249,238)</u>	<u>717,299</u>	<u>368,571</u>
Business-type Activity Long-term Liabilities	<u>\$ 8,681,480</u>	<u>\$ 350,258</u>	<u>\$ (1,062,069)</u>	<u>\$ 7,969,669</u>	<u>\$ 1,172,571</u>

E. Due to Alexandria Lakes Area Sanitary District (ALASD) and the City of Alexandria

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, 2024 and 2023 totaled \$917,426 and \$792,193, respectively.

The Board also collects storm water revenue from customers of the City of Alexandria (the City). The collections are paid to the City monthly. Amounts owed to the City for storm water revenue and the Board's portion of street projects totaled \$674,312 and \$792,193 for the years ended December 31, 2024 and 2023.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 3: Defined Benefit Pension Plans - 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). These plan provisions are established and administered according to Minnesota Statutes chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes chapter 356 defines each plan's financial reporting requirements. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Plan)

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service. When a member is "vested," they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

General Employee Plan Benefits

General Employees Plan requires three years of service to vest. Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest average salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25 percent for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of 0.25 percent for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 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. The 2024 annual increase was 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 prorated increase.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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

C. Contributions

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

General Employees Fund Contributions

General Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2024 and the Board was required to contribute 7.50 percent for Coordinated Plan members. The Board’s contributions to the General Employees Fund for the years ending December 31, 2024, 2023 and 2022, were \$250,311, \$237,562 and \$230,496, respectively. The Board’s contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2024, the Board reported a liability of \$1,403,875 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 \$36,301.

Board's Proportionate Share of the Net Pension Liability	\$ 1,403,875
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Board	36,301
Total	\$ 1,440,176

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board’s proportion 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, 2023 through June 30, 2024, relative to the total employer contributions received from all of PERA’s participating employers. The Board’s proportionate share was 0.038 percent at the end of the measurement period and 0.0393 percent for the beginning of the period.

For the year ended December 31, 2024, the Board recognized pension expense of \$53,294 for its proportionate share of the General Employees Plan’s pension expense. In addition, the Board recognized an additional negative \$697 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

During the plan year ended June 30, 2024, the State of Minnesota contributed \$170.1 million to the General Employees Fund. The State of Minnesota is not included as a non-employer contributing entity in the General Employees Plan pension allocation schedules for the \$170.1 million in direct state aid because this contribution was not considered to meet the definition of a special funding situation. The Board recognized \$64,638 for the year ended December 31, 2024 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the General Employees Fund.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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

At December 31, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 133,703	\$ -
Changes in Actuarial Assumptions	7,238	544,892
Net Difference Between Projected and Actual Investment Earnings	-	426,692
Changes in Proportion	-	52,821
Contributions Paid to PERA Subsequent to the Measurement Date	<u>129,042</u>	<u>-</u>
Total	<u>\$ 269,983</u>	<u>\$ 1,024,405</u>

The \$129,042 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, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2025	\$ (514,814)
2026	(87,437)
2027	(173,614)
2028	(107,599)

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 Return on Investment
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	<u>25.0</u>	<u>5.90</u>
Total	<u>100.0 %</u>	

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2024, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3% after 27 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2024:

General Employees Fund

Changes in Actuarial Assumptions

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions

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

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2024 was 7.0 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 Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	\$ 3,066,290	\$ 1,403,875	\$ 36,388

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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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. The Retiree Health Plan does not issue a publicly available financial report.

