

**MUNICIPAL UTILITIES BOARD
OF THE CITY OF ALBERTVILLE
ELECTRIC SYSTEM
Albertville, Alabama**

**AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 10
FINANCIAL STATEMENTS	
Statements of Net Position	11 – 12
Statements of Revenues, Expenses and Changes in Net Position	13
Statements of Cash Flows	14 - 15
Notes to Financial Statements	16 – 45
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Changes in the Board's Net Pension Liability and Related Ratios	47
Schedules of Employer Pension Contributions	48
Schedules of Changes in the Board's Net OPEB Liability	49
SUPPLEMENTARY INFORMATION	
Schedules of Operating Expense	51
Schedules of Operating Statistics	52

LORI CRISWELL & ASSOCIATES, P.C.

SNEAD, ALABAMA 35952

Lori Criswell
Certified Public Accountant
87505 U.S. Highway 278
P.O. Box 606
Snead, Alabama 35952
PHONE: (205) 466-7157
FAX: (205) 466-8144
email: criswell.cpa@gmail.com

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Municipal Utilities Board of the City of Albertville – Electric System
Albertville, Alabama

Opinions

We have audited the accompanying financial statements of the business-type activities of the Municipal Utilities Board of the City of Albertville – Electric System as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Municipal Utilities Board of the City of Albertville – Electric System's basic 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 respective financial position of the business-type activities of the Municipal Utilities Board of the City of Albertville – Electric System as of June 30, 2022 and 2021, and the respective 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. 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 Municipal Utilities Board of the City of Albertville – Electric System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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 Municipal Utilities Board of the City of Albertville – Electric System'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 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, 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 Municipal Utilities Board of the City of Albertville – Electric System'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 Municipal Utilities Board of the City of Albertville – Electric System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the pension and post-employment benefit schedules on pages 47 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipal Utilities Board of the City of Albertville – Electric System’s basic financial statements. The schedules of operating expense are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of operating expense 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 included in the annual report. The other information comprises the statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the Municipal Utilities Board of the City of Albertville – Electric System, are intended to present the financial position, the changes in financial position and cash flows of only that portion of the business-type activities attributable to the transactions of the Electric System. They do not purport to, and do not present fairly the financial position of the Municipal Utilities Board of the City of Albertville, as a whole, as of June 30, 2022 and 2021, the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Lori Criswell & Associates, P.C.

Snead, Alabama
October 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The MD&A represents management's examination and analysis of the Electric System's financial condition and performance for the years ending June 30, 2022 and 2021. This information should be read in conjunction with the financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. These financial statements report information about the Electric System using full accrual accounting methods as well as accounting procedures as outlined by the Federal Energy Regulatory Commission in the Uniform System of Accounts prescribed for Public Utilities and Licensees and with the provisions of its Power contract with the Tennessee Valley Authority.

The Municipal Utilities Board (MUB) was reorganized and incorporated on May 15, 2013, under Article 9, Chapter 50, Title 11 (Sections 11-50-310 et seq.) of the Code of Alabama (1975). Prior to May, 2013, MUB operated within the confines of an Act of the Alabama Legislature passed in 1943. While operating under the 1943 Act, MUB was organized as an entity of the City of Albertville and the City had to issue all debt for MUB. The new form of organization allows MUB to issue its own debt. The three-member Board of Directors of MUB (appointed by the City Council of Albertville) was given complete control of the public utilities in the City of Albertville. In addition to the Electric System, the Board also governs the Water and Waste Water Systems of the City.

Even though MUB is a municipal entity, the financial statements are presented more similar to a private business entity because a majority of the revenues in the Electric, Water and Waste Water Systems are generated from user fees, not any type of public tax. The Governmental Accounting Standards Board requires that these types of municipal entities follow accounting procedures more similar to those of private business. However, the mission of the Board is not to be a profitable entity, unlike a private system, but is to be able to finance all or most of its activities through user fees and reinvest assets in improving and maintaining the system.

The financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; a statement of cash flows; and notes to the financial statements.

The statement of net position presents the financial position of the Electric System and all its assets and liabilities, with the difference reported as net position. Over time, increases or decreases in the System's net position are one indicator of whether the System's financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents the results of the System's activities over the course of the fiscal year. This statement also provides information about the System's recovery of costs. Rate setting policies vary; however, the primary objective of any rate model is to improve equity among customer classes and ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth.

The statement of cash flows presents changes in cash and cash equivalents, resulting from operating, financing and investing activities. This statement presents cash inflows and cash outflows for the fiscal year.

The notes to the financial statements provide required disclosures and other information vital to obtaining a full understanding of the System's financial statements. The notes present information about the System's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information, providing additional financial detail, is also provided.

The financial statements were prepared by the Board's accounting staff from the detailed books and records of the System. The financial statements were then audited and adjusted, if necessary, during the independent external audit process.

Financial Analysis

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring and planning. The financial statements are studied in depth to detect trends, project growth and prepare budgets for the upcoming year.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM Condensed Financial Statements Fiscal Year Ending June 30, 2022

Condensed Statements of Net Position	2022	2021	Variance	
			Dollars	Percent
Utility Plant	\$59,802,301	\$54,799,863	\$5,002,438	9.13%
Less Accumulated Depreciation	(\$28,276,084)	(\$26,642,291)	(\$1,633,793)	6.13%
Utility Plant Net of Depreciation	\$31,526,217	\$28,157,572	\$3,368,645	11.96%
Current Assets and Other Assets	\$26,495,582	\$25,939,771	\$555,811	2.14%
Deferred Outflows of Resources	\$1,966,873	\$1,707,628	\$259,245	15.18%
Total Assets and Deferred Outflows	\$59,988,672	\$55,804,971	\$4,183,701	7.50%
Current Liabilities	\$10,181,475	\$8,409,450	\$1,772,025	21.07%
Long Term Liabilities	\$7,304,198	\$7,887,692	(\$583,494)	-7.40%
Deferred Inflows of Resources	\$1,022,642	\$189,921	\$832,721	438.46%
Total Liabilities and Deferred Inflows	\$18,508,315	\$16,487,063	\$2,021,252	12.26%
Net Position:				
Net Investment in Capital Assets	\$31,526,217	\$28,157,572	\$3,368,645	11.96%
Unrestricted	\$9,954,140	\$11,160,336	(\$1,206,196)	-10.81%
Total Net Position	\$41,480,357	\$39,317,908	\$2,162,449	5.50%
Total Liabilities, Deferred Inflows and Net Position	\$59,988,672	\$55,804,971	\$4,183,701	7.50%

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2022		2021		Variance of 2022 Actual Data To:			
	Actual	Budget	Actual	2022 Budget		2021 Actual		
				Dollars	Percent	Dollars	Percent	
Revenues:								
Electric Sales Revenue	\$53,460,850	\$46,250,000	\$46,569,954	\$7,210,850	15.59%	\$6,890,896	14.80%	
Other Revenue	\$889,794	\$765,000	\$751,988	\$124,794	16.31%	\$137,806	18.33%	
Total Operating Revenue	\$54,350,644	\$47,015,000	\$47,321,942	\$7,335,644	15.60%	\$7,028,702	14.85%	
Expenses:								
Operating Expense	\$52,220,328	\$45,600,000	\$45,751,523	\$6,620,328	14.52%	\$6,468,805	14.14%	
Operating Income	\$2,130,316	\$1,415,000	\$1,570,419	\$715,316	50.55%	\$559,897	35.65%	
Non-Operating Income and Expense-Net	\$32,133	\$24,000	(\$469,627)	\$8,133	33.89%	\$501,760	-106.84%	
Increase (Decrease) in Net Position	\$2,162,449	\$1,439,000	\$1,100,792	\$723,449	50.27%	\$1,061,657	96.44%	

Financial Analysis

The following comparative condensed financial statements serve as the key financial data and indicators for management, monitoring and planning. The financial statements are studied in depth to detect trends, project growth and prepare budgets for the upcoming year.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM Condensed Financial Statements Fiscal Year Ending June 30, 2021

Condensed Statements of Net Position	2021	2020	Variance	
			Dollars	Percent
Utility Plant	\$54,799,863	\$53,464,189	\$1,335,674	2.50%
Less Accumulated Depreciation	(\$26,642,291)	(\$25,233,934)	(\$1,408,357)	5.58%
Utility Plant Net of Depreciation	\$28,157,572	\$28,230,255	(\$72,683)	-0.26%
Current Assets and Other Assets	\$25,939,771	\$23,826,524	\$2,113,247	8.87%
Deferred Outflows of Resources	\$1,707,628	\$1,479,805	\$227,823	15.40%
Total Assets and Deferred Outflows	\$55,804,971	\$53,536,584	\$2,268,387	4.24%
Current Liabilities	\$8,409,450	\$7,655,876	\$753,574	9.84%
Long Term Liabilities	\$7,887,692	\$7,528,580	\$359,112	4.77%
Deferred Inflows of Resources	\$189,921	\$135,012	\$54,909	40.67%
Total Liabilities	\$16,487,063	\$15,319,468	\$1,167,595	7.62%
Net Position:				
Net Investment in Capital Assets	\$28,157,572	\$28,230,255	(\$72,683)	-0.26%
Unrestricted	\$11,160,336	\$9,986,861	\$1,173,475	11.75%
Total Net Position	\$39,317,908	\$38,217,116	\$1,100,792	2.88%
Total Liabilities, Deferred Inflows and Net Position	\$55,804,971	\$53,536,584	\$2,268,387	4.24%

