

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SEPARATE ENTERPRISE FUNDS OF THE  
CITY OF SHAKOPEE, MINNESOTA**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## **INTRODUCTORY SECTION**

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
BOARD OF COMMISSIONERS AND ADMINISTRATION  
DECEMBER 31, 2022**

Officials	Position	Term Expires
Kathi Mocol	President/MMPA Alternate Rep	March 31, 2025
Justin Krieg	Vice President	March 31, 2024
Kayden Fox	Commissioner	March 31, 2023
Benedict Letourneau	Commissioner	March 31, 2024
Jody Brennan	Commissioner/City Council Member	Appointment by Council

<b>Administration</b>
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Greg Drent	General Manager/MMPA Rep
Kelley Willemssen	Director of Finance and Administration

## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Shakopee Public Utilities Commission  
Shakopee, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of each major fund of the Shakopee Public Utilities Commission, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Shakopee Public Utilities Commission'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 each major fund of the Shakopee Public Utilities Commission, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shakopee Public Utilities Commission 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective January 1, 2022, the Commission adopted new accounting guidance for leases. The guidance requires lessors to recognize a lease receivable and corresponding deferred inflow of resources and lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

***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 Shakopee Public Utilities Commission'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.

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

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

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

***Report on Summarized Comparative Information***

We have previously audited Shakopee Public Utilities 2021 financial statements, and we expressed unmodified opinions on the major funds in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general employees fund schedule of commission's proportionate share of net pension liability, and general employees fund schedule of commission contributions 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 GAAS, 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 Shakopee Public Utilities Commission's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and 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 GAAS. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

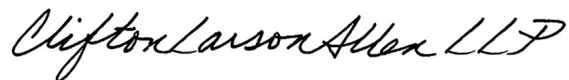
***Other Information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2023, on our consideration of the Shakopee Public Utilities Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Shakopee Public Utilities Commission’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shakopee Public Utilities Commission’s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 17, 2023

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

The management of the Shakopee Public Utilities Commission (electric and water utilities) offers all persons interested in the financial position of the utilities an objective, easy to read overview, and analysis of the utilities' financial performance during the years ended December 31, 2022. You are invited to read this narrative in conjunction with the Utilities' financial statements.

**FINANCIAL HIGHLIGHTS**

- The electric utility's net position increased \$3,259,234 to \$96,790,942 in 2022, an increase of 3.5%. Total assets increased by \$4,496,786 due to increases in net capital assets of \$3,594,457, increases in accounts receivable of \$934,655 and other assets of \$518,675. Deferred outflows of resources decreased \$154,224 reflecting Governmental Accounting Standards Board (GASB) 68 pension reporting. Total liabilities increased by \$2,788,836 due to an increase in net pension liability of \$1,795,615, accounts payable of \$479,847, partially offset by a decrease in Due to Other Funds of \$200,000 and customer advances of \$44,497. Deferred inflows of resources decreased \$1,705,508 (see Table 1).
- The electric utility's operating revenue increased by \$6,172,299 or 11.7%, driven by an increase in power cost adjustment revenue, driven by higher-than-average purchase power costs per kilowatt hour, an increase in monthly service charge and demand fee revenue and \$771k in conservation revenue. Total kWh sales volume decreased 0.4%. The electric utility added 183 new customers in 2022, an increase of 1.0% (see Table 3).
- The electric utility's operating expenses in 2022 increased \$6,493,602 or 13.9%, due to increases in purchased power costs of \$4,889,337 driven by higher purchased power costs per kWh, increases in employee benefit and material expenses, and an increase in depreciation expense of \$467,910.
- The water utility's net position increased \$8,685,584 to \$95,332,857 in 2022, an increase of 10.0%. Total assets increased by \$10,084,708 due to an increase in net capital assets of \$3,522,317, increase of \$2,321,251 in cash and investments, increase of \$1,107,868 in the connection account, recognition of leases receivable of \$1,770,194, and an increase in other accounts receivable of \$2,015,528, slightly offset by a decrease in Due from the Electric Fund of \$200,000, and water reconstruction account of \$152,382. Deferred outflows of resources decreased \$76,557 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$347,547 due to increase in net pension liability of \$787,503, customer advances of \$67,630, and other current liabilities of \$144,080 with decreased in accounts payable of \$598,390 and Due to the City of Shakopee of \$52,309. Deferred inflows of resources increased \$975,020 due to the net impact of a reduction related to GASB 68 pension report activity and the reflection of deferred inflows related to leases receivable (see Table 2).
- The water utility's 2022 operating revenues, generated mostly by sales of water, increased \$22,278, or 0.3% due to an increase in water rates, slightly offset by a decrease in water gallons sold. The water utility added 204 new customers in 2022, an increase of 2.0% (see Table 4).
- The water utility's operating expenses in 2022 increased \$213,819 or 5.8% driven by an increase in distribution, maintenance, and administrative expenses. Total gallons pumped decreased 4.79%.
- Capital contributions for the utility increased from 2021 to 2022 by \$1,953,256 due to increases in water connection fees and developer capital contributions.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

- Municipal contributions expenses to the City of Shakopee increased from 2021 to 2022 by \$1,205,920 due to an increase in power cost adjustment revenue, which was driven by higher purchase power costs, and an increase in the transfer rate from 2021 to 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The electric and water utilities are self-supporting entities and separate enterprise funds of the City of Shakopee. The utilities provide electric and water service to properties within the City of Shakopee and some areas outside the municipality. Water service is provided within the corporate limits of the City of Shakopee. The electric utility service territory is a matter of state law, which became effective in 1975 and is supported by official maps. The areas generally served are the City of Shakopee, Townships of Jackson and Louisville, and part of the City of Prior Lake lying north of Prior Lake and abutting the City of Shakopee.

The electric and water utility is managed by a utilities commission and operates under *Minnesota Statutes* 453. The Commission has, and continues to establish, rates and charges without approval, review, or veto authority of the City Council. The Commission also establishes the policies and service rules that guide the administration and management of the Shakopee Public Utilities. The City Council created the utility commission in the mid- 1950s.

The current utility commission is made up of five members having authority under the Power Agency Law, *Minnesota Statutes* 453, adopted by the State Legislature in 1976. The Power Agency Law replaces the original empowerment authority and provides the legal platform for the Commission to operate as the governing body of the "electric utility" and join other utilities to solve the issues of generation and transmission.

This annual report consists of two parts: Management's Discussion and Analysis and the financial statements as well as the Independent Auditors' Report.

An analysis of the utilities' financial position begins with a review of the statement of net position and the statement of revenues, expenses, and changes in net fund position. These two statements report the Utilities' Net Position and changes therein. The Utilities' Net Position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, are important in measuring the financial health of the Utility. Over time, increases or decreases in the net position value are an indicator of whether the financial position is improving or deteriorating. However, it should be noted that the financial position may also be affected by other non-financial factors, including economic conditions, customer growth, climate conditions, and new regulations.

**UTILITY FINANCIAL ANALYSIS**

The Statement of Net Position includes all of the Utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources and provides information about the nature and amount of investments in resources and the obligations to creditors. This Statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Utilities.

A summary of the Utilities' Statement of Net Position is presented in Tables 1 and 2.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 1  
CONDENSED STATEMENT OF NET POSITION – ELECTRIC UTILITY**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>ASSETS</b>			
Current and Other Assets	\$ 54,961,572	\$ 54,059,243	\$ 902,329
Net Capital Assets	<u>52,953,032</u>	<u>49,358,575</u>	<u>3,594,457</u>
Total Assets	<u>107,914,604</u>	<u>103,417,818</u>	<u>4,496,786</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,205,443</u>	<u>1,359,667</u>	<u>(154,224)</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 109,120,047</u></u>	<u><u>\$ 104,777,485</u></u>	<u><u>\$ 4,342,562</u></u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 3,662,141	\$ 1,866,526	\$ 1,795,615
Other Liabilities	<u>8,330,605</u>	<u>7,337,384</u>	<u>993,221</u>
Total Liabilities	<u>11,992,746</u>	<u>9,203,910</u>	<u>2,788,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	336,359	2,041,867	(1,705,508)
<b>NET POSITION</b>			
Net Investment in Capital Assets	52,953,032	49,358,575	3,594,457
Unrestricted	<u>43,837,910</u>	<u>44,173,133</u>	<u>(335,223)</u>
Total Net Position	<u><u>96,790,942</u></u>	<u><u>93,531,708</u></u>	<u><u>3,259,234</u></u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 109,120,047</u></u>	<u><u>\$ 104,777,485</u></u>	<u><u>\$ 4,342,562</u></u>

As can be seen from the table above, the electric utility net position increased \$3,259,234 to \$96,790,942 in 2022, an increase of 3.5%. Total assets increased by \$4,496,786 due to increases in net capital assets of \$3,594,457 reflecting investments in underground lines, capital equipment and the service center, offset by increased accumulated depreciation and construction in progress, increases in accounts receivable of \$934,655 and other assets of \$518,675, offset by a decrease in customer deposits of \$33,638. Deferred outflows of resources decreased \$154,224 reflecting an increase in GASB 68 pension reporting activity.