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 \$29,197 was measured as of December 31, 2023, and the OPEB liability was determined by an actuarial valuation as of December 31, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

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

Discount Rate	3.77%
20-Year Municipal Bond Yield	3.77%
Inflation Rate	2.50%
Medical Trend Rate	7.60% in 2023 grading to 3.90% in 2075

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Postemployment Benefits Other Than Pensions (Continued)

The discount rate used to measure the total OPEB liability was 3.77 percent. Expected benefit payments by year were discounted using the Fidelity 20 -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, 2023 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

	2024 Total OPEB Liability	2023 Total OPEB Liability
Balances at December 31, 2023	\$ 25,870	\$ 43,458
Changes for the Year		
Service Costs	2,383	4,332
Interest Costs	1,127	879
Assumption Changes	663	(17,679)
Differences between expected and actual experience	-	(5,120)
Benefit Payment	(846)	-
Net Changes	3,327	(17,588)
Balances at December 31, 2024 and 2023	\$ 29,197	\$ 25,870

Since the prior measurement date, the following assumptions changed:

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

Since the prior measurement date, the following plan provisions changed:

- None

Since the prior measurement date, the following benefit terms changed:

- None

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Postemployment Benefits Other Than Pensions (Continued)

E. Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability of the Board in 2024, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

1 Percent Decrease 2.77%	Discount Rate Current 3.77%	1 Percent Increase 4.77%
\$ 31,639	\$ 29,197	\$ 26,782

The following presents the net OPEB liability of the Board in 2023, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

1 Percent Decrease 3.05%	Discount Rate Current 4.05%	1 Percent Increase 5.05%
\$ 28,105	\$ 25,870	\$ 23,744

The following presents the Board's net OPEB liability in 2024, as well as what the Board's net OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

1 Percent Decrease 6.60% Decreasing to 2.90%	Healthcare Cost Trend Rates 7.60% Decreasing to 3.90%	1 Percent Increase 8.60% Decreasing to 4.90%
\$ 25,337	\$ 29,197	\$ 33,800

The following presents the Board's net OPEB liability in 2023, as well as what the Board's net OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

1 Percent Decrease 6.60% Decreasing to 2.90%	Healthcare Cost Trend Rates 7.60% Decreasing to 3.90%	1 Percent Increase 8.60% Decreasing to 4.90%
\$ 22,561	\$ 25,870	\$ 29,805

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 4: Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended December 31, 2024 and 2023, the Board recognized negative OPEB expense of \$10,092. At December 31, 2024 and 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 19,039
Contributions Paid to OPEB Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ 19,039</u>
2025		\$ (13,055)
2026		(7,212)
2027		(7,711)
2028		(5,580)
2029		(2,900)
Thereafter		(1,517)

For the year ended December 31, 2023, the Board recognized negative OPEB expense of \$7,626. At December 31, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	<u>\$ -</u>	<u>\$ 27,673</u>
2024		\$ (12,837)
2025		(13,132)
2026		(7,291)
2027		(7,792)
2028		(7,792)
Thereafter		(2,579)

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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.

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

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 \$58,667 and \$61,250 in matching funds to the plan for the years ended December 31, 2024 and 2023, respectively.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

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.

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 2051, while the MRES contract expires in January 2057. During 2024 and 2023, power purchased from WAPA and MBMPA was expensed as follows:

	WAPA		MBMPA	
	Amount	Kilowatt Hours	Amount	Kilowatt Hours
2024	\$ 2,623,868	96,585,000	\$ 11,283,721	192,981,532
2023	2,619,195	96,279,000	11,561,537	196,992,263

In addition to the power purchased through MRES, Alexandria Light and Power expensed \$2,925,215 and \$3,039,446 in wheeling charges for 2024 and 2023, respectively.

C. Concentrations

Approximately 50 percent of the Board’s labor force is subject to a collective bargaining agreement, which expires December 2025.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Notes to the Financial Statements
December 31, 2024 and 2023

Note 8: Unrestricted Net Position

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

Electric Utility

New Office Complex	\$ 8,395,000
New Substation Construction	7,500,000
Underground system	9,700,000
Total Electric Utility	25,595,000

Water Utility

Land and water tower north project	7,100,000
AMI system	1,600,000
Water System Distribution Improvements	8,800,000
Total Water Utility	17,500,000
Total Future Projects	\$ 43,095,000

Note 9: Disposal of Operations

On January 18, 2023, the Board sold its fiber operations to Arvig Enterprises, Inc. As a result of the sale, the Board recognized a special item in 2023 of \$2,538,843 for the disposal of its Fiber operations.