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2021		2020		Variance of 2021 Actual Data To:			
	Actual	Budget	Actual	Dollars	2021 Budget		2020 Actual	
					Percent	Dollars	Percent	
Revenues:								
Electric Sales Revenue	\$46,569,954	\$48,000,000	\$46,080,531	(\$1,430,046)	-2.98%	\$489,423	1.06%	
Other Revenue	\$751,988	\$700,000	\$703,443	\$51,988	7.43%	\$48,545	6.90%	
Total Operating Revenue	\$47,321,942	\$48,700,000	\$46,783,974	(\$1,378,058)	-2.83%	\$537,968	1.15%	
Expenses:								
Operating Expense	\$45,751,523	\$46,727,500	\$45,080,348	(\$975,977)	-2.09%	\$671,175	1.49%	
Operating Income	\$1,570,419	\$1,972,500	\$1,703,626	(\$402,081)	-20.38%	(\$133,207)	-7.82%	
Non-Operating Income and Expense-Net	(\$469,627)	\$144,000	\$169,002	(\$613,627)	-426.13%	(\$638,629)	-377.88%	
Increase (Decrease) in Net Position	\$1,100,792	\$2,116,500	\$1,872,628	(\$1,015,708)	-47.99%	(\$771,836)	-41.22%	

FINANCIAL POSITION

Statement of Net Position

The Electric System's financial position remains stable for 2022. Total assets and deferred outflows increased \$4,183,701 due to an increase in capital assets. Total liabilities and deferred inflows increased \$2,021,252 mostly due to an increase in accounts payable and deferred inflows related to Net Pension Liability.

Total net position (total assets and deferred outflows minus total liabilities and deferred inflows) of \$41,480,357 reflects an increase of \$2,162,449 from last year, a 5.5% increase. Of this amount, 76% is invested in net plant assets and 24% is unrestricted.

For the fiscal year ending 2021, total assets and deferred outflows increased \$2,268,387 due to increased cash and cash equivalents. Total liabilities and deferred inflows increased \$1,167,595 due to an increase in accounts payable for purchased power and Net Pension Liability.

Total net position (total assets and deferred outflows minus total liabilities and deferred inflows) of \$39,317,908 reflects an increase of \$1,100,792, a 2.88% increase. Of this amount, 72% is invested in net plant assets and 28% is unrestricted.

Results of Operations

The majority of the Electric System's operating revenues are derived from sales of electricity. Other revenue consists of forfeited discounts, rent from electric property and miscellaneous electric revenue. Miscellaneous revenue includes service fees, returned check fees, temporary service fees, reconnect fees, collections charges and transfer fees.

The Electric System has five classes of sales: residential, commercial, industrial, street and athletic, and outdoor lighting. Total sales revenue increased 14.8% in 2022, due to an increase in kilowatt hours sold and increased monthly fuel cost adjustments. The Electric System's largest expense is purchased power. \$44,597,335 was used in 2022 to purchase power from TVA. Purchased power was 82% of sales revenue.

Total operating expense, excluding purchased power, increased \$201,057 in 2022. Distribution and maintenance expense increased \$263,439 due to an increase in supplies charged to expense. Customer accounts expense increased \$51,294 due to an increase in payroll charged to expense. Payroll charged to expense varies based on the type of work in which employees are engaged; work on capital projects is charged to capital assets while maintenance and repair labor is charged to expense. Depreciation expense increased \$23,788 due to additions to plant. Taxes and tax equivalents increased \$21,963 due to increased tax equivalent payments to the City of Albertville. Sales expense increased \$2,844. General and administrative expense decreased \$162,271 due to a decrease in GASB68 Pension Expense and GASB75 OPEB Expense (retiree health insurance).

For the fiscal year ending 2021, total sales revenue increased 1%, mostly due to an increase in kilowatt hours sold. \$38,329,587 was used in 2021 to purchase power from TVA. Purchased power was 82% of sales revenue.

Total operating expense, excluding purchased power, increased \$490,939 in 2021. Depreciation expense increased \$227,792 due to additions to plant. General and administrative expense increased \$111,664 due to an increase in GASB68 Pension Expense and GASB75 OPEB Expense (retiree health insurance). Taxes and tax equivalents increased \$99,606 due to increased tax equivalent payments to the City of Albertville. Distribution and maintenance expense increased \$82,352 due to an increase in payroll charged to expense. Payroll charged to expense varies based on the type of work in which employees are engaged; work on capital projects is charged to capital assets while maintenance and repair labor is charged to expense. Customer accounts expense decreased \$20,459 due to a change in payroll allocations. Sales expense decreased \$10,016.

Capital Assets and Debt Administration

Total Electric Plant for 2022 (before depreciation, retirements, and reclassifications) increased \$3,350,429. 29% of this increase, \$960,814, was invested in overhead conductors and devices, regulator stations and upgrades to new line equipment and devices.

Transformers increased \$623,994, while \$588,234 was invested in poles, towers, and fixtures due to a system wide pole changeout. \$391,396 was invested in station equipment due to the construction of substation control buildings and an additional breaker. Street lighting increased \$197,641. 76 new overhead services were installed, and 55 underground services were installed for a total cost of \$125,243. \$124,581 was added to security lights and power operated equipment increased \$105,387 due to the purchase of a skid steer trailer and a new bush hog.

\$102,659 was invested in transportation equipment including a tractor and two pickup trucks, while \$81,088 was invested in meters. Communication equipment increased \$41,111 due to a new line locator and fiber optic installations. \$8,281 was invested in office equipment due to the purchase of electric's portion of primary and secondary servers.

The Electric system currently has no debt.

Total Electric Plant for 2021 (before depreciation, retirements, and reclassifications) increased \$2,608,185. 21% of this increase, \$549,739, was invested in overhead conductors and devices, one third of which was used for the Sand Mountain Parks project.

\$510,012 was invested in transportation equipment including a digger derrick truck, a pole trailer and five pickup trucks. Transformers increased \$481,716, while \$433,658 was invested in poles, towers, and fixtures due to a system wide pole changeout. \$167,649 was invested in meters and \$121,563 was added to security lights. 64 new overhead services were installed, and 64 underground services were installed for a total cost of \$83,636. Street lighting increased \$75,249. Communication equipment increased \$62,348 due to a new phone system, a line locator and fiber optic installations. \$56,718 was invested in station equipment due to the construction of substation control buildings and concrete entrances.

Structures and improvements increased \$32,005 due to electric's portion of the HVAC system at the main office. Power operated equipment increased \$18,605 due to the purchase of a track loader. \$15,287 was invested in office equipment due to the purchase of electric's portion of three payment kiosks, and land increased \$12,923.

The Electric system had no debt in 2021.

Economic Factors and Next Year's Budget and Rates

The Capital Expenditures Budget for 2023 has been projected at \$11,407,050. These expenditures will include:

\$5,235,000	– Substation Equipment – New substation, grounding bank and switches.
\$2,198,050	– Conductors and Devices – includes 40,000 feet of underground primary.
\$1,362,500	– Poles, Towers & Fixtures – includes 138 concrete poles and 160 wood poles.
\$1,025,000	– Transformers – Includes 215 single phase transformers and 14 three phase transformers.
\$400,000	– Transportation Equipment – includes a bucket truck and two pickup trucks.
\$400,000	– Services – approximately 100 overhead and 175 underground services.
\$208,000	– Meters – includes 548 AMI meters.
\$171,500	– Security Lights – approximately 275 security lights of various wattage and 28 poles.
\$157,000	– Street Lights – includes 27 poles and 152 lights.

- \$90,000 – Power Operated Equipment – includes a tractor and softwash equipment.
- \$70,000 – Communications Equipment – includes fiber expansion.
- \$25,000 – Structures & Improvements – miscellaneous repairs.
- \$25,000 – Computer Equipment – miscellaneous computer replacements.
- \$20,000 – Lab Equipment – meter testing equipment.
- \$20,000 – Tools, Shop & Garage Equipment – miscellaneous repairs.


Final Comments

The Electric System's management and the MUB Board annually prepare and review operating budgets, payroll budgets and capital purchases budgets. The preparation of these budgets involves reviewing several factors such as: anticipated growth and expansion or cut backs in industrial load; forecasted expenses; and determination of capital needs. These budgets provide a blueprint for operations for the next year and assist in determining financial position for the near future.