Total liabilities increased by \$2,788,836 due to an increase in net pension liability of \$1,795,615, accounts payable of \$479,847, due to the City of Shakopee of \$342,836, and other liabilities of \$381,397, partially offset by decreases in customer advances of \$44,497, and Due to Other Funds of \$200,000. Deferred inflows of resources decreased \$1,705,508 reflecting changes in GASB 68 pension reporting activity.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 2  
CONDENSED STATEMENT OF NET POSITION – WATER UTILITY**

	2022	2021	Change
<b>ASSETS</b>			
Current and Other Assets	\$ 37,064,563	\$ 30,103,489	\$ 6,961,074
Net Capital Assets	62,361,364	59,237,730	3,123,634
Total Assets	<u>99,425,927</u>	<u>89,341,219</u>	10,084,708
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>536,023</u>	<u>612,580</u>	<u>(76,557)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 99,961,950</u>	<u>\$ 89,953,799</u>	<u>\$ 10,008,151</u>
<b>LIABILITIES</b>			
Net Pension Liability	\$ 1,628,441	\$ 840,938	\$ 787,503
Other Liabilities	1,187,766	1,627,722	(439,956)
Total Liabilities	<u>2,816,207</u>	<u>2,468,660</u>	<u>347,547</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	1,812,886	837,866	975,020
<b>NET POSITION</b>			
Net Investment in Capital Assets	62,361,364	59,237,730	3,123,634
Restricted	18,729,524	17,775,005	954,519
Unrestricted	14,241,969	9,634,538	4,607,431
Total Net Position	<u>95,332,857</u>	<u>86,647,273</u>	<u>8,685,584</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 99,961,950</u>	<u>\$ 89,953,799</u>	<u>\$ 10,008,151</u>

As can be seen from the table above, the water utility net position increased by \$8,685,584 to \$95,332,857 in 2022, an increase of 10.0%. Total assets increased by \$10,084,708 due to an increase in net capital assets of \$3,123,634, increase of \$2,322,218 in cash and investments, increase of \$1,107,868 in the connection account, the reflection of leases receivable of \$1,770,194, and an increase in other receivables of \$2,016,413, offset by a decrease the Due from the Electric Fund of \$200,000, and water reconstruction account of \$152,382. Deferred outflows of resources decreased \$76,557 reflecting the GASB 68 pension reporting activity. Total liabilities increased \$347,547 due to decrease in current liabilities of accounts payable \$598,390, increase in customer advances of \$67,630 an increase in net pension liability of \$787,503. Deferred inflows of resources increased \$975,020 due to GASB 68 pension reporting activity and deferred inflows related to leases receivable.

The restricted portion of net position includes accounts that are limited by bond covenants. Listed below are restricted assets:

*Customer Deposit Account* - Restricted resources from customers required to deposit monies before the utility will begin service. These deposits are subject to repayment when the customer leaves the utility's service area.

*Connection and Trunk Water Accts* - Restricted resources, per enabling legislation, to be used for future water production and trunk distribution facility acquisitions.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The specific nature or source of these changes becomes more evident in the statement of revenues, expenses, and changes in fund net position as shown in Tables 3 and 4.

The statement of revenues, expenses, and changes in fund net position provide an indication of the utilities' financial health.

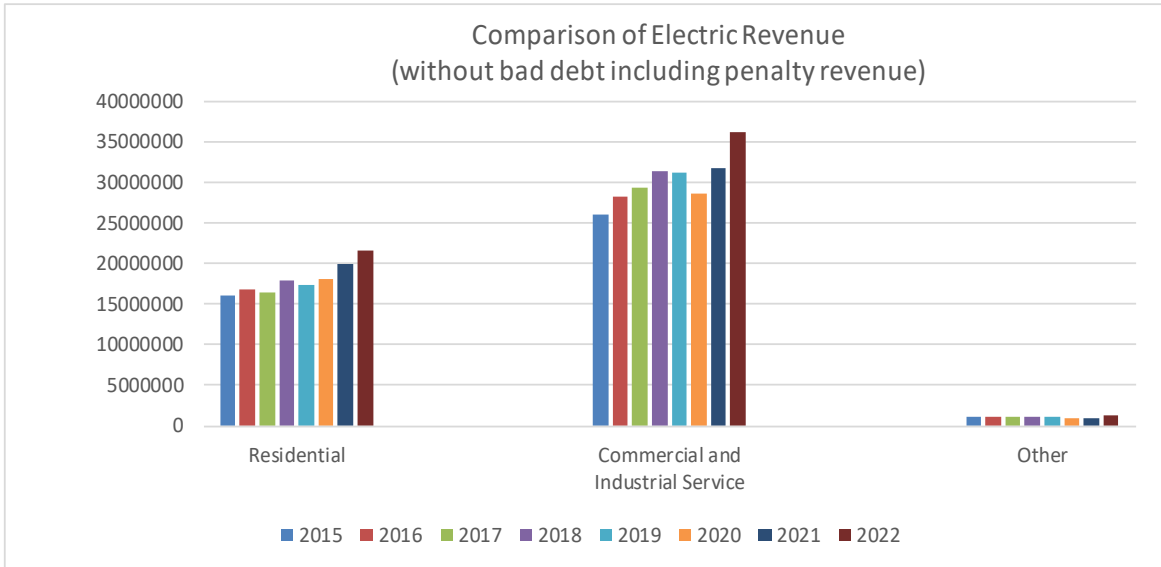
**TABLE 3  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - ELECTRIC UTILITY**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>OPERATING REVENUES</b>	\$ 58,908,998	\$ 52,736,699	\$ 6,172,299
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	50,153,637	44,127,945	6,025,692
Depreciation Expense	<u>2,950,002</u>	<u>2,482,092</u>	<u>467,910</u>
Total Operating Expenses	<u>53,103,639</u>	<u>46,610,037</u>	<u>6,493,602</u>
<b>OPERATING INCOME</b>	5,805,359	6,126,662	(321,303)
Nonoperating Revenues (Expenses)	165,676	120,106	45,570
Capital Contributions	726,118	98,931	627,187
Free Electric Service to the City of Shakopee	138,104	116,313	21,791
Transfers to Municipality	<u>(3,576,023)</u>	<u>(2,370,103)</u>	<u>(1,205,920)</u>
<b>CHANGE IN NET POSITION</b>	3,259,234	4,091,909	(832,675)
Net Position - Beginning of Year	<u>93,531,708</u>	<u>89,439,799</u>	<u>4,091,909</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 96,790,942</u>	<u>\$ 93,531,708</u>	<u>\$ 3,259,234</u>

As can be seen in Table 3, the electric utility's operating revenues increased in 2022 by \$6,172,299 or 11.7% from 2021, driven by an increase in power cost adjustment revenue which was driven by higher than average purchased power costs, an increase in monthly service charge and demand fee revenue and \$771k in conservation revenue, partially offset by a decrease in total kWh's sold of 1,746,255 or 0.4%. Operating expenses increased \$6,493,602 or 13.9%, primarily due to an increase in purchased power costs of \$4,899,337. Purchased power costs totaled \$42,865,031 in 2022, an increase of 12.9% from 2021. Purchased power is the single largest expense item in the electric system operating budget. Nonoperating income increased \$45,570 due to lower investment income partially offset by an increase in rentals and miscellaneous income of \$815,637 and gains on disposition of property \$25,000. Capital contributions increased \$555,047 due to decreases in developer capital contributions year to year. Municipal contributions expenses to the City of Shakopee increased \$1,205,920 from \$2,370,103 to \$3,576,023 driven by higher electric sales revenue.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**



Year	Residential	Commercial and Industrial Service	Other
2015	\$ 16,120,599	\$ 25,957,296	\$ 1,029,814
2016	16,889,535	28,283,314	1,094,571
2017	16,496,838	29,341,945	1,100,006
2018	17,891,566	31,414,834	1,158,891
2019	17,314,820	31,261,142	1,135,968
2020	18,032,655	28,553,793	870,373
2021	19,996,991	31,752,298	1,022,634
2022	21,548,095	36,255,304	1,315,038

Residential, Commercial, Industrial, and other sales of electricity (without bad debt) increased in 2022 by \$6,346,515 or 12.0%. Higher than average purchase power costs contributed to an increase in power cost adjustment revenue and an increase in forfeited discounts of \$180,028, slightly offset by lower kWh sales. Purchase power costs increased in 2022 by \$6,772,718 or 18.8%. Purchased power is the single largest expense item in the electric system operating budget.

Total kWh purchased in 2021 was 462,160,248 as compared to 463,906,473 in 2021, reflecting a decrease of 0.3% year over year. Total kWh sold in 2022 was 441,586,600 as compared to 443,409,817 in 2021, reflecting a decrease of 0.4% for the year 2022. Electric operating revenues, including bad debt totaled \$59,047,102 in 2022 compared to \$52,853,012 in 2021, an increase of \$6,194,090 or 11.7% driven by higher power cost adjustment revenue due to increased power cost revenue.

The utility purchases power from MMPA and joined MMPA as a full member in 2004, with a long-term Purchase Power Agreement extending to 2050.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The following is the total cost of kilowatt-hours purchased, total kilowatt-hours purchased, system peak demand, and total kilowatt-hours delivered for the past ten years.

Historical Power and Energy Requirements				
Energy (kWh)				
Year	Total kWh Purchased	Cost of kWh Purchase	System Peak Demand	Total kWh Delivered
2022	462,160,248	\$ 42,865,031	108,770	441,586,600
2021	463,906,473	37,956,344	108,103	443,409,817
2020	449,885,399	32,729,485	100,447	431,784,931
2019	459,120,703	34,198,101	104,661	446,158,441
2018	469,262,264	35,555,031	102,853	454,234,398
2017	452,309,391	33,180,393	99,725	429,261,118
2016	449,534,290	32,282,815	100,501	426,048,194
2015	425,268,243	29,939,985	92,605	406,459,331
2014	417,376,994	29,426,606	93,549	401,272,664
2013	413,119,096	28,499,899	95,148	394,596,477

Kilowatt (kWh) Hours

**METERED ELECTRIC CUSTOMERS**

The following are the number of metered connections for the past ten years.