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REQUIRED SUPPLEMENTARY INFORMATION
CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES - DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Required Supplementary Information
For the Year Ended December 31, 2024

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
6/30/2024	0.0380 %	\$ 1,403,875	\$ 36,301	\$ 1,440,176	\$ 3,213,953	43.7 %	86.7 %
6/30/2023	0.0393	2,197,612	60,605	2,258,217	3,123,091	70.4	83.1
6/30/2022	0.0401	3,175,933	92,938	3,268,871	3,001,605	105.8	76.7
6/30/2021	0.0424	1,810,670	55,174	1,865,844	3,049,341	59.4	87.0
6/30/2020	0.0425	2,548,069	78,554	2,626,623	3,029,142	84.1	79.0
6/30/2019	0.0413	2,283,384	70,997	2,354,381	2,920,727	78.2	80.2
6/30/2018	0.0412	2,285,607	74,881	2,360,488	2,767,756	82.6	79.5
6/30/2017	0.0421	2,687,636	33,825	2,721,461	2,714,643	99.0	75.9
6/30/2016	0.0425	3,450,789	45,116	3,495,905	2,638,344	130.8	68.9
6/30/2015	0.0419	2,171,475	-	2,171,475	2,421,838	89.7	78.2

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)
12/31/2024	\$ 250,311	\$ 250,311	\$ -	\$ 3,337,486	7.50 %
12/31/2023	237,562	237,562	-	3,167,499	7.50
12/31/2022	230,496	230,496	-	3,073,276	7.50
12/31/2021	224,225	224,225	-	2,989,663	7.50
12/31/2020	227,803	227,803	-	3,037,375	7.50
12/31/2019	227,298	227,298	-	3,030,635	7.50
12/31/2018	209,286	209,286	-	2,790,474	7.50
12/31/2017	207,978	207,978	-	2,773,043	7.50
12/31/2016	200,269	200,269	-	2,670,258	7.50
12/31/2015	193,803	193,803	-	2,584,036	7.50

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2024 - The following changes in assumptions are effective with the July 1, 2024 valuation, as recommended in the most recent experience study (dated June 29, 2023): Rates of merit and seniority were adjusted, resulting in slightly higher rates. Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members. Minor increase in assumed withdrawals for males and females. Lower rates of disability. Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study. Minor changes to form of payment assumptions for male and female retirees. Minor changes to assumptions made with respect to missing participant data.

2023 - The investment return and single discount rates were changed from 6.5 percent to 7.0 percent.

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.

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Required Supplementary Information (Continued)
For the Year Ended December 31, 2024

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

Changes in Plan Provisions

2024 - The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 - An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024 was eliminated. A one-time non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 - 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 4.0 percent to 3.0 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.0 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 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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
For the Years Ended December 31, 2024 and 2023

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

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Costs	\$ 2,383	\$ 4,332	\$ 4,112	\$ 6,594	\$ 5,537	6,842	6,212
Interest Costs	1,127	879	855	2,028	2,277	3,099	3,110
Assumption Changes	663	(5,120)	-	(26,987)	-	(17,950)	2,034
Differences between expected and actual experience	-	(17,679)	454	(9,578)	3,511	(22,942)	-
Benefit Payment	(846)	-	(1,174)	-	-	-	-
Net Change in Total OPEB Liability	3,327	(17,588)	4,247	(27,943)	11,325	(30,951)	11,356
Total OPEB Liability - Beginning	25,870	43,458	39,211	67,154	55,829	86,780	75,424
Total OPEB Liability - Ending	\$ 29,197	\$ 25,870	\$ 43,458	\$ 39,211	\$ 67,154	\$ 55,829	\$ 86,780
Covered - Employee Payroll	\$ 3,276,031	\$ 3,220,240	\$ 3,149,142	\$ 3,147,961	\$ 3,056,470	\$ 2,934,724	\$ 2,649,274
City's total OPEB liability as a percentage of covered employee payroll	0.89 %	0.80 %	1.38 %	1.25 %	2.20 %	1.90 %	3.28 %

Changes in assumptions:

2024 - The discount rate was changed from 4.05% to 3.77% based on updated 20-year municipal bond rates.