It is the opinion of management that Electric rates are currently adequate to fund necessary expenditures and to maintain the Electric System in good repair. However, if growth far exceeds projected rates and additional facilities would have to be constructed, then electric rates would have to be reviewed.



Elden Chumley
General Manager/CEO
Municipal Utilities Board of Albertville



Theresa Bailey, CPA
Chief Financial Officer
Municipal Utilities Board of Albertville

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 12,354,700	\$ 13,024,479
Certificates of Deposit	5,034,868	5,012,479
Accounts Receivable - Customers	7,479,124	6,193,338
Accrued Interest Receivable	638	1,033
Current Portion of Note Receivable - Water System	86,466	84,375
Accrued Rent Receivable	241,709	210,106
Material and Supplies	1,051,216	989,163
Prepaid Expenses	10,402	18,322
	<u>26,259,123</u>	<u>25,533,295</u>
CAPITAL ASSETS		
Land and Construction in Progress	3,939,706	1,353,680
Electric Plant in Service, Net of Accumulated Depreciation	27,586,511	26,803,892
	<u>31,526,217</u>	<u>28,157,572</u>
OTHER ASSETS		
Energy Right Loans Receivable	119,710	224,999
Note Receivable - Water System, Net of Current Portion	36,657	123,123
Deposit and Loan - Associated Company	80,092	58,354
	<u>236,459</u>	<u>406,476</u>
TOTAL ASSETS	<u>58,021,799</u>	<u>54,097,343</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Proportionate Share of Collective Deferred Outflows Related to Net Pension Liability	1,440,602	1,201,060
Deferred Outflows Related to Net Other Post Employment Benefits Liability	526,271	506,568
	<u>1,966,873</u>	<u>1,707,628</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u><u>\$ 59,988,672</u></u>	<u><u>\$ 55,804,971</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable		
Purchased Power	\$ 4,523,688	\$ 3,731,061
Related Party	1,371,079	1,287,130
Other	839,465	226,494
Customer Deposits	2,873,750	2,666,875
Accrued Wages and Compensated Absences	459,501	399,905
Other Current Liabilities	113,992	97,985
	<u>10,181,475</u>	<u>8,409,450</u>
NONCURRENT LIABILITIES		
Energy Right Loans - Tennessee Valley Authority	128,706	235,833
Net Pension Liability	5,940,613	6,389,044
Accrued Liability - Other Post Employment Benefits	1,234,879	1,262,815
	<u>7,304,198</u>	<u>7,887,692</u>
TOTAL LIABILITIES	<u>17,485,673</u>	<u>16,297,142</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Proportionate Share of Collective Deferred Inflows		
Related to Net Pension Liability	769,431	-
Deferred Inflows Related to Net		
Other Post Employment Benefits Liability	253,211	189,921
	<u>1,022,642</u>	<u>189,921</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	31,526,217	28,157,572
Unrestricted	9,954,140	11,160,336
	<u>41,480,357</u>	<u>39,317,908</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 59,988,672</u>	<u>\$ 55,804,971</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2021	
	Amount	Percent of Operating Revenue	Amount	Percent of Operating Revenue
OPERATING REVENUE				
Electric Sales Revenue				
Residential	\$ 12,557,542	23.10 %	\$ 11,549,955	24.41 %
General Power - 50 KW and Under	3,755,561	6.91	3,503,638	7.40
General Power - Over 50 KW	36,414,343	67.00	30,828,727	65.15
Street, Athletic and Outdoor Lighting	749,437	1.38	702,664	1.48
Less Uncollectible Accounts	(16,033)	(0.03)	(15,030)	(0.03)
	<u>53,460,850</u>	<u>98.36</u>	<u>46,569,954</u>	<u>98.41</u>
Revenue From Forfeited Discounts	147,230	0.27	107,170	0.23
Rent From Electric Property	516,621	0.95	430,040	0.91
Other Electric Revenue	225,943	0.42	214,778	0.45
	<u>54,350,644</u>	<u>100.00</u>	<u>47,321,942</u>	<u>100.00</u>
PURCHASED POWER				
Revenue Less Power Costs	<u>9,753,309</u>	<u>17.95</u>	<u>8,992,355</u>	<u>19.00</u>
OPERATING EXPENSE				
Operating Expense	4,097,706	7.54	3,942,400	8.33
Depreciation	2,103,496	3.87	2,079,708	4.39
Taxes and Tax Equivalents	1,421,791	2.62	1,399,828	2.96
	<u>7,622,993</u>	<u>14.03</u>	<u>7,421,936</u>	<u>15.68</u>
OPERATING INCOME				
	<u>2,130,316</u>	<u>3.92</u>	<u>1,570,419</u>	<u>3.32</u>
NONOPERATING REVENUE (EXPENSE)				
Interest Income	32,829	0.06	46,077	0.10
Gain (Loss) on Disposal of Capital Assets	-	-	(506,640)	(1.07)
Interest Expense	(696)	(0.00)	(9,064)	(0.02)
	<u>32,133</u>	<u>0.06</u>	<u>(469,627)</u>	<u>(0.99)</u>
CHANGE IN NET POSITION				
	<u>2,162,449</u>	<u>3.98 %</u>	<u>1,100,792</u>	<u>2.33 %</u>
NET POSITION - Beginning				
	<u>39,317,908</u>		<u>38,217,116</u>	
NET POSITION - Ending				
	<u>\$ 41,480,357</u>		<u>\$ 39,317,908</u>	

The accompanying Notes to Financial Statements are an integral part of these financial statements.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 52,548,237	\$ 46,648,386
Payments to Suppliers	(44,798,255)	(39,268,145)
Payments to Employees	(3,289,552)	(3,147,827)
Other Receipts	485,018	420,325
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,945,448	4,652,739
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal Payments Received on Note Receivable - Water System	84,375	82,335
Interest Received on Note Receivable - Water System	4,140	6,180
Increase (Decrease) in Energy Right Loan Advances From TVA	(107,127)	(143,384)
Increase (Decrease) in Customer Deposits	206,875	134,782
Interest Paid on Customer Deposits	(696)	(9,064)
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	187,567	70,849
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(5,914,778)	(2,931,277)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Cash and Cash Equivalents	29,084	44,861
(Increase) Decrease in Receivables from Customers for Energy Right Loans	105,289	136,525
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	134,373	181,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(647,390)	1,973,697
CASH AND CASH EQUIVALENTS - Beginning	18,036,958	16,063,261
CASH AND CASH EQUIVALENTS - Ending	\$ 17,389,568	\$ 18,036,958

The accompanying Notes to Financial Statements are an integral part of these financial statements.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 2,130,316	\$ 1,570,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	2,546,133	2,497,320
Bad Debts	16,033	15,030
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,301,819)	(258,546)
(Increase) Decrease in Rent Receivable	(31,603)	(9,715)
(Increase) Decrease in Material and Supplies	(62,053)	(178,531)
(Increase) Decrease in Prepaid Expenses	7,920	60,369
(Increase) Decrease in Deposit and Loan - Associated Company	(21,738)	8,019
Increase (Decrease) in Accounts Payable	1,405,598	397,024
Increase (Decrease) in Related Party Payable	83,949	155,364
Increase (Decrease) in Accrued Wages and Compensated Absences	59,596	42,807
(Increase) Decrease in Deferred Outflows of Resources - Net Pension Liability	(239,542)	(183,300)
Increase (Decrease) in Deferred Inflows of Resources - Net Pension Liability	769,431	-
Increase (Decrease) in Net Pension Liability	(448,431)	469,432
Increase (Decrease) in Deferred Outflows - Other Post Employment Benefits	(19,703)	(44,523)
Increase (Decrease) in Deferred Inflows - Other Post Employment Benefits	63,290	54,909
Increase (Decrease) in Accrued Liability - Other Post Employment Benefits	(27,936)	33,064
Increase (Decrease) in Other Current Liabilities	16,007	23,597
Total Adjustments	2,815,132	3,082,320
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,945,448	\$ 4,652,739

The accompanying Notes to Financial Statements are an integral part of these financial statements.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Municipal Utilities Board of the City of Albertville, Alabama (the Board) was reorganized and incorporated on May 15, 2013, under Article 9, Chapter 50, Title 11 (Sections 11-50-310 et seq.) of the Code of Alabama (1975). Prior to May 15, 2013, the Board operated within the confines of an Act of the Alabama Legislature passed in 1943. While operating under the 1943 Act, the Board was organized as an entity of the City of Albertville and the City had to issue all debt for the Board. The new form of organization allows the Board to issue its own debt. The objectives for which the Board was formed are to acquire, operate, maintain, improve, and extend an electric system, a water distribution system, and a sanitary sewer system within the City of Albertville and the territory within Marshall County. The Board is also authorized to own and operate a natural gas distribution system, but no such system presently exists. The Board uses enterprise fund accounting for the separate departments, electric, water, and waste water, and issues separate financial statements for each.