Year	Meters
2022	19,020
2021	18,837
2020	18,562
2019	17,960
2018	17,575
2017	17,126
2016	17,084
2015	16,885
2014	16,700
2013	16,508

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

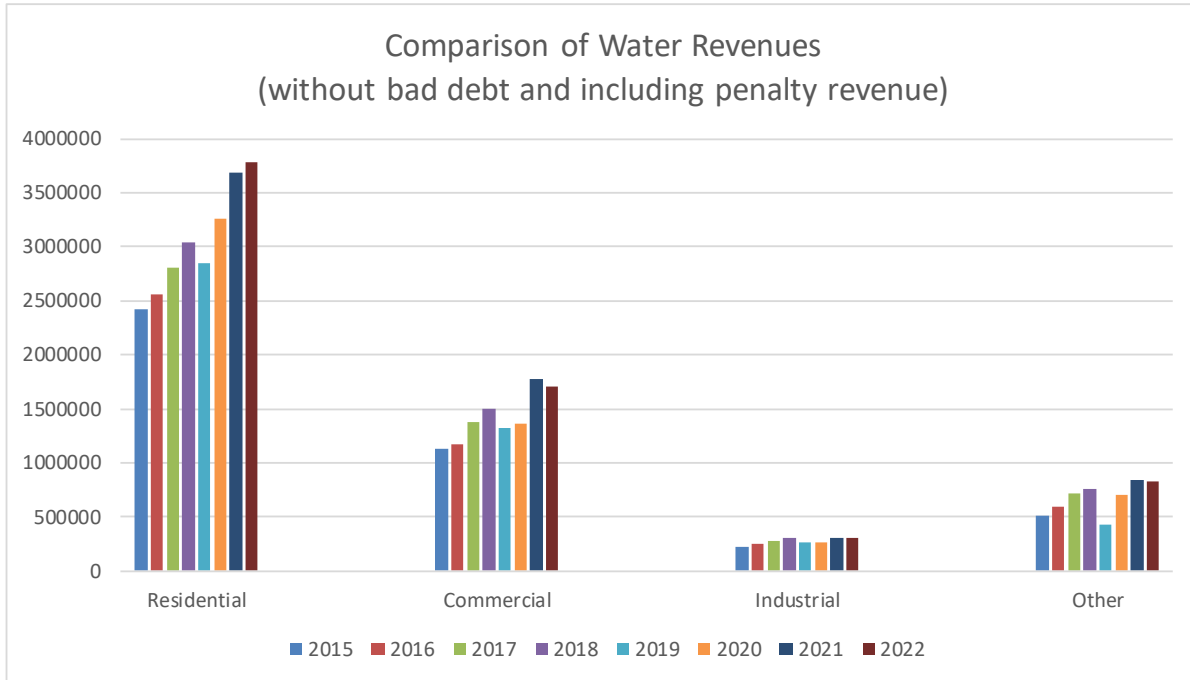
**TABLE 4  
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET  
POSITION - WATER UTILITY**

	2022	2021	Change
<b>OPERATING REVENUES</b>	\$ 6,632,813	\$ 6,610,535	\$ 22,278
<b>OPERATING EXPENSES</b>			
Operation, Customer, and Administrative	3,900,258	3,686,439	213,819
Depreciation Expense	1,860,949	1,777,894	83,055
Total Operating Expenses	<u>5,761,207</u>	<u>5,464,333</u>	<u>296,874</u>
<b>OPERATING INCOME</b>	871,606	1,146,202	(274,596)
Nonoperating Revenues (Expenses)	150,188	144,827	5,361
Capital Contributions	8,012,023	6,685,954	1,326,069
Transfers to Municipality	<u>(348,233)</u>	<u>(253,115)</u>	<u>(95,118)</u>
<b>CHANGE IN NET POSITION</b>	8,685,584	7,723,868	961,716
Net Position - Beginning of Year	<u>86,647,273</u>	<u>78,923,405</u>	<u>7,723,868</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 95,332,857</u>	<u>\$ 86,647,273</u>	<u>\$ 8,685,584</u>

In 2022 the water utility's operating revenues increased by \$22,278 or 0.3% from \$6,610,535 in 2021 to \$6,632,813. The increase in operating revenues is the result of a water rate increase in 2022, offset by a decrease in water gallons sold. Operating expenses increased \$296,874 or 5.4%. The increase in expenses is the result of an increase in operation, customer, and administrative expenses of \$213,819 and an increase in depreciation expense of \$83,055. Nonoperating income increased \$5,361 from \$144,827 to \$150,188 reflecting a decrease in investment income of \$39,735 and an increase in the municipal contribution to the City of Shakopee, offset by an increase in miscellaneous income of \$38,257. Capital contributions increased \$1,326,069, primarily due to increases in water connection fees of \$3,031,301, offset by a decrease in trunk water fees of \$247,781 and contributed capital water mains of \$1,513,914.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**



Year	Residential	Commercial	Industrial	Other
2015	\$ 2,420,817	\$ 1,124,593	\$ 227,314	\$ 516,124
2016	2,560,074	1,173,447	248,672	591,120
2017	2,804,902	1,380,349	281,240	718,998
2018	3,043,443	1,496,789	306,868	759,531
2019	2,844,970	1,322,398	268,467	433,911
2020	3,257,458	1,358,234	259,951	706,486
2021	3,684,101	1,769,298	304,968	846,419
2022	3,780,680	1,710,132	309,566	828,935

Sales of water (without bad debt) increased in 2022 by \$24,527 or 0.3%. The increase in operating revenues is the result of an increase in water rates in 2022, offset slightly by a decrease in water gallons sold. The water utility added 204 new customers in 2022.

Water gallons pumped in 2022 totaled 2,006,943 thousand gallons as compared to 2,080,182 thousand gallons in 2021, reflecting a decrease of 3.52% for the year 2022. Water gallons sold including hydrant sales in 2022 totaled 1,864,700 thousand gallons as compared to 1,961,462 thousand gallons in 2021, reflecting a decrease of 4.9% for the year 2022. Water operating revenues excluding reconstruction fees totaled \$5,850,411 in 2022 as compared to \$5,788,799 in 2021, an increase of 1.1%.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**WATER DEMAND**

The following is the average daily demand and peak daily demand for the past ten years.

Year	Demand (MGD)	Peak Daily Demand (MGD)
2022	5.498	13.254
2021	5.699	14.655
2020	4.927	12.810
2019	4.559	11.149
2018	5.054	11.122
2017	4.873	13.234
2016	4.792	11.582
2015	4.556	9.936
2014	4.631	10.878
2013	4.987	13.379

**WATER METERS/PRODUCTION**

The following shows the number of meters and production for the water utility for the past ten years.

Year	Average Daily Water Pumped (Gallons)	Service Population*	Total Service Connections	Residential Usage	Non-Residential Usage
2022	5,498,474	40,096	12,057	61	39
2021	5,699,129	39,592	11,853	61	39
2020	4,927,033	38,506	11,741	64	34
2019	4,559,496	38,506	11,567	60	40
2018	5,053,767	38,519	11,438	59	41
2017	4,873,381	37,643	11,299	59	41
2016	4,792,447	37,254	11,277	60	40
2015	4,555,603	37,254	11,170	60	40
2014	4,631,167	35,300	11,085	62	38
2013	4,987,855	35,120	10,956	62	38

\*Total City Population per Metropolitan Council estimates less population served by private and community wells.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

**TABLE 5  
CONDENSED STATEMENT OF CASH FLOWS – ELECTRIC UTILITY**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 11,383,461	\$ 6,857,353
Noncapital Financing Activities	(3,751,023)	(2,138,358)
Capital and Related Financing Activities	(5,818,341.00)	(4,705,017)
Investing Activities	<u>1,582,877</u>	<u>(1,451,237)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,396,974	(1,437,259)
Cash and Cash Equivalents - Beginning of Year	<u>246,083</u>	<u>1,683,342</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 3,643,057</u></u>	<u><u>\$ 246,083</u></u>

**TABLE 6  
CONDENSED STATEMENT OF CASH FLOWS – WATER UTILITY**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM:</b>		
Operating Activities	\$ 372,409	\$ 4,787,465
Noncapital Financing Activities	200,000	(200,000)
Capital and Related Financing Activities	2,781,099	(815,324)
Investing Activities	<u>(970,472)</u>	<u>(748,840)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,383,036	3,023,301
Cash and Cash Equivalents - Beginning of Year	<u>4,326,792</u>	<u>1,303,491</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 6,709,828</u></u>	<u><u>\$ 4,326,792</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**UTILITY FINANCIAL ANALYSIS (CONTINUED)**

**TABLE 7  
CAPITAL ASSETS – ELECTRIC UTILITY**

	2022	2021
<b>CAPITAL ASSETS</b>		
Distribution	\$ 62,205,179	\$ 59,836,793
General	22,042,239	18,826,212
Total Capital Assets	84,247,418	78,663,005
Less: Accumulated Depreciation	(36,017,540)	(33,113,187)
Construction in Progress	4,723,154	3,808,757
Net Capital Assets	\$ 52,953,032	\$ 49,358,575

The electric utility's net capital assets increased \$3,594,457 or 7.3% from 2021. Capital assets increased \$5,584,413 due to investments in new underground construction and transformation driven by new development, substation improvements, capital equipment, and the addition to the service center. These increases were offset by increases in accumulated depreciation of \$2,904,353 and increases in construction in progress of \$914,397.

**TABLE 8  
CAPITAL ASSETS – WATER UTILITY**

	2022	2021
<b>CAPITAL ASSETS</b>		
Distribution	\$ 83,903,927	\$ 77,079,402
General	1,941,394	1,910,454
Total Capital Assets	85,845,321	78,989,856
Less: Accumulated Depreciation	(26,564,937)	(24,703,988)
Construction in Progress	3,080,980	4,951,865
Net Capital Assets	\$ 62,361,364	\$ 59,237,733

During 2022, the water utility's net capital assets increased by \$3,123,634 or 5.3% from 2021. Distribution and other assets increased by \$6,855,465 due to investments in a water tank and pumping equipment and contributed watermains. In addition, construction in progress decreased \$1,870,885. These changes in the value of assets were offset by accumulated depreciation of \$1,860,946.

Please refer to the notes to the financial statements for further detail of the utilities' capital assets.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2022**

**LONG-TERM DEBT**

The electric and water utilities have no bonds outstanding as of December 31, 2022. The Shakopee Public Utilities Commission approved defeasance of the remaining bond issue outstanding consisting of \$7,590,000 Crossover Refunding Net Revenue Bonds, Series 2006 as of February 1, 2018.