2023 - The discount rate was changed from 1.84% to 4.05% based on updated 20-year municipal bond rates.

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

Medical per capita claims were updated to reflect recent experience.

Mortality rates were updated from the rates used in the 7/1/2021 PERA General Employees Plan valuation to the rates used in the 7/1/2023 valuation.

The percent of future retirees assumed to elect coverage at retirement changed from 30% to 20% to reflect recent plan experience.

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

The payroll growth rate was changed from 3.00% to 3.25% due to a change in the underlying inflation assumption.

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 by 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 by 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%.

Changes in Plan Provisions:

• None

Changes in benefits:

2024 - No changes in benefits

2023 - No changes in benefits

2022 - Retiree premiums were updated to current levels.

2021 - No changes in benefits

2020 - No changes in benefits

2019 - No changes in benefits

2018 - No changes in benefits

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SUPPLEMENTARY INFORMATION
CITY OF ALEXANDRIA, MINNESOTA
BOARD OF PUBLIC UTILITIES - DBA ALP UTILITIES

FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedule of Property, Plant and Equipment (Continued on the Following Pages)
For the Year Ended December 31, 2024

	Cost				Balance December 31, 2024
	Balance January 1, 2024	Increases	Decreases	Transfer	
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	<u>758,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>758,899</u>
Internal combustion plant					
Structures and improvements	818,066	-	-	-	818,066
Fuel holders and accessories	32,177	-	-	-	32,177
Generators	1,509,662	-	-	-	1,509,662
Accessory electrical equipment	21,910	-	-	-	21,910
Miscellaneous power plant equipment	22,785	-	-	-	22,785
Total Internal Combustion Plant	<u>2,404,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,404,600</u>
Transmission plant					
Station equipment	2,325,722	-	-	-	2,325,722
Poles and fixtures	437,859	-	-	-	437,859
Total Transmission Plant	<u>2,763,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,763,581</u>
Distribution plant					
Land and land rights	17,634	469,849	-	-	487,483
Structures and improvements	180,121	-	-	-	180,121
Tools and fixtures	6,617,833	-	-	-	6,617,833
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	29,362,443	1,904,394	-	-	31,266,837
Line transformers	10,798,243	405,064	-	-	11,203,307
Services	529,627	8,215	-	-	537,842
Meters	1,695,571	17,812	(1,617,810)	-	95,573
Installation customer premises	46,824	-	-	-	46,824
Street lights and signal system	2,802,643	269,099	-	-	3,071,742
Load management	-	3,563,985	-	-	3,563,985
Total Distribution Plant	<u>58,476,497</u>	<u>6,638,418</u>	<u>(1,617,810)</u>	<u>-</u>	<u>63,497,105</u>
General plant					
Land and land rights	30,429	647,959	-	-	678,388
Structures and improvements	1,069,444	-	-	-	1,069,444
Office furniture	1,302,912	59,932	-	-	1,362,844
Transportation equipment	1,631,287	-	-	-	1,631,287
Stores equipment	2,252	-	-	-	2,252
Tools, shop and garage equipment	293,091	-	-	-	293,091
Laboratory equipment	130,781	14,562	-	-	145,343
Power operated equipment	838,479	-	-	-	838,479
Communications equipment	123,615	104,331	-	-	227,946
Miscellaneous equipment	169,308	7,999	-	-	177,307
Total General Plant	<u>5,591,598</u>	<u>834,783</u>	<u>-</u>	<u>-</u>	<u>6,426,381</u>