The financial statements present only the Municipal Utilities Board of the City of Albertville – Electric System (the Electric System) and do not purport to, and do not, present the financial position of the Municipal Utilities Board of the City of Albertville and the changes in its financial position or its cash flows.

The property and business of the Municipal Utilities Board of the City of Albertville is managed by a three member Board of Directors appointed by the Mayor and City Council of the City of Albertville. The members of the Board and management at June 30, 2022 were as follows:

Board of Directors

Paul McAbee, Chairman
Kasey Culbert, Member
Keith McGee, Member

Management

Elden Chumley, General Manager/CEO

NATURE OF BUSINESS

The Electric System provides electric power to residents and businesses in the City of Albertville, Alabama area. The power is purchased under contract from the Tennessee Valley Authority (TVA).

ACCOUNTING PRINCIPLES

The Electric System's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

BASIS OF PRESENTATION AND ACCOUNTING

The Electric System utilizes the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned and expenses are recognized when the related liability is incurred.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

REGULATION

The Electric System is subject to limited regulations granted by federal statute to the TVA. These regulations include approving the Electric System's rates.

RECOGNITION OF ELECTRIC REVENUE AND COST

Electric revenue and the related cost of power purchased are recognized when electricity is used by the ultimate consumer.

TAXES

The Electric System is not subject to federal and state income taxes. The Electric System collects utility tax from its customers on behalf of the State of Alabama. Revenue is presented net of tax collected in the statement of revenues, expenses, and changes in net position.

INVENTORIES

Inventories of material and supplies are priced at the lower of average cost or net realizable value.

CASH EQUIVALENTS

The Electric System considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable represents amounts billed to individuals and businesses in the Albertville area for electric, water, and waste water services provided by the Municipal Utilities Board of the City of Albertville. All services are billed and collected by the Electric System, with revenues recognized by each department through an intercompany system of accounting. As of June 30, 2022 and 2021, the total receivables due from customers were \$7,479,124 and \$6,193,338, respectively. The Board uses the direct write-off method for uncollectible accounts. An allowance for doubtful accounts at June 30, 2022 and 2021 is not considered necessary.

ENERGY RIGHT LOANS RECEIVABLE

These loans represent amounts due from customers who used the proceeds for electric home appliances or energy efficient home improvements. The Electric System, in turn, borrows the amount of the loan from TVA and as payments are received from customers, the Electric System remits them to TVA. The Electric System acts as an agent for TVA in this energy loan project. On July 1, 2015, the Electric Department opted to allow TVA to administer all future loans and repayments in the Energy Right Loan Program. The Electric System will continue to collect and remit any outstanding loans according to TVA program guidelines until these existing loans are paid in full. The existing loans are estimated to be paid in full by 2026.

CONCENTRATION OF CREDIT RISK

The Board grants credit to its customers, substantially all of who are located in the City of Albertville, Alabama.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

AMORTIZATION

Debt issuance costs (prepaid insurance only), bond discounts or premiums, and deferred losses on refunding are amortized over the terms of the bonds using a method which approximates the effective interest method.

USE OF ESTIMATES

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

UTILITY PLANT

Utility plant is stated at cost less accumulated depreciation. Depreciation is calculated on the composite-rate method at rates recommended by TVA. Retirements of units of property from service have been charged to the accumulated depreciation accounts at the original cost of the units plus cost of removal. Salvage value of the units retired is credited to the accumulated depreciation accounts. The costs of maintenance, repairs and replacing minor items are charged principally to expense as incurred. Depreciation rates are as follows:

Distribution Plant:

Land and Land Rights	2.50%
Station Equipment	4.00
Poles, Towers, Fixtures	4.75
Overhead Conductors and Devices	2.75
Line Transformers	2.50
Services	4.50
Meters – Regular	5.00
Meters – AMI	5.00
Installation on Customers' Premises	8.00
Street Lighting and Signal System	8.00

General Plant:

Land and Land Rights	0.00%
Structures and Improvements	3.00
Furniture and Equipment	10.00
Transportation Equipment	12.00
Stores Equipment	10.00
Power Operated Equipment	10.00
Tools, Shop and Garage Equipment	8.00
Laboratory Equipment	10.00
Communication Equipment	10.00

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NET POSITION

Net position is divided into three components:

Net Investment in Capital Assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets increased by balances of deferred outflows of resources related to those assets.

Restricted – consists of external constraints placed on net position use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Electric System.

PENSIONS

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following amounts at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
UNRESTRICTED		
Working Funds	\$ 3,775	\$ 3,775
Checking Accounts	12,350,925	13,020,704
Certificates of Deposit	<u>5,034,868</u>	<u>5,012,479</u>
	<u>17,389,568</u>	<u>18,036,958</u>
RESTRICTED	<u>-</u>	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 17,389,568</u>	<u>\$ 18,036,958</u>

The Municipal Utilities Board of the City of Albertville's deposits at year-end were held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 3 - CAPITAL ASSETS

Information related to property, plant and equipment of the Electric System for the year ended June 30, 2022 was as follows:

	<u>Balance at June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>
<i>Capital assets not being depreciated:</i>				
Distribution Plant: Land and Land Rights	\$ 487,827	\$ 39,947	\$ 77	\$ 527,697
General Plant: Land and Land Rights	356,504	-	-	356,504
Construction in Progress, Net Change	509,349	2,546,156	-	3,055,505
	<u>1,353,680</u>	<u>2,586,103</u>	<u>77</u>	<u>3,939,706</u>
<i>Capital assets being depreciated:</i>				
Electric Plant in Service:				
Distribution Plant:				
Station Equipment	11,373,886	391,396	83,559	11,681,723
Poles, Towers, Fixtures	7,875,978	588,234	140,480	8,323,732
Overhead Conductors and Devices	7,377,602	960,814	69,150	8,269,266
Line Transformers	7,313,730	623,994	122,945	7,814,779
Services	3,241,509	125,243	25,770	3,340,982
Meters	2,844,732	81,088	156,633	2,769,187
Installation on Customers' Premises	1,695,639	124,581	79,183	1,741,037
Street Lighting and Signal System	1,129,480	197,641	33,533	1,293,588
	<u>42,852,556</u>	<u>3,092,991</u>	<u>711,253</u>	<u>45,234,294</u>
General Plant:				
Structures and Improvements	3,937,801	-	-	3,937,801
Furniture and Equipment	536,828	8,281	-	545,109
Transportation Equipment	3,613,850	102,659	215,953	3,500,556
Stores Equipment	75,321	-	-	75,321
Power Operated Equipment	199,228	105,387	-	304,615
Tools, Shop and Garage Equipment	158,371	-	-	158,371
Laboratory Equipment	82,002	-	-	82,002
Communication Equipment	1,990,226	41,111	6,811	2,024,526
	<u>10,593,627</u>	<u>257,438</u>	<u>222,764</u>	<u>10,628,301</u>
Total capital assets being depreciated	<u>53,446,183</u>	<u>3,350,429</u>	<u>934,017</u>	<u>55,862,595</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022
<i>Less accumulated depreciation for:</i>				
Distribution Plant:				
Station Equipment	\$ 6,317,812	\$ 455,318	\$ 83,559	\$ 6,689,571
Poles, Towers, Fixtures	4,815,365	382,520	163,220	5,034,665
Overhead Conductors and Devices	2,191,836	212,743	63,331	2,341,248
Line Transformers	1,586,688	187,793	128,434	1,646,047
Services	2,654,765	147,563	37,733	2,764,595
Meters	607,653	141,009	156,633	592,029
Installation on Customers' Premises	1,386,207	137,409	99,212	1,424,404
Street Lighting and Signal System	941,285	95,833	47,430	989,688
	<u>20,501,611</u>	<u>1,760,188</u>	<u>779,552</u>	<u>21,482,247</u>
General Plant:				
Structures and Improvements	1,008,746	118,134	-	1,126,880
Furniture and Equipment	536,828	8,281	-	545,109
Transportation Equipment	3,126,294	421,148	127,157	3,420,285
Stores Equipment	54,939	7,532	-	62,471
Power Operated Equipment	43,094	21,489	-	64,583
Tools, Shop and Garage Equipment	158,371	-	-	158,371
Laboratory Equipment	61,355	8,200	-	69,555
Communication Equipment	1,151,053	201,084	5,554	1,346,583
	<u>6,140,680</u>	<u>785,868</u>	<u>132,711</u>	<u>6,793,837</u>
Total accumulated depreciation	<u>26,642,291</u>	<u>2,546,056</u>	<u>912,263</u>	<u>28,276,084</u>
Total capital assets being depreciated, net	<u>26,803,892</u>	<u>804,373</u>	<u>21,754</u>	<u>27,586,511</u>
Net Book Value	<u>\$ 28,157,572</u>	<u>\$ 3,390,476</u>	<u>\$ 21,831</u>	<u>\$ 31,526,217</u>