If the commission were to issue bonds, they would be payable from and secured by a pledge of income and revenue to be derived from the operation of the electric and water utilities and are primarily issued for various infrastructure projects. Expansion of the water and electric utilities is dependent on (1) cash flow from operations (after expenses) for the electric utilities, (2) special water connection and trunk charges for the water utilities, and (3) the ability to access the capital markets to borrow funds. Bonds are issued only on an as needed basis and for projects described within the capital improvement program approved annually by the Commission.

Issued Bonds are limited obligations of the Shakopee Public Utilities Commission, payable solely from net revenues of the Commission. The Bonds are not general obligations of the Commission, and neither the full faith and credit nor the taxing powers of the City of Shakopee, the County.

**CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS**

The City of Shakopee is located approximately 25 miles southwest of downtown Minneapolis. Shakopee is the county seat of Scott County. The City was organized in 1870 and became a statutory city, Plan A, in April 1975. It is organized under a mayor/council form of government as outlined in Minnesota Statutes 412. A Mayor is elected for a four-year term and four City Council Members are elected to staggered four-year terms. The community is served by US No. 169 and Scott County Highway No. 101; US No. 169 connects Scott County with Hennepin County and the Metro Center of Minneapolis-Saint Paul.

The City Council has the obligation to appoint the members to the Shakopee Public Utilities Commission.

**CONTACTING UTILITY MANAGEMENT**

This financial report is designed to provide our customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need additional financial information, contact the Director of Finance and Administration, Post Office Box 470, 255 Sarazin Street, Shakopee, Minnesota 55379.

General information relating to the Shakopee Public Utilities can be found at the Utility web site: <https://www.spucweb.com>.

## **FINANCIAL STATEMENTS**



**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

<b>ASSETS</b>	2022			2021
	Electric	Water	Total	Total
<b>CURRENT ASSETS</b>				
Cash and Investments	\$ 45,030,615	\$ 13,657,068	\$ 58,687,683	\$ 55,539,293
Emergency Repairs	100,000	-	100,000	100,000
Accrued Interest Receivable	89,019	32,048	121,067	49,977
Customer Accounts Receivable	5,168,856	422,231	5,591,087	4,626,649
Allowance for Uncollectible Amounts	(80,288)	(25,167)	(105,455)	(113,203)
Other Accounts Receivable	364,160	2,356,989	2,721,149	2,725,621
Due from City of Shakopee	637,579	65,578	703,157	108,769
Due from Other Fund	-	-	-	200,000
Inventory	1,844,103	37,229	1,881,332	1,471,972
Prepaid Expenses	171,420	18,869	190,289	76,179
Lease Receivable	-	118,983	118,983	-
Total Current Assets	53,325,464	16,683,828	70,009,292	64,785,257
<b>NONCURRENT ASSETS</b>				
Restricted Assets:				
Customer Deposit Accounts	1,636,108	95,282	1,731,390	1,698,719
Connection Account	-	16,882,468	16,882,468	15,774,600
Water Reconstruction Account	-	1,751,774	1,751,774	1,904,156
Lease Receivable	-	1,651,211	1,651,211	-
Capital Assets:				
Plant in Service	84,247,418	85,845,321	170,092,739	157,652,861
Accumulated Depreciation	(36,017,540)	(26,564,937)	(62,582,477)	(57,817,178)
Construction in Progress	4,723,154	3,080,980	7,804,134	8,760,622
Total Noncurrent Assets	54,589,140	82,742,099	137,331,239	127,973,780
Total Assets	107,914,604	99,425,927	207,340,531	192,759,037
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension Related Amounts	1,205,443	536,023	1,741,466	1,972,247
Total Assets and Deferred Outflows Resources	\$ 109,120,047	\$ 99,961,950	\$ 209,081,997	\$ 194,731,284

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION (CONTINUED)**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)**

<b>LIABILITIES</b>	2022			2021
	Electric	Water	Total	Total
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 4,632,238	\$ 374,138	\$ 5,006,376	\$ 5,124,919
Due to City of Shakopee	563,284	-	563,284	272,757
Due to Other Fund	-	-	-	200,000
Other Current Liabilities	648,383	275,551	923,934	398,457
Total Current Liabilities	5,843,905	649,689	6,493,594	5,996,133
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>				
	1,636,108	95,282	1,731,390	1,698,719
<b>NONCURRENT LIABILITIES</b>				
Customer Advances	850,592	442,795	1,293,387	1,270,254
Net Pension Liability	3,662,141	1,628,441	5,290,582	2,707,464
Total Noncurrent Liabilities	4,512,733	2,071,236	6,583,969	3,977,718
Total Liabilities	11,992,746	2,816,207	14,808,953	11,672,570
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease Receivable	-	1,747,681	1,747,681	-
Regulatory Collections to Cover Future Costs	189,722	-	189,722	182,161
Pension Related Amounts	146,637	65,205	211,842	2,697,572
Total Deferred Inflows of Resources	336,359	1,812,886	2,149,245	2,879,733
<b>NET POSITION</b>				
Net Investment in Capital Assets	52,953,032	62,361,364	115,314,396	108,596,305
Restricted	-	18,729,524	18,729,524	17,775,005
Unrestricted	43,837,910	14,241,969	58,079,879	53,807,671
Total Net Position	96,790,942	95,332,857	192,123,799	180,178,981
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 109,120,047	\$ 99,961,950	\$ 209,081,997	\$ 194,731,284

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	2022			2021
	Electric	Water	Total	Total
<b>OPERATING REVENUES</b>				
Sales	\$ 58,908,998	\$ 6,632,813	\$ 65,541,811	\$ 59,347,234
<b>OPERATING EXPENSES</b>				
Operation, Customer and Administrative	50,153,637	3,900,258	54,053,895	47,814,384
Depreciation of Capital Assets	2,950,002	1,860,949	4,810,951	4,259,986
Total Operating Expenses	<u>53,103,639</u>	<u>5,761,207</u>	<u>58,864,846</u>	<u>52,074,370</u>
<b>OPERATING INCOME</b>	5,805,359	871,606	6,676,965	7,272,864
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Rentals and Miscellaneous	987,452	209,713	1,197,165	336,470
Interdepartmental Rent from Water	90,000	-	90,000	90,000
Investment Income	(934,228)	(59,378)	(993,606)	(188,455)
Interest Expense	(2,548)	(147)	(2,695)	(4,139)
Gain (Loss) on Disposition of Property	25,000	-	25,000	31,057
Total Nonoperating Revenues (Expenses)	<u>165,676</u>	<u>150,188</u>	<u>315,864</u>	<u>264,933</u>
Income Before Contributions and Transfers	5,971,035	1,021,794	6,992,829	7,537,797
Capital Contributions	726,118	8,012,023	8,738,141	6,784,885
Free Electric Service to the City of Shakopee	138,104	-	138,104	116,313
Municipal Contributions	<u>(3,576,023)</u>	<u>(348,233)</u>	<u>(3,924,256)</u>	<u>(2,623,218)</u>
<b>CHANGE IN NET POSITION</b>	3,259,234	8,685,584	11,944,818	11,815,777
Net Position - Beginning of Year	<u>93,531,708</u>	<u>86,647,273</u>	<u>180,178,981</u>	<u>168,363,204</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 96,790,942</u>	<u>\$ 95,332,857</u>	<u>\$ 192,123,799</u>	<u>\$ 180,178,981</u>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	2022			2021
	Electric	Water	Total	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 60,614,923	\$ 4,693,649	\$ 65,308,572	\$ 58,797,862
Payments to Employees	(3,200,796)	(1,462,872)	(4,663,668)	(5,491,512)
Payments to Suppliers	(46,030,666)	(2,858,368)	(48,889,034)	(41,661,532)
Net Cash Provided by Operating Activities	11,383,461	372,409	11,755,870	11,644,818
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments to City of Shakopee	(3,576,023)	-	(3,576,023)	(2,370,103)
Proceeds from Sale of Assets	25,000	-	25,000	31,745
Transfers Between Funds	(200,000)	200,000	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,751,023)	200,000	(3,551,023)	(2,338,358)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Leasing Activities	-	101,892	101,892	-
Acquisition of Capital Assets	(5,818,341)	2,175,544	(3,642,797)	(8,732,485)
Installation Fees	-	139,561	139,561	83,098
Connection Charges	-	-	-	2,517,163
Trunk Charges	-	364,102	364,102	611,883
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,818,341)	2,781,099	(3,037,242)	(5,520,341)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of Investments	2,570,802	(893,701)	1,677,101	(2,057,317)
Interest and Dividends Received	(987,925)	(76,771)	(1,064,696)	(142,760)
Net Cash Provided (Used) by Investing Activities	1,582,877	(970,472)	612,405	(2,200,077)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				
	3,396,974	2,383,036	5,780,010	1,586,042
Cash and Cash Equivalents - Beginning of Year	246,083	4,326,792	4,572,875	2,986,833
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,643,057</b>	<b>\$ 6,709,828</b>	<b>\$ 10,352,885</b>	<b>\$ 4,572,875</b>