Accumulated Depreciation

Balance January 1, 2024	Increases	Decreases	Transfer	Balance December 31, 2024	Net Book Value
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,606
-	-	-	-	-	255,813
(424,468)	-	-	-	(424,468)	-
(33,904)	-	-	-	(33,904)	-
(24,051)	(900)	-	-	(24,951)	3,157
(482,423)	(900)	-	-	(483,323)	275,576
(814,690)	(1,695)	-	-	(816,385)	1,681
(32,177)	-	-	-	(32,177)	-
(1,336,138)	(26,148)	-	-	(1,362,286)	147,376
(17,772)	(436)	-	-	(18,208)	3,702
(22,785)	-	-	-	(22,785)	-
(2,223,562)	(28,279)	-	-	(2,251,841)	152,759
(1,345,320)	(70,253)	-	-	(1,415,573)	910,149
(281,507)	(13,262)	-	-	(294,769)	143,090
(1,626,827)	(83,515)	-	-	(1,710,342)	1,053,239
-	-	-	-	-	487,483
(123,313)	(6,531)	-	-	(129,844)	50,277
(4,612,803)	(153,674)	-	-	(4,766,477)	1,851,356
(2,666,434)	(31,310)	-	-	(2,697,744)	278,527
(2,745,693)	(77,430)	-	-	(2,823,123)	626,164
(9,250,132)	(880,698)	-	-	(10,130,830)	21,136,007
(4,316,138)	(287,422)	-	-	(4,603,560)	6,599,747
(411,226)	(8,683)	-	-	(419,909)	117,933
(944,145)	(41,596)	980,388	-	(5,353)	90,220
(40,755)	(224)	-	-	(40,979)	5,845
(1,635,757)	(88,398)	-	-	(1,724,155)	1,347,587
-	(29,700)	-	-	(29,700)	3,534,285
(26,746,396)	(1,605,666)	980,388	-	(27,371,674)	36,125,431
-	-	-	-	-	678,388
(822,324)	(27,634)	-	-	(849,958)	219,486
(1,075,043)	(56,644)	-	-	(1,131,687)	231,157
(1,071,339)	(96,931)	-	-	(1,168,270)	463,017
(2,252)	-	-	-	(2,252)	-
(244,561)	(13,064)	-	-	(257,625)	35,466
(113,552)	(3,712)	-	-	(117,264)	28,079
(494,635)	(54,329)	-	-	(548,964)	289,515
(123,615)	(869)	-	-	(124,484)	103,462
(159,627)	(2,260)	-	-	(161,887)	15,420
(4,106,948)	(255,443)	-	-	(4,362,391)	2,063,990

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedule of Property, Plant and Equipment (Continued)
For the Year Ended December 31, 2024

	Cost				Balance December 31, 2024
	Balance January 1, 2024	Increases	Decreases	Transfer	
Internet, WAN	\$ 269,522	\$ -	\$ -	\$ -	\$ 269,522
Construction work-in-progress					
Electric	4,797,875	8,721,169	(8,286,143)	-	5,232,901
Total Electric Utility	75,062,572	16,194,370	(9,903,953)	-	81,352,989
Water Utility					
Water property					
Land and land rights	383,736	-	-	-	383,736
Structures and improvements	406,757	-	-	-	406,757
Pumping equipment	1,467,229	-	-	-	1,467,229
Treatment facilities	7,912,770	49,205	-	-	7,961,975
Production plant facilities	68,875	-	-	-	68,875
Distribution mains and hydrants	33,711,585	1,858,219	-	-	35,569,804
Water services	235,726	-	-	-	235,726
Water meters	1,177,207	1,623,060	(725,324)	-	2,074,943
Water storage reservoirs, towers and standpipes	2,519,807	298,243	-	-	2,818,050
Miscellaneous equipment	118,518	12,950	-	-	131,468
Transportation equipment	335,146	13,861	(36,086)	-	312,921
Power operated equipment	177,964	6,924	-	-	184,888
Total Water Property	48,515,320	3,862,462	(761,410)	-	51,616,372
Construction work-in-progress					
Water	1,956,142	2,504,559	(4,130,767)	-	329,934
Total Water Utility	50,471,462	6,367,021	(4,892,177)	-	51,946,306
Totals	<u>\$ 125,534,034</u>	<u>\$ 22,561,391</u>	<u>\$ (14,796,130)</u>	<u>\$ -</u>	<u>\$ 133,299,295</u>