Depreciation expense for the year ended June 30, 2022 was charged to the following accounts:

Depreciation Expense	\$ 2,103,496
Transportation Expense Clearing	<u>442,637</u>
	<u>\$ 2,546,133</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Information related to property, plant and equipment of the Electric System for the year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
<i>Capital assets not being depreciated:</i>				
Distribution Plant: Land and Land Rights	\$ 474,981	\$ 12,923	\$ 77	\$ 487,827
General Plant: Land and Land Rights	356,504	-	-	356,504
Construction in Progress, Net Change	284,352	224,997	-	509,349
Total capital assets not being depreciated	1,115,837	237,920	77	1,353,680
<i>Capital assets being depreciated:</i>				
Electric Plant in Service:				
Distribution Plant:				
Station Equipment	11,318,305	56,718	1,137	11,373,886
Poles, Towers, Fixtures	7,588,890	433,658	146,570	7,875,978
Overhead Conductors and Devices	6,856,059	549,739	28,196	7,377,602
Line Transformers	6,932,120	481,716	100,106	7,313,730
Services	3,185,543	83,636	27,670	3,241,509
Meters	3,555,641	167,649	878,558	2,844,732
Installation on Customers' Premises	1,624,552	121,563	50,476	1,695,639
Street Lighting and Signal System	1,074,069	75,249	19,838	1,129,480
	42,135,179	1,969,928	1,252,551	42,852,556
General Plant:				
Structures and Improvements	3,905,796	32,005	-	3,937,801
Furniture and Equipment	532,481	15,287	10,940	536,828
Transportation Equipment	3,335,873	510,012	232,035	3,613,850
Stores Equipment	75,321	-	-	75,321
Power Operated Equipment	180,623	18,605	-	199,228
Tools, Shop and Garage Equipment	165,035	-	6,664	158,371
Laboratory Equipment	82,002	-	-	82,002
Communication Equipment	1,936,042	62,348	8,164	1,990,226
	10,213,173	638,257	257,803	10,593,627
Total capital assets being depreciated	52,348,352	2,608,185	1,510,354	53,446,183

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

	Balance at June 30, 2020	Increases	Decreases	Balance at June 30, 2021
<i>Less accumulated depreciation for:</i>				
Distribution Plant:				
Station Equipment	\$ 5,864,579	\$ 454,370	\$ 1,137	\$ 6,317,812
Poles, Towers, Fixtures	4,684,945	364,446	234,026	4,815,365
Overhead Conductors and Devices	2,031,045	193,870	33,079	2,191,836
Line Transformers	1,530,514	177,899	121,725	1,586,688
Services	2,550,265	144,420	39,920	2,654,765
Meters	835,448	144,123	371,918	607,653
Installation on Customers' Premises	1,322,079	132,580	68,452	1,386,207
Street Lighting and Signal System	885,835	87,394	31,944	941,285
	<u>19,704,710</u>	<u>1,699,102</u>	<u>902,201</u>	<u>20,501,611</u>
General Plant:				
Structures and Improvements	891,572	117,174	-	1,008,746
Furniture and Equipment	495,992	51,776	10,940	536,828
Transportation Equipment	2,892,687	395,001	161,394	3,126,294
Stores Equipment	47,407	7,532	-	54,939
Power Operated Equipment	20,482	22,612	-	43,094
Tools, Shop and Garage Equipment	165,035	-	6,664	158,371
Laboratory Equipment	53,155	8,200	-	61,355
Communication Equipment	962,894	195,846	7,687	1,151,053
	<u>5,529,224</u>	<u>798,141</u>	<u>186,685</u>	<u>6,140,680</u>
Total accumulated depreciation	<u>25,233,934</u>	<u>2,497,243</u>	<u>1,088,886</u>	<u>26,642,291</u>
Total capital assets being depreciated, net	<u>27,114,418</u>	<u>110,942</u>	<u>421,468</u>	<u>26,803,892</u>
Net Book Value	<u>\$ 28,230,255</u>	<u>\$ 348,862</u>	<u>\$ 421,545</u>	<u>\$ 28,157,572</u>

Depreciation expense for the year ended June 30, 2021 was charged to the following accounts:

Depreciation Expense	\$ 2,079,708
Transportation Expense Clearing	<u>417,612</u>
	<u>\$ 2,497,320</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 4 - TENNESSEE VALLEY AUTHORITY ENERGY RIGHT PROGRAM

Under the Tennessee Valley Authority's (TVA) Energy Right Program, the Electric System receives advances from TVA and loans these funds to consumers to cover the cost of energy conservation improvements. The loans to the consumer are interest-bearing and are generally repaid over a 36 to 120 month period. The Electric System remits to TVA the collections from the consumers on a monthly basis. Any losses sustained for non-payment of these loans are charged to TVA. A summary of these loans at June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Energy Right Loans Receivable from Customers	\$ 119,710	\$ 224,999
Energy Right Loans Payable to TVA	\$ 128,706	\$ 235,833

NOTE 5 – ASSOCIATED COMPANY

Central Service Association (CSA) is the software development company, owned by its members, utilized by the Municipal Utilities Board of the City of Albertville. CSA allocates amounts to its members for project expenses in addition to charges for services. The Municipal Utilities Board of the City of Albertville has deposited funds with CSA to cover the float and exposure related to the timing interval for the billing and collection process. The loan amounts were derived from CSA's allocation of its annual excess collections over prior years. These loans were a part of an effort to build capital to purchase CSA's building and to re-engineer major software projects for the Membership's use.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 6 – NOTE RECEIVABLE – WATER SYSTEM

During the year ended June 30, 2014, the Electric System sold to the Water System and to the Waste Water System each a portion of the Office Land, Building and Equipment. The Electric System financed for the Water System the sale amount of the Office Land, Building and Equipment over 10 years at 2.45% with monthly payments of \$7,376.31 beginning December 1, 2013.

Changes in the note receivable from the Water System for the year ended June 30, 2022 was as follows:

	<u>Balance at June 30, 2021</u>	<u>Issues</u>	<u>Retirements</u>	<u>Balance at June 30, 2022</u>
Note Receivable – Water System	\$ 207,498	\$ -	\$ 84,375	\$ 123,123

Changes in the note receivable from the Water System for the year ended June 30, 2021 was as follows:

	<u>Balance at June 30, 2020</u>	<u>Issues</u>	<u>Retirements</u>	<u>Balance at June 30, 2021</u>
Note Receivable – Water System	\$ 289,833	\$ -	\$ 82,335	\$ 207,498

Total principal and interest maturities of the note receivable for the years ended June 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 86,466	\$ 2,050	\$ 88,516
2024	36,657	225	36,882
	<u>\$ 123,123</u>	<u>\$ 2,275</u>	<u>\$ 125,398</u>

NOTE 7 – INTEREST EXPENSE

The Electric System began paying interest on customer deposits during the year ended June 30, 2016. The total interest expense recognized for the years ended June 30, 2022 and 2021 was \$696 and \$9,064, respectively.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 8 - PENSION PLAN

The Municipal Utilities Board of the City of Albertville (the Board) contributes to the Employees' Retirement System of Alabama (ERS), an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for the various state agencies and departments.

General Information About the Pension Plan

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
- 6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. One full time employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - d. One full time employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - e. One full time employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
 - f. One full time employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The ERS serves approximately 879 local participating employers. The ERS membership includes approximately 104,510 participants. As of September 30, 2021, membership consisted of:

Retirees and beneficiaries currently receiving benefits	29,727
Terminated employees entitled to but not yet receiving benefits	2,130
Terminated employees not entitled to a benefit	16,415
Active members	56,184
Post-DROP participants still in active service	<u>54</u>
Total	<u>104,510</u>

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

retirement death benefit and administrative expenses of the Plan. For the years ended June 30, 2022 and 2021, the Board's active employee contribution rate was 5% for Tier 1 employees, and 7.5%, for Tier 2 employees of covered employee payroll, and the Board's average contribution rate to fund the normal and accrued liability costs was 14.74% for 2022 and 14.49% for 2021 of pensionable employee payroll.

The Board's contractually required contribution rate for the year ended June 30, 2022 was 15.06% of pensionable pay for Tier 1 employees, and 12.26% of pensionable pay for Tier 2 employees. The Board's contractually required contribution rate for the year ended June 30, 2021 was 14.89% of pensionable pay for Tier 1 employees, and 12.16% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuations as of September 30, 2018 and 2017, respectively, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Board were \$1,068,035 and \$998,245 for the years ended June 30, 2022 and 2021, respectively.