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	2022			2021
	Electric	Water	Total	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS OPERATING ACTIVITIES</b>				
Operating Income	\$ 5,805,359	\$ 871,606	\$ 6,676,965	\$ 7,272,864
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:				
Free Electric Service to City of Shakopee	138,104	-	138,104	116,313
Nonoperating Revenues	1,074,904	85,161	1,160,065	422,331
Depreciation Expense	2,950,002	1,860,949	4,810,951	4,260,677
Pension Related Activity	236,770	91,399	328,169	(346,012)
Allowance for Uncollectible Accounts	-	(7,373)	(7,373)	(21,375)
Change in Assets and Liabilities				
Customer Accounts Receivable	(935,030)	(29,783)	(964,813)	(455,944)
Other Accounts Receivable	2,020,885	(2,016,413)	4,472	(1,538,766)
Due from City of Shakopee	(556,002)	(38,386)	(594,388)	3,905
Inventory	(403,884)	(5,476)	(409,360)	(436,027)
Prepaid Items	(114,791)	681	(114,110)	(11,236)
Accounts Payable	479,847	(598,390)	(118,543)	1,852,879
Customer Deposits	(33,638)	(967.00)	(34,605)	710,040
Unearned Revenue	7,561	-	7,561	(1,825)
Customer Advances	(10,859)	67,630.0	56,771	210,536
Due to City of Shakopee	342,836	(52,309.0)	290,527	(258,988)
Other Liabilities	381,397	144,080	525,477	(134,554)
Total Adjustments	<u>5,578,102</u>	<u>(499,197)</u>	<u>5,078,905</u>	<u>4,371,954</u>
Net Cash Provided by Operating Activities	<u>\$ 11,383,461</u>	<u>\$ 372,409</u>	<u>\$ 11,755,870</u>	<u>\$ 11,644,818</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>				
Customer Deposits Account	\$ 1,636,108	\$ 95,282	\$ 1,731,390	\$ 1,698,719
Emergency Repairs Account	100,000	-	100,000	100,000
Connection Account	-	16,882,468	16,882,468	15,774,600
Water Reconstruction Account	-	1,751,774	1,751,774	1,904,156
Cash and Investments	45,030,615	13,657,068	58,687,683	55,539,293
Total	<u>46,766,723</u>	<u>32,386,592</u>	<u>79,153,315</u>	<u>75,016,768</u>
Less: Long-Term Investments	<u>(43,123,666)</u>	<u>(25,676,764)</u>	<u>(68,800,430)</u>	<u>(70,443,893)</u>
Total Cash and Cash Equivalents	<u>\$ 3,643,057</u>	<u>\$ 6,709,828</u>	<u>\$ 10,352,885</u>	<u>\$ 4,572,875</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Contributions of Capital Assets from the Municipality and Developers	\$ 726,118	\$ -	\$ 726,118	\$ 527,653
Free Electric Service to City of Shakopee	138,104	-	138,104	114,758

See accompanying Notes to Basic Financial Statements.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The electric and water utilities of the Shakopee Public Utilities Commission (the "Commission") are self-supporting entities and collectively comprise separate enterprise funds of the City of Shakopee (the "City"). The Commission provides electric and water operations to properties within the City as well as electric distribution to certain other areas outside of the City. The Commission accounts for the costs of electric and water operations on a continuing basis and is managed by the Commission. The Commission consists of five members who serve three-year terms.

Customer and service rates are established by the Commission.

**FUND FINANCIAL STATEMENTS**

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

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**DESCRIPTION OF FUNDS**

Proprietary Funds:

- Electric Fund - This fund accounts for the operations of the Commission's electric utility.
- Water Fund - This fund accounts for the operations of the Commission's water utility.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric and Water Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY**

**1. DEPOSITS AND INVESTMENTS**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The Commission's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorizes the Commission to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the Commission are reported at fair value as disclosed in Note 2. The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**2. RECEIVABLES AND PAYABLES**

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the Commission and other funds of the City are reported as receivables from or payables to the City. An allowance for uncollectible accounts is used to account for delinquent customer balances greater than 120 days overdue as of December 31, 2022. Bad debts are expensed annually when deemed uncollectible.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURNCES, AND NET POSITION OR EQUITY (CONTINUED)**

**3. INVENTORY, PREPAID ITEMS, AND OTHER ASSETS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Inventory is valued at average cost and using the first-in, first-out (FIFO) method.

Other assets include the Emergency Repairs Account, and the asset and related amortization relating to the Electric Plant Acquisition.

**4. RESTRICTED ASSETS**

Customer Deposit Account - Restricted resources from customers required to deposit monies before the Commission will begin electric or water service. These deposits are subject to repayment when the customer leaves the Commission's service area.

Connection Account - Restricted resources, per enabling legislation, to be used for future expansion of the water system.

Water Reconstruction Account - Restricted resources to be used for future water reconstruction projects.

**5. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the proprietary fund financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of capital assets constructed.

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

Property, plant, and equipment of the Commission are depreciated using a half year convention the first year with the straight-line method over the remaining estimated useful lives.

	<u>Years</u>
Electric	
Distribution	10 - 40
General	4 - 20
Water	
Distribution	20 - 75
General	4 - 40



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**6. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Commission has one item that qualifies for reporting in this category. The Commission presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. The Commission presents deferred inflows of resources on the Statement(s) of Net Position for deferred inflows of resources related to pensions and leases receivable.

**7. Leases**

During the year ended December 31, 2022, the Commission adopted Governmental Accounting Standards Board Statement No. 87 – Leases. For lease payables, the Commission determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Commission's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Commission will exercise that option.

The Commission has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Commission has elected to use their incremental borrowing rate to calculate the present value of expected lease payments. The Commission did not restate the summarized comparative column for the year ended December 31, 2021, as it was determined to not be practicable.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**8. ELECTRIC PLANT ACQUISITION**

The Commission acquired a plant from Minnesota Valley Electric Cooperative, including legal, engineering, and plant costs, which was amortized over 25 years using the straight-line method and is shown net of the accumulated amortization and depreciation on the Statement of Net Position. The electric plant became fully amortized in 2015.

**9. CUSTOMER ADVANCES FOR CONSTRUCTION**

This account represents customer advances for construction which may be refundable in part or in whole.

**10. CUSTOMER DEPOSITS**

This account represents required deposits to be used to guaranty electric and water utility billings.

**11. COMPENSATED ABSENCES**

Commission employees earn vacation time based on years of Commission service. Employees also can earn compensatory time for hours worked above 80 hours per pay period. A liability has been recorded in the Statement of Net Position for accrued vacation and compensatory pay. Employees also earn sick leave which is paid out at separation to the employee's HCSP based on years of Commission service..

**12. PENSIONS**

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

**13. LONG-TERM OBLIGATIONS**

Long-term debt and other obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

**14. CAPITAL CONTRIBUTIONS**

Cash and capital assets are contributed to the Commission from customers, the municipality, or external parties. The value of property contributed to the utility is reported as revenues on the statement of revenues, expenses, and changes in fund net position.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND  
NET POSITION OR EQUITY (CONTINUED)**

**15. MUNICIPAL CONTRIBUTIONS**

Municipal contributions include the contribution in lieu of taxes to the municipality and free service to the municipality for streetlights.

**16. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net Position is reported as restricted in the financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**17. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**18. COMPARATIVE DATA**

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended December 31, 2021, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

**NOTE 2 CASH AND INVESTMENTS**

Cash balances of the Commission's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

In accordance with applicable *Minnesota Statutes*, the Commission maintains deposits at depository banks authorized by the Commission Board.

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**A. Deposits**

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission has a deposit policy that requires the Commission's deposits to be collateralized as required by *Minnesota Statutes* 118.03 for an amount exceeding FDIC, SAIF, BIF, FCUA, or other federal deposit coverage. As of December 31, 2022, the Commission's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Commission's name.

The Commission's deposits had a book balance as follows:

	2022
Checking	\$ 10,351,284
CDARS	5,651,499
Money Market	241,195
Total Deposits	\$ 16,243,978

**B. Investments**

As of December 31, 2022, the Commission had the following investments:

			Years to Maturity			
			Less than 1 Year	1-5 Years	Over 5 Years	No Maturity
U.S. Agencies	AAA	\$ 8,376,951	\$ 3,235,386	\$ 4,696,993	\$ 444,572	\$ -
U.S. Treasuries	N/A	36,059,472	12,211,275	23,848,197	-	-
Commercial Paper	N/A	4,327,076	4,327,076	-	-	-
4M Fund	NR	1,374,049	-	-	-	1,374,049
4M Plus Fund	NR	8,127,729	-	-	-	8,127,729
Municipal Bonds	AA	797,155	-	797,155	-	-
Money Market	NR	3,845,305	-	-	-	3,845,305
Total		\$ 62,907,737	\$ 19,773,737	\$ 29,342,345	\$ 444,572	\$ 13,347,083

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

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>	<b>Total</b>			
U.S. Agencies	\$ 8,376,951	\$ -	\$ 8,376,951	\$ -
U.S. Treasuries	36,059,472	36,059,472	-	-
Commercial Paper	4,327,076	-	4,327,076	-
Municipal Bonds	797,155	-	797,155	-
Total	49,560,654	\$ 36,059,472	\$ 13,501,182	\$ -
Investments Measured at Amortized Cost	13,347,083			
Total Investments	\$ 62,907,737			

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

B. Investments (Continued)

The Commission has a formal investment policy in place as of December 31, 2022, to address the following risks:

*Credit Risk* - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes 118A.04 and 118A.05 limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The Commission's policy states to ensure safety, it is the policy of the Shakopee Public Utilities Commission that when considering an investment, all depositories under consideration be cross-checked against existing investments to make certain that funds in excess of insurance limits are not made in the same institution unless collateralized as outlined below. Furthermore, the Shakopee Public Utilities Commission will approve all financial institutions, brokers, and advisers with which the Shakopee Public Utilities Commission will do business.

*Concentration of Credit Risk – Investments* - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota, and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

As of December 31, 2022, the Commission was not exposed to concentration of credit risk. U.S. Treasuries and investments in external investment pools and money markets are excluded from this requirement.

*Interest Rate Risk* - This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The Commission's policy states it will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

*Custodial Credit Risk- Investments* - This is the risk that, in the event of the failure of the counterparty, the Commission will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Commission's policy states they will minimize risk by only purchasing investments that are held in safekeeping with a Federal Reserve bank, United States Bank with corporate trust powers, a primary reporting dealer to the Federal Reserve Bank of New York, or a broker dealer having its principal executive office in Minnesota and that designated brokers have insurance through the SIPC (Securities Investor Protection Corporation).