Accumulated Depreciation

Balance January 1, 2024	Increases	Decreases	Transfer	Balance December 31, 2024	Net Book Value
\$ (245,542)	\$ (8,671)	\$ -	\$ -	\$ (254,213)	\$ 15,309
-	-	-	-	-	5,232,901
<u>(35,431,698)</u>	<u>(1,982,474)</u>	<u>980,388</u>	<u>-</u>	<u>(36,433,784)</u>	<u>44,919,205</u>
-	-	-	-	-	383,736
(185,620)	(17,162)	-	-	(202,782)	203,975
(1,031,655)	(50,674)	-	-	(1,082,329)	384,900
(3,714,249)	(208,259)	-	-	(3,922,508)	4,039,467
(66,844)	(904)	-	-	(67,748)	1,127
(11,227,898)	(668,714)	-	-	(11,896,612)	23,673,192
(130,247)	(4,407)	-	-	(134,654)	101,072
(590,267)	(58,573)	544,533	-	(104,307)	1,970,636
(1,627,309)	-	-	-	(1,627,309)	1,190,741
(76,980)	(7,815)	-	-	(84,795)	46,673
(147,321)	(45,679)	36,086	-	(156,914)	156,007
(46,922)	(21,516)	-	-	(68,438)	116,450
<u>(18,845,312)</u>	<u>(1,083,703)</u>	<u>580,619</u>	<u>-</u>	<u>(19,348,396)</u>	<u>32,267,976</u>
-	-	-	-	-	329,934
<u>(18,845,312)</u>	<u>(1,083,703)</u>	<u>580,619</u>	<u>-</u>	<u>(19,348,396)</u>	<u>32,597,910</u>
<u>\$ (54,277,010)</u>	<u>\$ (3,066,177)</u>	<u>\$ 1,561,007</u>	<u>\$ -</u>	<u>\$ (55,782,180)</u>	<u>\$ 77,517,115</u>

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Other Operating Revenues
For the Years Ended December 31, 2024 and 2023

	2024	2023
Electric Utility		
Penalties and forfeited discounts	\$ 130,774	\$ 159,971
Miscellaneous service revenues	21,775	23,076
Rental income - capacity purchase agreement	428,820	310,710
Rental income - utility poles	26,851	15,594
Administrative service billed to ALASD	124,027	123,129
Other electric revenue	395,878	447,570
NSF fees	3,525	2,975
Total Electric Utility	1,131,650	1,083,025
Water Utility		
Penalties and forfeited discounts	12,978	17,045
Rent from water property	27,995	27,995
Miscellaneous service revenues	51,233	35,926
Total Water Utility	92,206	80,966
Fiber Utility		
Penalties and forfeited discounts	-	57
Total Other Operating Revenues	\$ 1,223,856	\$ 1,164,048

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, 2024 and 2023

	2024	2023
Internal Combustion Engine Operation		
Fuel - oil	\$ 6,787	\$ 17,098
Other expenses	3,195	5,409
Total Internal Combustion Engine Operation	9,982	22,507
Power Supply		
Purchased power	16,832,803	17,220,178
System control and load dispatching	595	1,494
Total Power Supply	16,833,398	17,221,672
Internal Combustion Engine Maintenance		
Maintenance of structures	2,073	1,432
Maintenance of internal combustion engine, generators and switchgear	97,460	184,975
Total Internal Combustion Engine Maintenance	99,533	186,407
Total Production and Purchased Power Expense	\$ 16,942,913	\$ 17,430,586