The components of the Board's contributions for the year ended June 30, 2022 were as follows:

	<u>Electric</u>	<u>Water</u>	<u>Waste Water</u>	<u>Total</u>
Employee Contributions	\$ 183,508	\$ 105,956	\$ 115,483	\$ 404,947
Employer Contributions	<u>493,154</u>	<u>287,260</u>	<u>287,621</u>	<u>1,068,035</u>
	<u>\$ 676,662</u>	<u>\$ 393,216</u>	<u>\$ 403,104</u>	<u>\$ 1,472,982</u>

The components of the Board's contributions for the year ended June 30, 2021 were as follows:

	<u>Electric</u>	<u>Water</u>	<u>Waste Water</u>	<u>Total</u>
Employee Contributions	\$ 167,732	\$ 98,765	\$ 107,511	\$ 374,008
Employer Contributions	<u>458,743</u>	<u>269,252</u>	<u>270,250</u>	<u>998,245</u>
	<u>\$ 626,475</u>	<u>\$ 368,017</u>	<u>\$ 377,761</u>	<u>\$ 1,372,253</u>

Employer contribution amounts include active employees and cost of living adjustments approved by the Board for retired employees.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Net Pension Liability

The Board's net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 rolled forward to September 30, 2021 using standard roll-forward techniques as shown in the following table:

	<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>	<u>Actual After 2020 Experience Study</u>
(a) Total Pension Liability as of September 30, 2020	\$ 32,560,184	\$ 33,307,288	\$ 33,307,288	\$ 34,115,686
(b) Discount Rate	7.70%	7.70%	7.70%	7.45%
(c) Entry Age Normal Cost for the Period October 1, 2020 – September 30, 2021	496,795	496,795	496,795	562,152
(d) Transfers Among Employers:	0	0	0	0
(e) Actual Benefit Payments and Refunds for the Period October 1, 2020 – September 30, 2021	<u>(1,749,755)</u>	<u>(1,749,755)</u>	<u>(1,749,755)</u>	<u>(1,749,755)</u>
(f) Total Pension Liability as of September 30, 2021 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1+.05*(b))]	<u>\$ 33,746,993</u>	<u>\$ 34,551,623</u>	<u>\$ 34,551,623</u>	<u>\$ 35,404,523</u>
(g) Difference between Expected and Actual:		\$ 804,630		
(h) Less Liability Transferred for Immediate Recognition:		\$ 0		
(i) Difference between Expected and Actual – Experience (Gain)/Loss		\$ 804,630		
(j) Difference between Actual Total Pension Liability Before and After Act 2019-132 – Benefit Change (Gain)/Loss			\$ 0	
(j) Difference between Actual Total Pension Liability Before and After 2020 Experience Study – Assumption Change (Gain)/Loss				\$ 852,900

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Actuarial Assumptions

The total pension liability as of September 30, 2021, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2020. The key actuarial assumptions are summarized below:

Inflation	2.50%
Projected Salary increases	3.25% - 6.00% for State and Local Employees and 4.00% - 7.75 for State Police, including inflation
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

<u>Group</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65, Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	15.00%	2.80%
US Large Stocks	32.00%	8.00%
US Mid Stocks	9.00%	10.00%
US Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	<u>5.00%</u>	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position 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.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 9/30/2020	\$ 32,560,184	\$ 18,966,474	\$ 13,593,710
Changes for the Year			
Service Cost	496,795	-	496,795
Interest	2,439,769	-	2,439,769
Changes in Benefit Terms	0	-	-
Changes in Assumptions	852,900	-	852,900
Differences between expected and actual experience	804,630	-	804,630
Contributions – Employer	-	992,270	(992,270)
Contributions – Employee	-	385,440	(385,440)
Net Investment Income	-	4,170,491	(4,170,491)
Benefit Payments, Including Refunds of Employee Contributions	(1,749,755)	(1,749,755)	-
Administrative Expense	-	-	-
Transfers Among Employees	-	-	-
Net Changes	2,844,339	3,798,446	(954,107)
Balances at 9/30/2021	\$ 35,404,523	\$ 22,764,920	\$ 12,639,603

The net pension liability is reflected in each System’s financial statements as follows:

<u>System</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Electric	\$ 5,940,613	\$ 6,389,044
Water	3,286,297	3,670,302
Waste Water	3,412,693	3,534,364
Total	\$ 12,639,603	\$ 13,593,710

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Board’s net pension liability calculated using the discount rate of 7.45%, as well as what the Board’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Board’s Net Pension Liability	\$ 17,077,753	\$ 12,639,603	\$ 8,918,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued RSA Annual Comprehensive Report for the fiscal year ended September 30, 2021. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2021. The auditor’s report dated January 31, 2022 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Board recognized pension expense of \$1,068,035. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,478,940	\$ 0
Changes of assumptions	856,347	0
Net difference between projected and actual earnings on pension plan investments	0	1,637,087
Employer contributions subsequent to the measurement date	<u>764,906</u>	<u>0</u>
Total	<u>\$ 3,100,193</u>	<u>\$ 1,637,087</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

For the year ended June 30, 2021, the Board recognized pension expense of \$998,245. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,075,363	\$ 0
Changes of assumptions	211,070	0
Net difference between projected and actual earnings on pension plan investments	587,323	0
Employer contributions subsequent to the measurement date	<u>729,227</u>	<u>0</u>
Total	<u>\$ 2,602,983</u>	<u>\$ 0</u>

The Deferred Outflows of Resources and Deferred Inflows of Resources were reported in each System's financial statements as follows as of June 30, 2022:

<u>System</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	\$ 1,440,602	\$ 769,431
Water	847,072	425,643
Waste Water	<u>812,518</u>	<u>442,013</u>
Total	<u>\$ 3,100,192</u>	<u>\$ 1,637,087</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The Deferred Outflows of Resources and Deferred Inflows of Resources were reported in each System's financial statements as follows as of June 30, 2021:

<u>System</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	\$ 1,201,060	\$ -
Water	717,079	-
Waste Water	684,844	-
Total	<u>\$ 2,602,983</u>	<u>\$ -</u>

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

Year ended June 30:	
2023	\$236,089
2024	219,190
2025	(27,478)
2026	(162,273)
2027	259,500
Thereafter	173,172

NOTE 9 - POST-RETIREMENT HEALTH CARE BENEFITS

In addition to pension benefits, the Board provides post-retirement health care benefits in accordance with Board policy.

Description

The Municipal Utilities Board of the City of Albertville (the Board) follows the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

The Board, through its commitment to provide other post-employment benefits (OPEB), provides medical benefits to eligible retired employees and their beneficiaries. The Board provides these benefits through the Local Government Health Insurance Plan (LGHIP), an agent multiple-employer healthcare plan affiliated with the Retirement System of Alabama (See Note 8). Once retirees and/or their dependents are eligible for Medicare, their coverage through LGHIP becomes secondary to Medicare.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The Board is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the plan consists solely of the Board's commitment to provide OPEB through the payment of premiums to the LGHIP, no stand-alone financial report is either available or generated.

Benefits Provided

Retirees are offered health coverage through the Alabama Local Government Health Insurance Board (LGHIB). Premiums under the Plan for post-employment healthcare benefits are funded by participating retirees in accordance with rates established by the LGHIB and by MUB itself from appropriate system funds. For the first three years after retirement, retirees pay \$30 per month for single coverage and \$65 per month for family coverage; the same rate as active employees. At the end of the three-year period, the retiree must pay the entire cost of their premium and that of their dependents. Medical and drug benefits are offered for both pre-Medicare and Medicare eligible retirees.

Medical premiums for non-Medicare retirees was \$1,141 per month for single coverage and \$2,104 per month for family coverage. Medicare primary retirees paid \$199 per month for single coverage and \$398 per month for family coverage. The Plan is financed on a pay-as-you-go basis.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Board reported a liability of \$2,940,189 for its net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 9/30/2020	\$ 3,006,701	\$ -	\$ 3,006,701
Changes for the Year			
Service Cost at the end of the year	133,702	-	133,702
Interest on Total OPEB Liability and Cash Flows	65,583	-	65,583
Changes in benefit terms	-	-	-
Differences between expected and actual experience	13,140	-	13,140
Changes in Assumptions or other inputs	(200,258)	-	(200,258)
Benefit Payments and implicit subsidy credit	(78,679)	-	(78,679)
Other	-	-	-
Net Changes	(66,512)	-	(66,512)
Balances at 9/30/2021	\$ 2,940,189	\$ -	\$ 2,940,189

Sensitivity of the Board's net OPEB liability to changes in healthcare cost trend rates

The following presents the net OPEB liability of the plan as of September 30, 2021, using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Board's Total OPEB Liability	\$ 2,581,015	\$ 2,940,189	\$ 3,365,593
	Discount Rate Sensitivity		
	1% Decrease	Current	1% Increase
	(1.26%)	(2.26%)	(3.26%)
Board's Total OPEB Liability	\$ 3,164,361	\$ 2,940,189	\$ 2,726,692

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The financial statements as of June 30, 2022 reflect a long-term liability and related expense divided by system as follows:

<u>System</u>	<u>Long-Term Liability</u>	<u>Related Expense</u>
Electric	\$ 1,234,879	\$ 49,746
Water	852,655	30,141
Waste Water	<u>852,655</u>	<u>15,328</u>
Total	<u>\$ 2,940,189</u>	<u>\$ 95,215</u>

The financial statements as of June 30, 2021 reflect a long-term liability and related expense divided by system as follows:

<u>System</u>	<u>Long-Term Liability</u>	<u>Related Expense</u>
Electric	\$ 1,262,815	\$ 94,603
Water	871,943	42,810
Waste Water	<u>871,943</u>	<u>57,749</u>
Total	<u>\$ 3,006,701</u>	<u>\$ 195,162</u>

For the year ended June 30, 2022, the Board recognized OPEB expense of \$95,215. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,948	\$ 220,085
Changes of assumptions	357,230	263,352
Employer contributions subsequent to the measurement date	1,167,480	0
Employee and retiree contributions subsequent to the measurement date	<u>0</u>	<u>96,147</u>
Total	<u>\$ 1,536,658</u>	<u>\$ 579,584</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

For the year ended June 30, 2021, the Board recognized OPEB expense of \$195,162. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 250,378
Changes of assumptions	403,540	95,744
Employer contributions subsequent to the measurement date	1,074,822	0
Employee and retiree contributions subsequent to the measurement date	0	94,618
Total	<u>\$ 1,478,362</u>	<u>\$ 440,740</u>

The Deferred Outflows of Resources and Deferred Inflows of Resources were reported in each System's financial statements as follows as of June 30, 2022:

<u>System</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Electric	\$ 526,271	\$ 253,211
Water	488,863	167,399
Waste Water	521,524	158,974
Total	<u>\$ 1,536,658</u>	<u>\$ 579,584</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

The Deferred Outflows of Resources and Deferred Inflows of Resources were reported in each System's financial statements as follows as of June 30, 2021:

<u>System</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Electric	\$ 506,568	\$ 189,921
Water	479,899	132,548
Waste Water	491,895	118,272
Total	<u>\$ 1,478,362</u>	<u>\$ 440,740</u>

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

Year ended June 30:	
2022	\$ (15,441)
2023	(15,441)
2024	(15,441)
2025	(15,441)
2026	(15,441)
Thereafter	(37,054)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of September 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.25% - 6.00%
Municipal Bond Index Rage	
Prior Measurement Date	2.21%
Measurement Date	2.26%
Health Care Cost Trends	
Pre-Medicare	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030
Medicare	5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024
Dental	4.00%

The discount rate used to measure TOL was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by The Bond Buyer.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Mortality rates were based on the Pub-2010 Public Mortality Plans Mortality Tables, with adjustments for the AL ERS experience and generational mortality improvements using Scale MP-2020, with an adjustment of 66-2/3% to the table beginning with year 2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020, and were submitted to and adopted by the Board of the Employees' Retirement system of Alabama on September 14, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020 valuation were based on a review of recent plan experience done concurrently with the September 30, 2020 valuation.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns. The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed Income	30.00%	4.40%
US Large Stocks	38.00%	8.00%
US Mid Stocks	8.00%	10.00%
US Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash Equivalents	<u>5.00%</u>	1.50%
Total	<u>100.00%</u>	

* Includes assumed rate of inflation of 2.75%.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 10 - JOINT USE AGREEMENTS

The Electric System has in effect open and "Joint Use" agreements with AT&T, Charter, Windstream and Farmers Communications. Under these agreements, which are negotiated annually, the Electric System rents use of poles and related equipment owned by others and in turn receives rent on its facilities used by others. The total rent received from electric property and rent expense under these agreements is summarized below:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Rent from Electric Property:		
Poles and Equipment	<u>\$ 516,621</u>	<u>\$ 430,040</u>
Rent Expense:		
Pole Rental	<u>\$ 58,506</u>	<u>\$ 60,185</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The City Council of the City of Albertville appoints all members to the Municipal Utilities Board of the City of Albertville. The Electric System bills and collects garbage fees for the City and remits amounts billed on a monthly basis. The tax equivalent remitted to the City of Albertville for the years ended June 30, 2022 and 2021 was \$1,275,569 and \$1,258,255, respectively.

The Municipal Utilities Board of the City of Albertville operates the Electric, Water and Waste Water Systems. In order to stream-line operations, the Electric System bills and collects revenues for the Water and Waste Water Systems and remits those billings monthly. Vendor payments are consolidated whenever practical while maintaining the proper coding of expenses to each department. The payroll system is maintained by the Electric System with reimbursements from the Water and Waste Water Systems. In addition, each system purchases utility services from the other respective systems.

The Tennessee Valley Authority has advanced funds to the Electric System for the purpose of making conservation loans to customers. Any losses for non-payment of these loans are charged to TVA.

NOTE 12 - MAJOR CUSTOMERS

The Electric System had one customer to whom sales constitute 10% or more of total electric revenue. Information pertaining to this customer for the years ended June 30, 2022 and 2021 is shown below:

	<u>2022</u>	<u>2021</u>
Sales for the Year	\$ 5,695,333	\$ 4,989,321
Accounts Receivable at Year End	550,079	456,482

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE 13 - COMMITMENTS

Effective August 28, 2019, the Electric System signed an amendment to its wholesale power agreement with the Tennessee Valley Authority (TVA), under which the Electric System is committed to purchase its electric power and energy requirements solely from TVA. The Electric System will receive a 3.1% credit on power billing from TVA, and the agreement requires a twenty-year notice to cancel. Customer retail rates are subject to review at the discretion of TVA.

NOTE 14 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs and worker's compensation. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There have been no significant reductions in insurance coverage.

NOTE 15 - SUBSEQUENT EVENTS

The Municipal Utilities Board of the City of Albertville evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. The Municipal Utilities Board of the City of Albertville evaluated subsequent events through October 21, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022 AND 2021

SCHEDULES OF CHANGES IN THE BOARD'S NET PENSION LIABILITY AND RELATED RATIOS

Last Ten (10) Fiscal Years Ending September 30

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013	September 30, 2012
Total Pension Liability										
Service Cost	\$ 496,795	\$ 445,568	\$ 428,717	\$ 407,409	\$ 382,828	\$ 398,212	\$ 379,498	\$ 364,766	\$ -	\$ -
Interest	2,439,769	2,320,841	2,218,024	2,151,504	2,093,962	2,067,864	1,966,782	1,909,399	-	-
Changes of Benefit Terms	-	192,919	-	-	-	-	-	-	-	-
Differences Between										
Expected and Actual Experience	804,630	375,395	634,670	173,586	315,077	144,947	474,452	-	-	-
Changes of Assumptions	852,900	-	-	162,476	-	403,120	-	-	-	-
Benefit Payments, Including										
Refunds of Employee Contributions	(1,749,755)	(1,864,029)	(2,028,241)	(1,672,318)	(2,107,286)	(1,565,510)	(1,548,899)	(1,564,873)	-	-
Transfers Among Employers	-	16,688	-	(525)	(159,587)	(7,179)	-	-	-	-
Net Change in Total Pension Liability	2,844,339	1,487,382	1,253,170	1,222,132	524,994	1,441,454	1,271,833	709,292	-	-
Total Pension Liability - Beginning	32,560,184	31,072,802	29,819,632	28,597,500	28,072,506	26,631,052	25,359,219	24,649,927	-	-
Total Pension Liability - Ending	<u>\$ 35,404,523</u>	<u>\$ 32,560,184</u>	<u>\$ 31,072,802</u>	<u>\$ 29,819,632</u>	<u>\$ 28,597,500</u>	<u>\$ 28,072,506</u>	<u>\$ 26,631,052</u>	<u>\$ 25,359,219</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 992,270	\$ 943,044	\$ 875,592	\$ 860,087	\$ 825,654	\$ 797,996	\$ 743,007	\$ 692,260	\$ -	\$ -
Contributions - Employee	385,440	352,769	322,885	311,959	297,978	281,741	274,597	265,949	-	-
Net Investment Income	4,170,491	1,040,119	472,984	1,616,653	2,076,089	1,574,278	187,246	1,751,570	-	-
Benefit Payments, Including										
Refunds of Employee Contributions	(1,749,755)	(1,864,029)	(2,028,241)	(1,672,318)	(2,107,286)	(1,565,510)	(1,548,899)	(1,564,873)	-	-
Administrative Expense	-	-	-	-	-	-	-	-	-	-
Transfers Among Employers	-	16,688	-	(525)	(159,587)	(7,179)	-	4,575	-	-
Net Change in Plan Fiduciary Net Position	3,798,446	488,591	(356,780)	1,115,856	932,848	1,081,326	(344,049)	1,149,481	-	-
Plan Fiduciary Net Position - Beginning	18,966,474	18,477,883	18,834,663	17,718,807	16,785,959	15,704,633	16,048,682	14,899,201	-	-
Plan Fiduciary Net Position - Ending	<u>\$ 22,764,920</u>	<u>\$ 18,966,474</u>	<u>\$ 18,477,883</u>	<u>\$ 18,834,663</u>	<u>\$ 17,718,807</u>	<u>\$ 16,785,959</u>	<u>\$ 15,704,633</u>	<u>\$ 16,048,682</u>	<u>\$ -</u>	<u>\$ -</u>
Board's Net Pension Liability - Ending	<u>\$ 12,639,603</u>	<u>\$ 13,593,710</u>	<u>\$ 12,594,919</u>	<u>\$ 10,984,969</u>	<u>\$ 10,878,693</u>	<u>\$ 11,286,547</u>	<u>\$ 10,926,419</u>	<u>\$ 9,310,537</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.30%	58.25%	59.47%	63.16%	61.96%	59.80%	58.97%	63.29%		
Covered-Employee Payroll *	\$ 6,980,738	\$ 6,830,182	\$ 6,262,360	6,028,705	5,860,040	5,620,854	5,443,506	5,296,453		
Board's Net Pension Liability as a Percentage of Covered-Employee Payroll	181.06%	199.02%	201.12%	182.21%	185.64%	200.80%	200.72%	175.79%		

*Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). For FY2022, the measurement period is October 1, 2020 - September 30, 2021.