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Deposits and Investments**

Summary of cash, deposits, and investments as of December 31, 2022:

Deposit (Note 2.A)	\$ 16,243,978
Investments (Note 2.B.)	62,907,737
Petty Cash	<u>1,600</u>
Total Deposits	<u><u>\$ 79,153,315</u></u>

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of Net Position	
Current Assets	
Cash and Investments	\$ 58,687,683
Noncurrent Assets	
Restricted Assets	
Customer Deposit Account	1,731,390
Connection Account	16,882,468
Water Reconstruction Account	1,751,774
Other Assets	
Emergency Repairs Account	100,000
Total	<u><u>\$ 79,153,315</u></u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3 CAPITAL ASSETS**

Electric capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and Land Rights	\$ 4,381,196	\$ -	\$ -	\$ 4,381,196
Construction in Progress	3,808,757	3,934,952	(3,020,555)	4,723,154
Total Capital Assets Not Being Depreciated	8,189,953	3,934,952	(3,020,555)	9,104,350
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Distribution	59,006,926	2,368,385	-	61,375,311
General	15,274,883	3,261,677	(45,649)	18,490,911
Total Capital Assets Being Depreciated	74,281,809	5,630,062	(45,649)	79,866,222
Less: Accumulated Depreciation	(33,113,187)	(2,950,002)	45,649	(36,017,540)
Total Capital Assets Being Depreciated, Net	41,168,622	2,680,060	-	43,848,682
Capital Assets, Net	<u>\$ 49,358,575</u>	<u>\$ 6,615,012</u>	<u>\$ (3,020,555)</u>	<u>\$ 52,953,032</u>

Water capital asset activity for the year ended December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>CAPITAL ASSETS NOT BEING DEPRECIATED</b>				
Land and Land Rights	\$ 1,948,506	\$ -	\$ -	\$ 1,948,506
Construction in Progress	4,951,865	2,413,464	(4,284,349)	3,080,980
Total Capital Assets Not Being Depreciated	6,900,371	2,413,464	(4,284,349)	5,029,486
<b>CAPITAL ASSETS BEING DEPRECIATED</b>				
Distribution	75,130,896	6,824,525	-	81,955,421
General	1,910,454	30,940	-	1,941,394
Total Capital Assets Being Depreciated	77,041,350	6,855,465	-	83,896,815
Less: Accumulated Depreciation	(24,703,988)	(1,860,949)	-	(26,564,937)
Total Capital Assets Being Depreciated, Net	52,337,362	4,994,516	-	57,331,878
Capital Assets, Net	<u>\$ 59,237,733</u>	<u>\$ 7,407,980</u>	<u>\$ (4,284,349)</u>	<u>\$ 62,361,364</u>

Depreciation expense for 2022 for Electric and Water totaled \$2,950,002 and \$1,860,946, respectively.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 4 MUNICIPAL RECEIVABLES, PAYABLES, AND CONTRIBUTIONS**

Amounts receivable from and payable to the City of Shakopee as of December 31, 2022, are as follows:

<u>Receivable Fund/Municipality</u>	<u>Payable Fund/Municipality</u>	<u>Amount</u>
Electric Fund	City of Shakopee	\$ 637,579
City of Shakopee	Electric Fund	563,284
Water Fund	City of Shakopee	65,578
City of Shakopee	Water Fund	-

The receivables and payables generally represent billing expenses, general operating expenses, and capital projects.

The composition of municipal contributions as of December 31, 2022, was as follows:

<u>Contributions To</u>	<u>Contributions From</u>	<u>Amount</u>
City of Shakopee	Electric Fund	\$ 3,576,023
City of Shakopee	Water Fund	348,233
Total		<u>\$ 3,924,256</u>

Contributions were made from the Water and Electric Funds to the City for contributions in lieu of taxes and for free service to the City.

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE**

**A. Plan Description**

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

**1. General Employees Retirement Fund**

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



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

**B. Benefits Provided**

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

**1. General Employees Plan Benefits**

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

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

**C. Contributions**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

**1. General Employees Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the Commission was required to contribute 7.50% for Coordinated Plan members. The Commission's contributions to the General Employees Fund for the year ended December 31, 2022, were \$401,135. The Commission's contributions were equal to the required contributions as set by state statute.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

D. Pension Costs

**1. General Employees Fund Pension Costs**

At December 31, 2022, the Commission reported a liability of \$5,290,582 for its proportionate share of the General Employees Fund's net pension liability. The Commission's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Commission totaled \$155,198.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The Commission's proportion was .0668% at the end of the measurement period and .0634% for the beginning of the period.

Commission's Proportionate Share of the Net Pension Liability	\$	5,290,582
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the Commission		155,198
Total		\$ 5,445,780

For the year ended December 31, 2022, the Commission recognized pension expense of \$729,766 for its proportionate share of the General Employees Plan's pension expense.

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 44,191	\$ 56,516
Changes in Actuarial Assumptions	1,197,355	21,518
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	91,770	-
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	203,900	133,808
Commission Contributions Subsequent to the Measurement Date	204,250	-
Total	\$ 1,741,466	\$ 211,842

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

D. Pension Costs (Continued)

\$204,250 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Pension Expense Amount</u>
2022	\$ 504,875
2023	463,380
2024	(121,337)
2025	478,456

E. Long-Term Expected Return on Investments

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Totals	<u>100.0 %</u>	

F. Actuarial Assumptions

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

F. Actuarial Assumptions (Continued)

Inflation is assumed to be 2.25 percent for the General Employees Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan through December 31, 2054 and 1.5 percent thereafter.

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

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

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

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

**General Employees Fund**

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was 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.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 DEFINED-BENEFIT PENSION PLAN - STATEWIDE (CONTINUED)**

H. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
General Employees Fund Discount Rate	5.50 %	6.50 %	7.50 %
Commission's Proportionate Share of the General Employees Fund Net Pension Liability	\$ 8,356,751	\$ 5,290,582	\$ 2,775,850

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6 LEASES**

The Commission, acting as lessor, leases water tower space for cellular services under long-term, non-cancelable lease agreements. The leases expire at various dates through 2038. During the year ended December 31, 2022, the Commission recognized \$146,918 and \$26,879 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments of either 3 percent or 4 percent.

The future minimum lease payments to be received under lease agreements are as follows:

Year Ending	Principal	Interest
2023	\$ 118,983	\$ 26,078
2024	125,704	24,478
2025	132,701	22,787
2026	139,984	21,002
2027	147,564	19,118
2028-2032	545,400	68,844
2033-2037	454,519	31,043
2038-2039	105,339	2,599
Total Minimum Lease Payments	\$ 1,770,194	\$ 215,949

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 7 RISK MANAGEMENT**

The Commission is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, workers compensation, and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Commission's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2022 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 8 COMMITMENTS**

The Commission has in process various multi-year construction projects which were not completed in the current fiscal year. As of December 31, 2022, outstanding commitments for these multi-year projects total approximately \$3,365,217.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
GENERAL EMPLOYEES FUND SCHEDULE OF THE COMMISSION'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
YEAR ENDED DECEMBER 31, 2022**

	Measurement Date June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Commission's Proportion of the Net Pension Liability	0.0668 %	0.0634 %	0.0678 %	0.0639 %	0.0645 %	0.0644 %	0.0621 %	0.0608 %
Commission's Proportionate Share of the Net Pension Liability	\$ 5,290,582	\$ 2,707,464	\$ 4,064,920	\$ 3,532,888	\$ 3,578,196	\$ 4,111,253	\$ 5,042,212	\$ 3,150,972
State's Proportionate Share of the Net Pension Liability Associated with the Commission	155,198	82,761	125,364	109,829	117,344	51,656	65,842	-
Total	<u>\$ 5,445,780</u>	<u>\$ 2,790,225</u>	<u>\$ 4,190,284</u>	<u>\$ 3,642,717</u>	<u>\$ 3,695,540</u>	<u>\$ 4,162,909</u>	<u>\$ 5,108,054</u>	<u>\$ 3,150,972</u>
Commission's Covered Payroll	\$ 5,009,118	\$ 4,553,229	\$ 3,516,627	\$ 3,854,427	\$ 4,145,653	\$ 4,333,280	\$ 3,854,427	\$ 3,516,627
Commission's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	105.62 %	59.46 %	115.59 %	91.66 %	86.31 %	94.88 %	130.82 %	89.60 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67 %	87.00 %	79.06 %	80.23 %	79.53 %	75.90 %	68.91 %	78.19 %

The Amounts Presented for Each Fiscal Year were determined as of 6/30.

Ten years of data is not yet available, but years will be added going forward until ten years are present.



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
GENERAL EMPLOYEES FUND SCHEDULE OF COMMISSION CONTRIBUTIONS  
YEAR ENDED DECEMBER 31, 2022**

	Fiscal Year Ended December 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily Required Contribution	\$ 401,135	\$ 359,999	\$ 360,080	\$ 350,018	\$ 339,188	\$ 315,791	\$ 299,473	\$ 277,221
Contributions in Relation to the Statutorily Required Contribution	(401,135)	(359,999)	(360,080)	(350,018)	(339,188)	(315,791)	(299,473)	(277,221)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Commission's Covered Payroll	\$ 5,348,467	\$ 4,799,987	\$ 4,801,067	\$ 4,666,907	\$ 4,522,507	\$ 4,210,547	\$ 3,992,973	\$ 3,696,280
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

Ten years of data is not yet available, but years will be added going forward until ten years is present.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2022**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS**

**General Employees Fund**

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2020 Changes:

Changes in Actuarial Assumptions:

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2022**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

**General Employees Fund (Continued)**

Changes in Plan Provisions:

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

2019 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

2018 Changes:

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2022**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

**General Employees Fund (Continued)**

2017 Changes:

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.