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Distribution Expense - Operations
For the Years Ended December 31, 2024 and 2023

	2024	2023
Electric Utility		
Station	\$ 3,860	\$ 2,253
Overhead lines	189,695	282,304
Underground lines	123,226	129,561
Street lighting and signal system	3,276	3,181
Meter expenses - removing and resetting meters	71,614	16,703
Customer installation expense and service on premises	38,222	66,701
Load management	125,587	83,739
Miscellaneous distribution	203,726	71,555
Rent	2,605	2,060
Supplies	58,176	70,392
Safety supplies	86,900	67,211
Total Electric Utility	906,887	795,660
Water Utility		
Salary - superintendent	95,816	107,279
Station labor	2,234	2,510
Water locating	48,354	83,961
Well closure	5,875	5,520
Total Water Utility	152,279	199,270
Fiber Utility		
Fiber expense	-	30,424
Total Distribution Expense - Operations	\$ 1,059,166	\$ 1,025,354

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Distribution Expense - Maintenance
For the Years Ended December 31, 2024 and 2023

	2024	2023
Electric Utility		
Maintenance		
Station equipment	\$ 71,070	\$ 25,094
Overhead lines	266,689	175,016
Underground lines	210,426	180,070
Line transformers	28,590	14,906
Street lighting and signal system	67,107	61,910
Customer electric meters	68,628	69,501
Power operated equipment	74,615	72,757
Miscellaneous distribution	13,097	-
Fiber	786	2,961
Total Electric Utility	801,008	602,215
Water Utility		
Maintenance		
Structures	31,767	10,258
Well head protection	25	54
Pumping equipment	3,869	1,597
Wells	85,314	36,661
Filter plant equipment	185,720	228,846
Distribution System		
Water mains	95,802	122,528
Water services	195,535	176,189
Customer water meters	60,528	58,979
Water hydrants	59,114	88,560
Storage facilities, tanks, etc.	70,753	112,573
Total Water Utility	788,427	836,245
Total Distribution Expense - Maintenance	\$ 1,589,435	\$ 1,438,460

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Customer Accounts Expense
For the Years Ended December 31, 2024 and 2023

	December 31, 2024			Total
	Electric Utility	Water Utility	Fiber Utility	
Meter Reading	\$ 70,123	\$ 1,207	\$ -	\$ 71,330
Collection Expense	170,971	8,038	-	179,009
Billing and Accounting Salaries	380,640	88,580	-	469,220
Uncollectible Accounts	14,365	2,106	-	16,471
Customer Conservation Consultant	129,872	-	-	129,872
Informational Advertising	58,895	6,069	-	64,964
Customer Assistance	12,576	-	-	12,576
Total Customer Accounts Expense	\$ 837,442	\$ 106,000	\$ -	\$ 943,442

	December 31, 2023			Total
	Electric Utility	Water Utility	Fiber Utility	
Meter Reading	\$ 178,844	\$ 1,119	\$ -	\$ 179,963
Collection Expense	182,092	7,955	129	190,176
Billing and Accounting Salaries	430,385	102,396	2,417	535,198
Uncollectible Accounts	(8,085)	(1,163)	-	(9,248)
Customer Conservation Consultant	95,192	-	-	95,192
Informational Advertising	108,426	5,457	76	113,959
Customer Assistance	21,656	-	-	21,656
Total Customer Accounts Expense	\$ 1,008,510	\$ 115,764	\$ 2,622	\$ 1,126,896

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Administration and General Expense
For the Years Ended December 31, 2024 and 2023