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE
 SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2022 AND 2021

SCHEDULES OF EMPLOYER CONTRIBUTIONS

Last Ten (10) Fiscal Years Ending June 30

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Actuarially Determined Contribution *	\$ 1,068,035	\$ 998,245	\$ 918,636	\$ 863,669	\$ 823,941	\$ 815,306	\$ 829,236	\$ 749,824	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contribution *	1,068,035	998,245	918,636	863,669	823,941	815,306	829,236	749,824	-	-
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll **	\$ 7,248,254	\$ 6,887,643	\$ 6,477,556	6,216,723	5,968,322	5,822,269	5,752,545	5,415,852		
Contributions as a Percentage of Covered Employee Payroll	14.74%	14.49%	14.18%	13.89%	13.81%	14.00%	14.42%	13.84%		

* The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

** Employer's covered payroll for FY2022 is the total covered payroll for the 12 month period of the underlying financial statement.

Notes to Schedule

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2022 were based on the September 30, 2018 and 2019 actuarial valuations.

Methods and assumptions used to determine contribution rates for the period October 1, 2020 to September 30, 2021:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Closed
Remaining Amortization Period	28.1 Years
Asset Valuation Method	Five Year Smoothed Market
Inflation	2.75%
Salary Increases	3.25 - 5.00%, Including Inflation
Investment Rate of Return	7.70%, Net of Pension Plan Investment Expense, Including Inflation

Methods and assumptions used to determine contribution rates for the period October 1, 2021 to September 30, 2022:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent Closed
Remaining Amortization Period	27.5 Years
Asset Valuation Method	Five Year Smoothed Market
Inflation	2.75%
Salary Increases	3.25 - 5.00%, Including Inflation
Investment Rate of Return	7.70%, Net of Pension Plan Investment Expense, Including Inflation

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2022 AND 2021

SCHEDULES OF CHANGES IN THE BOARD'S NET OTHER POST EMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS

Last Ten (10) Fiscal Years Ending September 30

	September 30, 2021	September 30, 2020	September 30, 2019	September 30, 2018	September 30, 2017	September 30, 2016	September 30, 2015	September 30, 2014	September 30, 2013	September 30, 2012
Total OPEB Liability										
Service Cost at End of Year	\$ 133,702	\$ 126,225	\$ 90,329	\$ 98,998	\$ 109,139	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the Total OPEB Liability	65,583	76,412	101,561	84,976	72,826	-	-	-	-	-
Changes of Benefit Terms	-	46,798	-	-	-	-	-	-	-	-
Differences Between										
Expected and Actual Experience	13,140	(182,331)	(3,242)	(29,176)	(100,303)	-	-	-	-	-
Changes of Assumptions or Other Inputs	(200,258)	123,074	361,137	(9,974)	(142,733)	-	-	-	-	-
Benefit Payments and										
Implicit Subsidy Credit	(78,679)	(111,456)	(101,958)	(89,143)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	(66,512)	78,722	447,827	55,681	(61,071)	-	-	-	-	-
Total OPEB Liability - Beginning	3,006,701	2,927,979	2,480,152	2,424,471	2,485,542	-	-	-	-	-
Total OPEB Liability - Ending	<u>\$ 2,940,189</u>	<u>\$ 3,006,701</u>	<u>\$ 2,927,979</u>	<u>\$ 2,480,152</u>	<u>\$ 2,424,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's Net OPEB Liability - Ending	<u>\$ 2,940,189</u>	<u>\$ 3,006,701</u>	<u>\$ 2,927,979</u>	<u>\$ 2,480,152</u>	<u>\$ 2,424,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%					
Covered-Employee Payroll	\$ 6,632,043	\$ 6,632,043	\$ 5,922,723	\$ 5,922,723	5,520,856					
Board's Net OPEB Liability as a Percentage of Covered-Employee Payroll	44.33%	45.34%	49.44%	41.88%	43.91%					

SUPPLEMENTARY INFORMATION

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

SCHEDULES OF OPERATING EXPENSE

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		2,021	
	Amount	Percent of Operating Revenue	Amount	Percent of Operating Revenue
DISTRIBUTION EXPENSE				
Operation				
Supervision and Engineering	\$ 82,638	0.15 %	\$ 78,420	0.17 %
Overhead Lines	389,788	0.72	450,894	0.95
Maintenance of URG Services	25,954	0.05	36,770	0.08
Street Lighting and Signal System	58,881	0.11	40,692	0.09
Meters	79,064	0.15	52,284	0.11
Customer Installation	88,163	0.16	80,252	0.17
Miscellaneous	75,709	0.14	63,000	0.13
Rents	58,506	0.11	60,185	0.13
In-kind Services and Donations	132,796	0.24	9,293	0.02
	<u>991,499</u>	<u>1.82</u>	<u>871,790</u>	<u>1.84</u>
Maintenance				
Station Equipment and SCADA	78,955	0.15	63,133	0.13
Overhead and Underground Lines	363,571	0.67	305,954	0.65
Tree Trimming	549,917	1.01	482,316	1.02
Street Lighting and Signal System	867	0.00	-	-
Meters	11,211	0.02	9,388	0.02
	<u>1,004,521</u>	<u>1.85</u>	<u>860,791</u>	<u>1.82</u>
Total Distribution Expense	<u>1,996,020</u>	<u>3.67</u>	<u>1,732,581</u>	<u>3.66</u>
CUSTOMER ACCOUNTS EXPENSE				
Supervision	63,239	0.12	62,421	0.13
Meter Reading	108,563	0.20	78,303	0.17
Customer Records and Collection	564,734	1.04	547,954	1.16
	<u>736,536</u>	<u>1.36</u>	<u>688,678</u>	<u>1.46</u>
CUSTOMER SERVICES				
Customer Assistance	49,311	0.09	46,934	0.10
Miscellaneous	11,516	0.02	10,457	0.02
	<u>60,827</u>	<u>0.11</u>	<u>57,391</u>	<u>0.12</u>
SALES EXPENSE				
	<u>24,856</u>	<u>0.05</u>	<u>22,012</u>	<u>0.05</u>
ADMINISTRATIVE AND GENERAL EXPENSE				
Salaries	101,818	0.19	91,300	0.19
Office Supplies and Expense	110,260	0.20	89,956	0.19
Outside Services Employed	23,563	0.04	58,955	0.12
Property Insurance	17,797	0.03	8,252	0.02
Injuries and Damages	28,530	0.05	29,405	0.06
Employee Pensions and Benefits	855,753	1.57	1,018,609	2.15
Maintenance of General Property	85,412	0.16	91,852	0.19
Miscellaneous	56,334	0.10	53,409	0.11
	<u>1,279,467</u>	<u>2.35</u>	<u>1,441,738</u>	<u>3.05</u>
	<u>\$ 4,097,706</u>	<u>7.54 %</u>	<u>\$ 3,942,400</u>	<u>8.33 %</u>

MUNICIPAL UTILITIES BOARD OF THE CITY OF ALBERTVILLE - ELECTRIC SYSTEM

SCHEDULES OF OPERATING STATISTICS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Number of Customers at End of Year		
Residential	8,185	8,173
General 0-50 KW	2,034	1,962
General >50 KW	238	247
Outdoor Lighting	65	68
	<u>10,522</u>	<u>10,450</u>
Kilowatt Hours Purchased	661,867,652	635,002,145
Total Kilowatt Hours Sold and Used	<u>642,837,216</u>	<u>614,353,579</u>
Kilowatt Hours Unaccounted For	<u>19,030,436</u>	<u>20,648,566</u>
Percentage of Losses to Purchases	2.88%	3.25%

Unaudited