2017 Changes (Continued):

Changes in Actuarial Assumptions (Continued):

- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

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

2016 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2022**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS  
(CONTINUED)**

**General Employees Fund (Continued)**

Changes in Plan Provisions:

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

**SUPPLEMENTARY INFORMATION  
ELECTRIC UTILITY FUND**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – ELECTRIC UTILITY**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

<b>ASSETS</b>	2022	2021
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 45,030,615	\$ 44,204,443
Emergency Repairs	100,000	100,000
Accrued Interest Receivable	89,019	35,322
Customer Accounts Receivable	5,168,856	4,234,201
Allowance for Uncollectible Amounts	(80,288)	(80,663)
Other Accounts Receivable	364,160	2,385,045
Due from City of Shakopee	637,579	81,577
Inventory	1,844,103	1,440,219
Prepaid Expenses	171,420	56,629
Total Current Assets	53,325,464	52,456,773
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	1,636,108	1,602,470
Capital Assets:		
Plant in Service	84,247,418	78,663,005
Accumulated Depreciation	(36,017,540)	(33,113,187)
Construction in Progress	4,723,154	3,808,757
Total Noncurrent Assets	54,589,140	50,961,045
Total Assets	107,914,604	103,417,818
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	1,205,443	1,359,667
Total Assets and Deferred Outflows Resources	\$ 109,120,047	\$ 104,777,485

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – ELECTRIC UTILITY (CONTINUED)**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

<b>LIABILITIES</b>	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 4,632,238	\$ 4,152,391
Due to City of Shakopee	563,284	220,448
Due to Other Fund	-	200,000
Other Current Liabilities	648,383	266,986
Total Current Liabilities	5,843,905	4,839,825
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>		
	1,636,108	1,602,470
<b>NONCURRENT LIABILITIES</b>		
Customer Advances	850,592	895,089
Net Pension Liability	3,662,141	1,866,526
Total Noncurrent Liabilities	4,512,733	2,761,615
Total Liabilities	11,992,746	9,203,910
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Regulatory Collections to Cover Future Costs	189,722	182,161
Pension Related Amounts	146,637	1,859,706
Total Deferred Inflows of Resources	336,359	2,041,867
<b>NET POSITION</b>		
Net Investment in Capital Assets	52,953,032	49,358,575
Unrestricted	43,837,910	44,173,133
Total Net Position	96,790,942	93,531,708
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 109,120,047	\$ 104,777,485



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION – ELECTRIC UTILITY  
YEAR ENDED DECEMBER 31, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Sales	\$ 58,908,998	\$ 52,736,699
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	50,153,637	44,127,945
Depreciation of Capital Assets	<u>2,950,002</u>	<u>2,482,092</u>
Total Operating Expenses	<u>53,103,639</u>	<u>46,610,037</u>
<b>OPERATING INCOME</b>	5,805,359	6,126,662
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	987,452	171,815
Interdepartmental Rent from Water	90,000	90,000
Investment Income	(934,228)	(168,812)
Interest Expense	(2,548)	(3,954)
Gain (Loss) on Disposition of Property	<u>25,000</u>	<u>31,057</u>
Total Nonoperating Revenues (Expenses)	<u>165,676</u>	<u>120,106</u>
Income Before Contributions and Transfers	5,971,035	6,246,768
Capital Contributions	726,118	98,931
Free Electric Service to the City of Shakopp	138,104	116,313
Municipal Contributions	<u>(3,576,023)</u>	<u>(2,370,103)</u>
<b>CHANGE IN NET POSITION</b>	3,259,234	4,091,909
Net Position - Beginning of Year	<u>93,531,708</u>	<u>89,439,799</u>
<b>NET POSTION - END OF YEAR</b>	<u>\$ 96,790,942</u>	<u>\$ 93,531,708</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
STATEMENT OF CASH FLOWS – ELECTRIC UTILITY  
YEAR ENDED DECEMBER 31, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 60,614,923	\$ 50,943,298
Payments to Suppliers	(3,200,796)	(4,039,994)
Payments to Employees	<u>(46,030,666)</u>	<u>(40,045,951)</u>
Net Cash Flows Provided by Operating Activities	<u>11,383,461</u>	<u>6,857,353</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to City of Shakopee	(3,576,023)	(2,370,103)
Proceeds from Sale of Assets	25,000	31,745
Transfers Between Funds	<u>(200,000)</u>	<u>200,000</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>(3,751,023)</u>	<u>(2,138,358)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	<u>(5,818,341)</u>	<u>(4,705,017)</u>
Net Cash Flows Used by Capital and Related Financing Activities	<u>(5,818,341)</u>	<u>(4,705,017)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	2,570,802	(1,323,544)
Interest and Dividends Received	<u>(987,925)</u>	<u>(127,693)</u>
Net Cash Provided by Investing Activities	<u>1,582,877</u>	<u>(1,451,237)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	3,396,974	(1,437,259)
Cash and Cash Equivalents - Beginning of Year	<u>246,083</u>	<u>1,683,342</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,643,057</u>	<u>\$ 246,083</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – ELECTRIC UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	2022	2021
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 5,805,359	\$ 6,126,662
Adjustments to Reconcile Operating Income to Cash		
Provided by Operating Activities:		
Free Electric Service to City of Shakopee	138,104	116,313
Nonoperating Revenues	1,074,904	257,861
Depreciation Expense	2,950,002	2,482,782
Pension Related Activity	236,770	(484,600)
Allowance for Uncollectible Accounts	-	-
Change in Assets and Liabilities:		
Customer Accounts Receivable	(935,030)	(451,453)
Other Accounts Receivable	2,020,885	(2,326,901)
Due from City of Shakopee	(556,002)	3,369
Inventory	(403,884)	(437,922)
Prepaid Items	(114,791)	(8,230)
Accounts Payable	479,847	1,356,293
Customer Deposits	(33,638)	715,453
Unearned Revenue	7,561	(1,825)
Customer Advances	(10,859)	(106,218)
Due to City of Shakopee	342,836	(283,571)
Other Liabilities	381,397	(100,660)
Total Adjustments	5,578,102	730,691
Net Cash Provided by Operating Activities	\$ 11,383,461	\$ 6,857,353
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 1,636,108	\$ 1,602,470
Emergency Repairs Account	100,000	100,000
Cash and Investments	45,030,615	44,204,443
Total	46,766,723	45,906,913
Less: Investments	(43,123,666)	(45,660,830)
Total Cash and Cash Equivalents	\$ 3,643,057	\$ 246,083
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Contributions of Capital Assets from the Municipality and Developers	\$ 726,118	\$ 527,653
Free Electric Service to City of Shakopee	138,104	114,758

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – ELECTRIC UTILITY**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Sales of Electricity:		
Residential	\$ 21,548,095	\$ 19,996,991
Commercial	36,255,304	31,752,298
Uncollectible Accounts	<u>(71,335)</u>	<u>81,089</u>
Total Sales of Electricity	57,732,064	51,830,378
Forfeited Discounts	314,715	134,686
Free Service to City of Shakopee	138,104	116,313
Conservation Program	<u>862,219</u>	<u>771,635</u>
Total Operating Revenues	59,047,102	52,853,012
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Purchased Power	42,864,366	37,965,029
Distribution Operation Expenses	537,637	437,040
Distriution System Maintenance	809,858	779,450
Maintenance of General Plant	<u>392,233</u>	<u>261,657</u>
Total Operation and Maintenance	44,604,094	39,443,176
Customer Accounts:		
Meter Reading	139,090	133,206
Customer Records and Collection	823,914	635,858
Energy Conservation	<u>872,705</u>	<u>771,634</u>
Total Customer Accounts	1,835,709	1,540,698
Administrative and General:		
Administrative and General Salaries	710,282	571,493
Office Supplies and Expense	78,240	152,169
Outside Services Employed	237,010	621,638
Insurance	141,787	141,380
Employee Benefits	2,501,204	1,351,876
Miscellaneous General	<u>45,311</u>	<u>305,515</u>
Total Administrative and General	3,713,834	3,144,071
Total Operation, Customer, and Administrative Expenses	50,153,637	44,127,945
Depreciation of Capital Assets	2,950,002	2,482,092
Total Operating Expenses	<u>53,103,639</u>	<u>46,610,037</u>
Total Operating Income	<u>\$ 5,943,463</u>	<u>\$ 6,242,975</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SCHEDULE OF PLANT IN SERVICE – ELECTRIC UTILITY  
YEAR ENDED DECEMBER 31, 2022**

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 829,867	\$ -	\$ -	\$ 829,867
Structures and Improvements	460,701	-	-	460,701
Station Equipment	23,037,208	-	-	23,037,208
Station Battery	1,857	-	-	1,857
Poles, Towers, and Fixtures	527,824	-	-	527,824
Overhead Conductors and Devices	3,060,968	-	-	3,060,968
Underground Conduit	906,281	-	-	906,281
Underground Conductors and Devices	22,873,425	1,833,708	-	24,707,133
Line Transformers	6,435,737	254,323	-	6,690,060
Services	50,643	-	-	50,643
Meters	1,652,282	280,353	-	1,932,635
Total Distribution	<u>59,836,793</u>	<u>2,368,384</u>	<u>-</u>	<u>62,205,177</u>
General:				
Land and Land Rights	3,551,329	-	-	3,551,329
Structures and Improvements	9,454,994	2,327,889	-	11,782,883
Office Furniture and Equipment	1,216,524	10,023	-	1,226,547
Computer Equipment	985,093	176,181	-	1,161,274
Transportation Equipment	2,462,910	268,059	-	2,730,969
Tools, Shop, and Garage Equipment	199,148	2,319	-	201,467
Laboratory Equipment	20,041	17,619	-	37,660
Power Operated Equipment	579,052	459,588	45,649	992,991
Communication Equipment	357,121	-	-	357,121
Total General	<u>18,826,212</u>	<u>3,261,678</u>	<u>45,649</u>	<u>22,042,241</u>
 Total Plant in Service	 <u>\$ 78,663,005</u>	 <u>\$ 5,630,062</u>	 <u>\$ 45,649</u>	 <u>\$ 84,247,418</u>