	December 31, 2024			
	Electric Utility	Water Utility	Fiber Utility	Total
Administration Salaries - Manager	\$ 581,763	\$ 247,748	\$ -	\$ 829,511
Office Supplies	97,625	33,865	-	131,490
Outside Services	45,982	122,760	-	168,742
Insurance	163,537	19,670	-	183,207
Employee Pension and Benefits	(171,313)	(18,379)	-	(189,692)
Employee School Expense	57,044	8,946	-	65,990
Regulatory Commission Expense	23,420	49,948	-	73,368
Miscellaneous	56,078	1,075	-	57,153
Water Conservation Expense	-	(5)	-	(5)
Maintenance of General Plant	564,475	36,528	-	601,003
Transportation expense	350	-	-	350
	\$ 1,418,961	\$ 502,156	\$ -	\$ 1,921,117

	December 31, 2023			
	Electric Utility	Water Utility	Fiber Utility	Total
Administration Salaries - Manager	\$ 499,524	\$ 206,301	\$ 3,681	\$ 709,506
Office Supplies	97,405	28,688	110	126,203
Outside Services	56,468	51,807	573	108,848
Insurance	140,565	30,192	287	171,044
Employee Pension and Benefits	57,180	23,088	34	80,302
Employee School Expense	81,756	11,943	-	93,699
Regulatory Commission Expense	24,079	51,444	190	75,713
Miscellaneous	55,432	1,236	-	56,668
Maintenance of General Plant	476,696	25,570	7,191	509,457
Transportation expense	1,634	600	-	2,234
	\$ 1,490,739	\$ 430,869	\$ 12,066	\$ 1,933,674

City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedules of Other Nonoperating Revenues
For the Years Ended December 31, 2024 and 2023

	2024	2023
Electric Utility		
Merchandising, jobbing and contract work	\$ 23,740	\$ 5,912
Miscellaneous nonoperating income	19,570	92,402
Total Electric Utility	43,310	98,314
Water Utility		
Miscellaneous service revenue	9,175	-
Fiber Utility		
Merchandising, jobbing and contract work	-	744
Total Nonoperating Revenues	\$ 52,485	\$ 99,058

OTHER REQUIRED REPORTS

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

FOR THE YEAR ENDED
DECEMBER 31, 2024

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**INDEPENDENT AUDITOR’S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Members of the City of Alexandria 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 City of Alexandria 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, 2024, and the notes to the financial statements, and have issued our report thereon dated April 10, 2025.

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 deposits and investments, contracting and bidding, 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, except as described in the Schedule of Findings and Responses as item 2024-001. 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 Board’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
Mankato, Minnesota
April 10, 2025

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 City of Alexandria 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 City of Alexandria 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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated April 10, 2025.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as described in the Schedule of Findings and Responses as item 2024-001.

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
Mankato, Minnesota
April 10, 2025



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City of Alexandria, Minnesota
Board of Public Utilities - DBA ALP Utilities
Schedule of Findings and Responses
For the Year Ended December 31, 2024

<u>Finding</u>	<u>Description</u>
2024-001	Insufficient Collateral Coverage
<i>Condition:</i>	Auditing for legal compliance requires a review of the Board's deposits and investments. Our review indicated an instance of non-compliance that we believe is required to be remedied.
<i>Criteria:</i>	In accordance with Minnesota Statute, section 118A.03, the Board is required to have pledged collateral equal to 110 percent of the deposit not covered with federal deposit insurance.
<i>Cause:</i>	The Board had \$32,322 of deposits under the required 110 percent on December 31, 2024, required by statute.
<i>Effect:</i>	At year end, the Board did not have sufficient collateral pledged and therefore was not in compliance with state statute.
<i>Recommendation:</i>	We recommend the Board establish a more specific understanding with Viking Savings Bank for the needed collateral. Ultimately, it is the Board's responsibility to have adequate coverage regardless of the bank's process.
<i>Management Response:</i>	
	Management will ensure bank collateralized deposits in excess of FDIC coverage during 2025.