**SUPPLEMENTARY INFORMATION  
WATER UTILITY FUND**

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

<b>ASSETS</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 13,657,068	\$ 11,334,850
Accrued Interest Receivable	32,048	14,655
Customer Accounts Receivable	422,231	392,448
Allowance for Uncollectible Amounts	(25,167)	(32,540)
Other Accounts Receivable	2,356,989	340,576
Due from City of Shakopee	65,578	27,192
Due From Electric Fund	-	200,000
Inventory	37,229	31,753
Prepaid Expenses	18,869	19,550
Lease Receivable	118,983	-
Total Current Assets	<u>16,683,828</u>	<u>12,328,484</u>
<b>NONCURRENT ASSETS</b>		
Restricted Assets:		
Customer Deposit Accounts	95,282	96,249
Connection Account	16,882,468	15,774,600
Water Reconstruction Account	1,751,774	1,904,156
Lease Receivable	1,651,211	-
Capital Assets:		
Plant in Service	85,845,321	78,989,856
Accumulated Depreciation	(26,564,937)	(24,703,991)
Construction in Progress	3,080,980	4,951,865
Total Noncurrent Assets	<u>82,742,099</u>	<u>77,012,735</u>
Total Assets	<u>99,425,927</u>	<u>89,341,219</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Amounts	<u>536,023</u>	<u>612,580</u>
Total Assets and Deferred Outflows Resources	<u>\$ 99,961,950</u>	<u>\$ 89,953,799</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF NET POSITION – WATER UTILITY (CONTINUED)**  
**DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

<b>LIABILITIES</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	374,138	\$ 972,528
Due to City of Shakopee	-	52,309
Other Current Liabilities	<u>275,551</u>	<u>131,471</u>
Total Current Liabilities	<u>649,689</u>	<u>1,156,308</u>
<b>LIABILITIES PAYABLE FROM RESTRICTED ASSETS CUSTOMER DEPOSITS</b>		
	<u>95,282</u>	<u>96,249</u>
<b>NONCURRENT LIABILITIES</b>		
Customer Advances	442,795	375,165
Net Pension Liability	<u>1,628,441</u>	<u>840,938</u>
Total Noncurrent Liabilities	<u>2,071,236</u>	<u>1,216,103</u>
Total Liabilities	2,816,207	2,468,660
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease Receivable	1,747,681	-
Pension Related Amounts	<u>65,205</u>	<u>837,866</u>
Total Deferred Inflows of Resources	<u>1,812,886</u>	<u>837,866</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	62,361,364	59,237,730
Restricted	18,729,524	17,775,005
Unrestricted	<u>14,241,969</u>	<u>9,634,538</u>
Total Net Position	<u>95,332,857</u>	<u>86,647,273</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 <u>\$ 99,961,950</u>	 <u>\$ 89,953,799</u>



**SHAKOPEE PUBLIC UTILITIES COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION – WATER UTILITY  
YEAR ENDED DECEMBER 31, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>	\$ 6,632,813	\$ 6,610,535
<b>OPERATING EXPENSES</b>		
Operation, Customer and Administrative	3,900,258	3,686,439
Depreciation of Capital Assets	<u>1,860,949</u>	<u>1,777,894</u>
Total Operating Expenses	<u>5,761,207</u>	<u>5,464,333</u>
<b>OPERATING INCOME</b>	871,606	1,146,202
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Rentals and Miscellaneous	209,713	164,655
Investment Income	(59,378)	(19,643)
Interest Expense	<u>(147)</u>	<u>(185)</u>
Total Nonoperating Revenues (Expenses)	<u>150,188</u>	<u>144,827</u>
Income Before Contributions and Transfers	1,021,794	1,291,029
Capital Contributions	8,012,023	6,685,954
Municipal Contributions	<u>(348,233)</u>	<u>(253,115)</u>
<b>CHANGE IN NET POSITION</b>	8,685,584	7,723,868
Net Position - Beginning of Year	<u>86,647,273</u>	<u>78,923,405</u>
<b>NET POSTION - END OF YEAR</b>	<u>\$ 95,332,857</u>	<u>\$ 86,647,273</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
STATEMENT OF CASH FLOWS – WATER UTILITY  
YEAR ENDED DECEMBER 31, 2022  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 4,693,649	\$ 7,854,564
Payments to Suppliers	(1,462,872)	(1,451,518)
Payments to Employees	(2,858,368)	(1,615,581)
Net Cash Flows Provided by Operating Activities	<u>372,409</u>	<u>4,787,465</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers Between Funds	<u>200,000</u>	<u>(200,000)</u>
Net Cash Flows Provided by Noncapital Financing Activities	<u>200,000</u>	<u>(200,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Leasing Activities	101,892	-
Acquisition of Capital Assets	2,175,544	(4,027,468)
Installation Fees	139,561	83,098
Connection Charges	-	2,517,163
Trunk Charges	364,102	611,883
Net Cash Flows Used by Capital and Related Financing Activities	<u>2,781,099</u>	<u>(815,324)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(893,701)	(733,773)
Interest and Dividends Received	(76,771)	(15,067)
Net Cash Provided by Investing Activities	<u>(970,472)</u>	<u>(748,840)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	2,383,036	3,023,301
Cash and Cash Equivalents - Beginning of Year	<u>4,326,792</u>	<u>1,303,491</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 6,709,828</u>	<u>\$ 4,326,792</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**STATEMENT OF CASH FLOWS – WATER UTILITY (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	2022	2021
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS</b>		
<b>OPERATING ACTIVITIES</b>		
Operating Income	\$ 871,606	\$ 1,146,202
Adjustments to Reconcile Operating Income to Cash Provided by Operating		
Nonoperating Revenues	85,161	164,470
Depreciation Expense	1,860,949	1,777,895
Pension Related Activity	91,399	138,588
Allowance for Uncollectible Accounts	(7,373)	(21,375)
Change in Assets and Liabilities		
Customer Accounts Receivable	(29,783)	(4,491)
Other Accounts Receivable	(2,016,413)	788,135
Due from City of Shakopee	(38,386)	536
Inventory	(5,476)	1,895
Prepaid Items	681	(3,006)
Accounts Payable	(598,390)	496,586
Customer Deposits	(967)	(5,413)
Customer Advances	67,630	316,754
Due to City of Shakopee	(52,309)	24,583
Other Liabilities	144,080	(33,894)
Total Adjustments	(499,197)	3,641,263
Net Cash Provided by Operating Activities	\$ 372,409	\$ 4,787,465
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Customer Deposits Account	\$ 95,282	\$ 96,249
Connection Account	16,882,468	15,774,600
Water Reconstruction Account	1,751,774	1,904,156
Cash and Investments	13,657,068	11,334,850
Total	32,386,592	29,109,855
Less Investments	(25,676,764)	(24,783,063)
Total Cash and Cash Equivalents	\$ 6,709,828	\$ 4,326,792

**SHAKOPEE PUBLIC UTILITIES COMMISSION**  
**DETAILED STATEMENT OF OPERATING REVENUES AND EXPENSES – WATER UTILITY**  
**YEAR ENDED DECEMBER 31, 2022**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2021)**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Sales of Water	\$ 6,605,809	\$ 6,592,104
Forfeited Discounts	23,504	12,682
Uncollectible Accounts	3,500	5,749
Total Operating Revenues	<u>6,632,813</u>	<u>6,610,535</u>
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Pumping and Distribution Operation	664,876	608,725
Pumping and Distribution Maintenance	482,629	578,202
Power for Pumping	342,270	328,995
Maintenance of General Plant	80,606	47,251
Total Operating and Maintenance	<u>1,570,381</u>	<u>1,563,173</u>
Customer Accounts:		
Meter Reading	74,913	73,395
Customer Records and Collection	255,640	196,524
Energy Conservation	3,391	4,155
Total Customer Accounts	<u>333,944</u>	<u>274,074</u>
Administrative and General:		
Administrative and General Salaries	433,018	379,982
Office Supplies and Expense	75,445	45,631
Outside Services Employed	136,037	320,973
Insurance	47,262	47,127
Employee Benefits	1,059,653	874,443
Miscellaneous General	244,518	181,036
Total Administrative and General	<u>1,995,933</u>	<u>1,849,192</u>
Total Operation, Customer, and Administrative Expenses	3,900,258	3,686,439
Depreciation of Capital Assets	1,860,949	1,777,894
Total Operating Expenses	<u>5,761,207</u>	<u>5,464,333</u>
Total Operating Income	<u>\$ 871,606</u>	<u>\$ 1,146,202</u>

**SHAKOPEE PUBLIC UTILITIES COMMISSION  
SCHEDULE OF PLANT IN SERVICE – WATER UTILITY  
YEAR ENDED DECEMBER 31, 2022**

	Balance 12/31/2021	Additions	Retirements/ Adjustments	Balance 12/31/2022
<b>CAPITAL ASSETS</b>				
Distribution:				
Land and Land Rights	\$ 1,948,506	\$ -	\$ -	\$ 1,948,506
Wells	4,575,255	76,801	-	4,652,056
Electric Pumping Equipment	8,668,303	198,603	-	8,866,906
Towers and Pump Houses	7,673,242	4,380,871	-	12,054,113
Distribution system	51,090,764	1,959,896	-	53,050,660
Meters	3,123,332	208,354	-	3,331,686
Total Distribution	<u>77,079,402</u>	<u>6,824,525</u>	-	<u>83,903,927</u>
General:				
Office Furniture and Equipment	151,177	3,341	-	154,518
Computer Equipment	227,940	16,449	-	244,389
Transportation Equipment	459,278	-	-	459,278
Tools, Shop, and Garage Equipment	22,396	-	-	22,396
Laboratory Equipment	64,427	-	-	64,427
Power Operated Equipment	10,268	-	-	10,268
Communication Equipment	22,480	-	-	22,480
Scada Equipment	601,157	11,150	-	612,307
Building Improvements	351,331	-	-	351,331
Total General	<u>1,910,454</u>	<u>30,940</u>	-	<u>1,941,394</u>
 Total Plant in Service	 <u>\$ 78,989,856</u>	 <u>\$ 6,855,465</u>	 <u>\$ -</u>	 <u>\$ 85,845,321</u>



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